




Dealmaker's Handbook

The essential guide

- **A wave like no other**
- **Intelligent design**
- **After the handshake**
- **The right mix – and more**

A SUPPLEMENT TO
McKnight's
LONG-TERM CARE NEWS

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

Dealmaker's Handbook

Catching a wave

Yes, I've heard about the sub-prime lending fiasco. Of course I'm aware that debt-heavy private-equity firms have their down sides. And I'll be the first to admit that no rally lasts forever. That said, has there ever been a better time to be in this business?

As writer John Andrews points out in our first story, the seniors housing and care sector is enjoying an unqualified renaissance. Median occupancies are well above 90%. Supply is growing at a moderate pace. Demand has been more than keeping up its end of the bargain. Even craggy-faced veterans have to admit that these are pretty special times.

With this, our second annual *Dealmaker's Handbook*, we hope you'll get a catbird view of what's currently playing out. We examine how reliable data is fueling better business decisions, why it has never been more important for lenders and borrowers to work together, what needs to happen after a deal is struck, and how it's possible to do well while doing good – just to name a few issues.

There's no doubt that good fortune has smiled on this sector. But we at *McKnight's* have been very fortunate as well. We owe special thanks to the National Investment Center for the Seniors Housing & Care Industry, our collaborator in this effort. There are no guarantees about the future. So let's enjoy this high tide while it lasts.

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McKnight's LONG-TERM CARE NEWS

The tide has never been higher for the seniors housing and care industry, as key indicators remain overwhelmingly positive in all sectors. But remaining successful in this increasingly competitive field will be no day at the beach.

By John Andrews

A wave lik

Financial times have never been better in the seniors housing market (knock on wood). At first, second and third glance, all the key indicators seem to be pointing in the industry's favor:

- Median occupancies in the major metropolitan areas are consistently between 94% and 97%.
- Supply growth is remarkably balanced – well below peak levels.
- New construction is relatively constrained.
- Revenue growth is strong.
- NOI growth has been solid.
- Demand is growing steadily.
- Returns have been appropriate, if not excellent.

The fourth quarter of 2006 turned out to be the best quarter the industry has experienced since the National Investment Center for the Seniors Housing & Care Industry started tracking the indicators in the late 1990s. This year continued the winning streak, as loan volume placed during the first quarter of 2007 was $2.28 billion – a 172% increase from the first quarter of 2006, when loan volume was $838 million.

NIC reports that year-over-year loan volume amounts were impressive for all sectors, especially for assisted living with a 263% increase – and skilled nursing with a 185% rise. The loan volume represents the quarterly lending activity of major non-REIT national lenders that make permanent and short-term debt investments in seniors housing and care. These lenders include Fannie Mae, Freddie Mac and several of the larger credit companies and banks.

Yet amid the flurry of bright reports, many still harbor fresh memories of seven years ago when this industry sank to its financial nadir after a raucous growth period. And while skeptics are scarce during this era of good fortune, there are voices urging restraint and vigilance.

"This last year has been as good as we've ever had, no doubt."

Bob Kramer
President
NIC

"This last year has been as good as we've ever had, no doubt," acknowledged NIC President Bob Kramer. "One can make a very strong case that it will continue over the next year, but some things bear watching. We're still seeing construction at relatively low levels – at least 12 to 18 months between groundbreaking and opening, so there's not a huge amount of supply coming during that time to alter occupancies. The greatest construction growth is in independent living, however, and there is a possibility that there may be too much supply in individual markets in the future."

John Cobb, senior managing director of GE Healthcare Financial Services in Chicago, describes GE as being "very bullish, yet cautiously optimistic" about the marketplace. He concurs, "Things are indeed as good as they seem," but that "the biggest thing is the sustainability of everything."

Like Kramer, Cobb lists construction rates as the indicator he is watching the closest.

"We want to track it carefully because it can be the riskiest factor," he said. "We're not worried so much about properties that go up near each other as we are about building the right facility for the right market."

Most observers maintain that solid fundamentals on the operating side are at the heart of the industry's economic surge and that there is no reason to believe that will change going forward.

"Supply is solid, demand from baby boomers is strong and operating models are demonstrating depth and quality of service," said Ray Lewis, executive vice president and chief investment officer for Ventas Healthcare Properties. "We're seeing good rental growth and income growth for properties and we

e no other

should continue to see that into the future. Capital markets are extremely strong, but continued strength depends on what happens in the larger economy."

When evaluating the fiscal condition of the seniors housing market, Lewis says it is important to segregate the operating side from the financing side.

"On the operating side, most of the indicators are green – you've got reasonable expense control," he said. "But one yellow indicator is what will happen with union activity. Organized labor has made long-term care facilities a prime target. Otherwise, the tort environment has moderated and the availability of staff and cost factors are generally under control."

The capital side is more vulnerable to what happens in the general economy, Lewis said.

"The sub-prime issues that have rippled through the corporate environment have made it harder for borrowers to access capital and interest rates have gone up," he said. "All of that must have an impact on the prices people are willing to pay for assets and there could be a time frame where buyers' and sellers' requirements don't match up."

"Continued strength depends on what happens in the larger economy."

Ray Lewis
EVP and CIO
Ventas Healthcare Properties

Wave theory

Count Arnold Whitman among those who are excited by the positive, dynamic nature of the current marketplace, but who also worry a bit when it looks like things are going too well.

"My main reason for concern is that everything is so rosy," said Whitman, CEO of Alpharetta, GA-based Formation Capital. "I agree that the market is stable and fluid and everything points to opportunity, growth and enhancement for the marketplace. Having said that, I'm a firm believer in the wave theory – that things ebb and flow."

On the surface, 2008 appears to offer more of the same for long-term care, but it is a presidential election year and the results could conceivably change the environment for 2009, Whitman said. Although he concedes that he is more in touch with the skilled nursing side than seniors housing, Whitman says developments in the debt and capital markets outside long-term care could have repercussions.

"When you get a fluid environment, lending becomes a trading business," he said. "There was a time when it was a 'book and hold' mentality, with good loans on the books. Now Wall Street and other traders are controlling things – buying and selling loans. It's a dangerous environment when a lot of money flows because you can get a situation where the institution bases its underwriting on whether the paper can be traded rather than good business principles. Those reasons are questionable and could undermine valuations."

Smooth operators

The sharp improvement in resident care by facility oper-

Will the sector overheat again?

When things are going well, it's a natural reaction to wonder whether disaster lurks around the corner. This is especially true for those in the seniors housing industry who saw the market crumble in a heap when it became overloaded with bandwagon hoppers during its last growth surge. Could history repeat itself?

Not likely, industry figures say. While no one denies that a hot streak eventually cools down, the lessons from last time should prevent calamities, said Bob Kramer, president of the National Investment Center for the Seniors Housing & Care Industry.

"There's always a danger when a lot of capital comes in within a short amount of time," he said. "We're not seeing it yet, but it comes down to getting the returns the investors expect, that they can exit profitably and meet their shareholders expectations. Publicity around transaction activity in seniors housing does pose a risk in that it could draw in other debt and equity folks who don't know the industry very well. But the market is currently being driven by experienced lenders and operators."

"One thing that bears watching is the number of lenders – especially new ones – who get involved in a transaction," said John Cobb, senior managing director of GE Healthcare Financial Services in Chicago.

"Seniors housing is being grown by the same players who are basically making much larger commitments," he said.

ators is most commonly cited as the main reason for the industry's robust financial health, but it also raises the question of how and why it happened. The most obvious answer, Kramer says, is experience.

"For most of its short life, seniors housing has been a very fledgling industry," he said. "Many seniors housing companies formed in the '90s were essentially real estate plays with little or no focus on operations. It was just a matter of time. The wheat and the chaff have now been separated."

The epiphanies that emerged from the painful lessons of the late '90s and early 2000s drastically changed the way operators approached the business and as a result, created today's fertile growth climate, Kramer said.

"Seniors housing is a real estate platform but it is also an operating business," he said. "It is people-intensive in terms of residents and staff. It has led operators to the realization that they must focus on operations – a pro forma means nothing if a facility takes three years to fill. So with the help of industry associations, which have placed a higher and higher premium on education, facility operators now know how to satisfy their residents."

Cobb adds that the emphasis on care created a spiral effect that touched off a positive series of events. At the same time, he said, the investment community has become more selective in the types of projects it finances.

"You saw a wonderful thing happen after the downturn in that people hunkered down and focused on operations – that's what the great operators have done," he said. "But it's still hard. We just had a big meeting with the team and I know it's about numbers now, but we will not veer from our original intent of only dealing with quality operators. If someone won't do business with us because we are comprehensive in our due diligence, so be it."

Evolution continues

Almost everyone realizes that the gravy train will eventually have to pull into a station down the line, but at this point it shows no sign of slowing. Ongoing commitment to innovation in operation, design and client services should ensure operators' ready access to capital as the industry continues along its evolutionary path, observers say.

"The innovations we see today have produced an incredible amount of diversity, but I suspect they will look staid and boring 10 years from now," Kramer said.

Lewis agrees that operators need to be thinking ahead in terms of what creative features to add, but maintains that there are no uniform templates in place.

"Every operator will be anticipating what future demographics will need, and baby boomers will be different than the current generation," he said.

"They are accustomed to having their own way, so service levels and models of care will have to evolve in order to meet those demands. The operators who succeed will design a model that captures a bigger share of residents' wallets with an optimal service package. What those will look like? You could ask five different people and get five different answers."

SNF occupancy (median)

Rank	Metro	Occupied
Leaders		
1	Minneapolis	97.9%
2	Philadelphia	97.8%
3	Cleveland	97.0%
4	Pittsburgh	96.7%
5	New York	96.3%
Laggards		
27	Dallas	88.7%
28	Portland	87.9%
29	San Antonio	87.8%
30	Houston	87.2%
31	St. Louis	86.7%

Source: NICMAP™ 2007 (figures are for first quarter)

Nursing care revenues*

Rank	Metro	Daily Revenue
Leaders		
1	New York	$304
2	Boston	$279
3	San Francisco	$248
4	Philadelphia	$231
5	Seattle	$217
Laggards		
27	Kansas City	$141
28	St. Louis	$137
29	Houston	$132
30	San Antonio	$127
31	Dallas	$125

* per occupied private-pay bed

Source: NICMAP™ 2007 (figures are for first quarter)

Heavy hitters come to NIC

The National Investment Center for the Seniors Housing & Care Industry has lined up an A-list of speakers for its 17th Annual NIC Conference in the nation's capital Oct. 3-5.

The esteemed roster includes Alan Greenspan, economist and former chairman of the Federal Reserve; former Speaker of the House Newt Gingrich; and Peter Linneman, one of the nation's foremost real estate strategists.

Gingrich will share his views on revamping healthcare. He is currently co-chair of the National Commission for Quality Long-Term Care, along with former Sen. Bob Kerrey. In addition, Gingrich recently founded the Center for Health Transformation and is the author of several books.

Linneman, professor of real estate, finance and public policy at the University of Pennsylvania's Wharton School of Business, will examine the performance and expectations of commercial real estate. He will also address the implications and expectations of seniors housing and care being considered as part of this domain.

Intelligent design

Operators and investors need good data in order to make sound business decisions. Thanks to NIC MAP™, a lot of the guesswork is being eliminated.

BY JOHN ANDREWS

Look no further than seniors housing to see the immeasurable value of good information. Based on assertions from key industry figures, data is a central reason why the market collapsed eight years ago and why it has since roared back.

A lack of concrete market data – along with a misguided indifference to it – contributed to the bad business decisions that threw the market into turmoil nearly a decade ago. Conversely, a proliferation – and newfound appreciation – of the very same data has fueled the economic surge that continues today, experts note.

It's not that useful data didn't exist; it's more that potential investors didn't know how to use it or where to get it. No central source was available for research purposes. The National Investment Center for the Seniors Housing & Care Industry recognized this reality and set out to remedy it in 2004 by creating the NIC Market Area Profiles™ (NIC MAP™) project. The subscription-based virtual clearinghouse profiles market conditions in the top 31 metropolitan statistical areas.

"One reason we've worked so hard over the past eight years for better data and more transparency is to protect the industry from the foolish mistakes made in the 1990s when all an operator had to do was show up at a lender's door and they'd ask how much you wanted," said NIC president Bob Kramer. "Transparency is the key to comparing seniors housing with other asset classes and NIC MAP has helped the industry come a long way on that front. Providing transparent, sophisticated data is critical to attracting institutional capital now."

Prior to NIC MAP's arrival, seniors housing was "a very fragmented, non-standardized" environment, says Mike Hargrave, vice president of NIC MAP. "Potential investors didn't have a thorough understanding of the marketplace because there was no differentiating terminology between nursing homes, assisted living and senior residential communities. It takes a lot of due diligence to understand the basics of the industry, much less underwrite a particular transaction."

"There was no differentiating terminology between nursing homes, assisted living and senior residential communities."

Michael Hargrave
VP-NIC MAP™
NIC

"People didn't have a sense of how much capital was flowing into the industry in the '90s, whether occupancies were trending upward or downward, move-in rates … nothing," he added. "Today we can provide a much more transparent view of the industry, with all those metrics tracked on a quarterly basis. We can now offer owners, operators, investors and lenders a view into the industry that has never been available before. When you have a view like this, it facilitates your decision-making process."

In just three years, NIC MAP has evolved to the point where users such as John Cobb don't know how they got along without it.

"We have 65 people dedicated to real estate and they all use NIC MAP," said Cobb, senior managing director of healthcare real estate at GE Commercial Finance in Chicago. "NIC MAP has tremendous value to us. We like it from two perspectives. The macro-data it provides allows us to make strategic decisions about how to invest and where to invest. From a micro-data standpoint, we like the unbiased nature of it. It is methodical, well thought-out information that helps us make big decisions."

Reading the MAP

Up to this point, NIC hasn't marshaled any sort of marketing campaign to promote itself to potential subscribers. Instead it has borrowed a line from the *Field of Dreams* "build it and they will come" philosophy. Based on a subscription growth rate of 300%, the approach proved to be the right one.

The seeds of MAP were planted when NIC officials sensed that financiers from all over hungered for a central data repository dedicated to the kinds of facts they needed to plot discerning investment strategies.

"There really hadn't been a concerted effort in the seniors housing industry to open it up to the investment community," Hargrave said. "We thought, 'If we open up, there will be an influx of smart capital, driving down the risk premium—ultimately lowering the cost of capital.'"

The *Nicmap.org* Web site is interactive and contains downloadable features for extensive searches. Visitors can draw up key indicators at aggregate levels covering a million units if they choose. NIC counts more than 100 companies as subscribers and has approximately 1,000 registered users. Subscriptions range from $3,900 to $30,000 a year and are also sold on an ad hoc basis.

NIC MAP's data is generated by a third-party firm in Oxford, MS, called ProMatura. Its survey team examines every qualified seniors housing property in the top 31 MSAs, determining basic supply and demand metrics such as occupancy, revenue per occupied unit, unit mix, age of property and move-in rates. NIC then takes the data and aggregates it into specific data reports.

"Today we can provide a much more transparent view of the industry."

John Cobb
Senior Managing Director
GE Healthcare Financial Services

Geography Lesson

In order to meet the escalating number of queries for smaller U.S. markets, the NIC MAP staff has launched an ambitious expansion project that will more than triple the number of MSAs it profiles. NIC has just finished building the property or "supply" database, covering all market rate seniors housing properties with 25+ units/beds in the top 100 metro markets and will be releasing to subscribers this supply and construction data early this fall. Toward the end of this year, occupancy and revenue data will be collected for the top 100 metro areas, and users should have access to historical reports by late 2008 or early 2009.

Hargrave says that by 2009, MAP will provide full coverage of the seniors housing and care market, expanding its reach to over 61% of the US 75+ population. At that point, MAP will truly be comparable to data services covering "core" real estate asset classes such as office/industrial and multifamily. "One thing we see in other sectors is standardization and branding. Office/Industrial has Class A, B, etc., multifamily has clearly defined operating and categorizing metrics, and the hotel sector has very distinct branding. In seniors housing, we are just beginning to see the advent of standardization among properties. As for national branding, that is something that will certainly come to seniors housing, and when it does, MAP will be the service that helps measure the fundamental characteristics of such a strategy," says Hargrave.

As the project charts vast new territory, the MAP crew will also have a much better handle on quantifying the size of the seniors housing industry, Hargrave said. "That's half the equation right there – learning what exists out there," he said. "No one really knows how large the seniors housing and care industry is. This will put us well on our way."

Why aren't SNFs enjoying a growth spurt?

While independent living and assisted living properties are enjoying unprecedented growth, the story is quite different for the skilled nursing sector. In fact, the total number of skilled nursing facilities has remained essentially unchanged during the past three years, according to industry statistics.

Opinions vary as to why nursing homes have missed out on the ongoing construction boom. One view is that skilled nursing is a more mature business, so it has less of an ability to expand into new markets. Others suggest that other options, especially independent living and assisted living, currently have an upside that investors find irresistible.

Still others see the nursing home industry's negatives catching up with it. Both state and federal policy-makers have been pushing non-institutional eldercare alternatives in recent years. And the assisted living sector now attracts the majority of lower acuity, private-pay residents. Moreover, the term "nursing home" carries a generally negative connotation for many, they add. And the sector has had to deal with plenty of negative publicity.

Despite such challenges, most agree that skilled care remains the "800-pound gorilla" of seniors housing and care. Few expect the sector to become a marginal player any time soon. Moreover, nursing homes are not standing pat. Many are expanding into higher and lower acuity service areas. Other facilities have taken a less proactive approach: They are simply dropping "nursing home" from their name.

Working together

Building a community for seniors in a congested urban area is difficult at best. But when the developer and lender are committed to success, almost any obstacle can be overcome.

BY JULIE E. WILLIAMSON

Developing a seniors housing community is never easy, and unexpected hurdles can make the challenge even more daunting.

Working with an experienced lender with a solid reputation and a history of creative problem-solving can mean the difference between a developmental nightmare and an operational dream come true, experts say.

The latter outcome proved to be the case for FH LLC, a Washington limited liability company formed in 2004 to acquire, construct, own and operate Skyline at First Hill, a $214.7 million start-up continuing care retirement community to be located in Seattle.

Sponsored by Presbyterian Retirement Communities Northwest (PRCN), an operator of two high-rise communities in the Seattle market and the city's only not-for-profit, multi-site senior living operator, and with development assistance from Greystone Communities Inc., Skyline will consist of two connected buildings on a campus occupying a 1.3-acre city block in Seattle's downtown neighborhood of First Hill.

The first building will be a 26-story tower featuring 199 independent living apartments and one guest apartment. The second building, a 14-story tower, will house 60 assisted living units, 16 memory-support assisted living suites, a health center with 34 nursing beds, and a mix of administrative offices, retail space and common areas.

In a city where real estate has become increasingly hard to come by, securing that location and acreage was no small feat.

That wasn't the primary challenge, however. PRCN's initial hurdle was to establish repositioning strategies for the Exeter House campus in downtown Seattle, which has too few independent living units and an outdated skilled nursing unit. Of the 32 skilled beds, 25 have three to four beds per room.

"With Skyline, we were looking for a good site that was close to Exeter House that would allow us to reposition that [community]," said PRCN CEO Brian Englund. Much of that repositioning, he explained, would involve moving the skilled beds from Exeter to Skyline, along with two other skilled beds from Park Shore, another PRCN-owned community.

Vacating the nursing floor and reconfiguring assisted living will allow PRCN to build two new floors of larger independent living units at Exeter House, with healthcare needs at Exeter being referred to Skyline or other providers in the market.

"We were fortunate because we were able to transfer the 34 nursing beds over to the new project without getting a new certificate of need.

Mary Munoz
Managing Director
Ziegler Capital Markets

Overcoming obstacles

Given the project's magnitude, finding the right investment banker was essential to Skyline's success. For PRCN, that meant Ziegler Capital Markets.

The investment banking firm first helped PRCN evaluate its existing operations and creditworthiness through a capital planning engagement in 2000.

In 2003, the two worked together to choose a development partner best suited to the project. With the team's business plan taking shape, Ziegler then provided financial assumptions for the forecast and offered input on legal and corporate structuring to facilitate the planned growth.

From there, Ziegler assisted PRCN in structuring a bank line of credit as a low-cost source of seed capital, and then designed a finance plan for Skyline as non-recourse, stand alone financing, working with PRCN to structure limited support in the form of subordinated debt.

"We felt this project would make it possible to increase quality and help serve as a good solution to some of the challenges being faced at Exeter House," noted Mary Munoz, managing director, Ziegler Capital Markets. She underscored the value of such a multi-site system that could "blend and balance different [senior housing] models" within the same community.

When completed, Skyline at First Hill will occupy a 1.3-acre city block near many of Seattle's most popular attractions.

Because of the complexities surrounding the transfer of the skilled nursing beds, however, Ziegler worked with special healthcare counsel to obtain assurance from Seattle's Department of Social and Health Services regarding certificate-of-need issues.

"We were fortunate because we were able to transfer the 34 nursing beds over to the new project without getting a new certificate of need," Munoz explained.

Ziegler also gained approval from PRCN's bond insurer to transfer the beds at a future date and arranged for revenues to be lockboxed until the license to operate the beds is transferred to Skyline, following its opening slated for the spring of 2009.

Near attractions

Skyline's property is located near churches, museums, universities, high schools and other attractions, allowing residents to stay more closely connected to the community.

One of the two parcels consists of land acquired from an investment group and an alley to be vacated by the city of Seattle upon the construction's completion. The remaining parcel was acquired from the Catholic Archbishop of Seattle and Trinity Parish of Seattle – an agreement that ultimately benefited both Skyline and Trinity.

Under this agreement, Trinity will be granted a perpetual easement for 100 parking spaces in the to-be-constructed parking garage. While the agreement is in effect, Trinity will pay a portion of the real estate taxes, utilities, insurance, and maintenance expenses related to the parking structure.

"To get a full block in this city is difficult to do and there were some challenges to overcome, but overall, everything's gone smoothly," said Englund. That's especially true of the financing process. From the initial period of marketing to the closing of financing, it took just 19 months. "We definitely broke new ground with this project and we're very excited to see the final result."

Keeping your lender happy

Savvy seniors housing operators know that securing loans and maintaining a positive relationship with lenders requires a high degree of due diligence. For starters, that means having a solid understanding of the market, as well as the competition.

"Having market work already completed is something we look for," said John Cobb, senior managing director, GE Healthcare Financial Services, Chicago. "It shows us they've done their homework, which makes a lender happy."

There's more to securing financing than merely being privy to the market, however. Because quality operators own quality buildings, Cobb pointed out that lenders will look for proof. GE Healthcare Financial Services, for example, analyzes each operator for a full day, carefully assessing staffing ratios and various quality-of-care issues. "We want to have a clear understanding of how they work," he said.

Serving up concise, clearly-defined data electronically – and in an easy-to-decipher spreadsheet, ideally – can be another feather in a loan-seeking operator's cap, according to Cobb. The same can be said for providing lenders with interior and exterior building photos. "Lenders love photos," Cobb said. "They give us a clear picture of the vision."

Not-for-profit sponsors should be willing to share with lenders what they hope to get out of the development project, and how they plan to contribute, added Mary Munoz, managing director, Ziegler Capital Markets Group, Scottsdale, AZ. "We want to know a sponsor's goals and limitations."

After the handshake

The people in the know say the most grueling work occurs between planning a merger and completing it.

BY JOHN ANDREWS

Blockbuster deals seem to be getting announced lately with alarming regularity: Carlyle buys Manor Care, Fortress gets Holiday, Emeritus pursues Summerville, Ventas wins the bidding for Sunrise's Canadian REIT, Formation Capital acquires Genesis … and now Sunrise appears to be putting out "for sale" feelers.

"We have reached an unprecedented point in this industry when you look at the sheer volume of investment capital that is flowing in," said Bob Kramer, president of the National Investment Center for the Seniors Housing & Care Industry. "Look at the size of these deals – north of $6 billion for Holiday and Manor Care. It's a great time to be a good operator with well-performing facilities because you will be rewarded."

To grasp the magnitude of current merger activity, all one has to do is look at the mushrooming volume at New York investment firm Cohen & Steers, which during the past 18 months has gone from conducting $1 billion a year in transactions to $1 billion a month.

"To be sure, economic conditions are probably as strong as they've ever been and that scenario creates a fertile merger-and-acquisition climate," acknowledged Arnold Whitman, CEO of Alpharetta, GA-based Formation Capital, which recently bought Genesis Healthcare.

"Things are so healthy that a little restraint combined with worldwide economics could put us on a nice run for an extended period," he said.

Anatomy of a merger

Contrary to the public's perception, a merger announcement doesn't mean the deal is complete or that it will even work out. It only heralds the beginning of an arduous process to come. Plenty of potential snags and pitfalls stand in the way of two separate companies successfully uniting into one.

"Radical personnel and management changeover can be very disruptive."

James Pieczynski
Co-president
Healthcare & Specialty Finance Group
CapitalSource

As someone who is currently undergoing this tremendous challenge, Whitman concedes that many elements could have sabotaged his acquisition of Genesis. Topping the list is human nature, he said.

"Fundamentally, the most difficult aspect is that we're dealing with human beings and emotions," Whitman said. "If everyone looked at the world the same way, it wouldn't be hard. But the difficulty with any transaction comes from having to deal with people's expectations and dealing with them as emotional creatures."

"We approach business transactions with the basic philosophy of aligning our interests with our partner so that we are shooting for the same target," he said. "The complexity of these deals is enormous and experience is our greatest asset – we learn every time what we did wrong and what we did right. It's easy to look at numbers, evaluate cap rates and multiples, but very hard to execute transactions that address the myriad complex issues, such as change of control and the pure dynamics of seeing things the same way."

Good and bad judgment

Perhaps the best bellwether for predicting a merger's success or failure is the motivation behind it. Deals initiated for the right reasons usually go through smoothly, while those with dubious intent either fall through or break up prematurely, said Ray Lewis, executive vice president and chief investment officer for real estate investment trust Ventas Healthcare Properties.

"The best reasons for merging are when you can get a strategic complement to your business platform – if it helps you enter a new market, gives you access to more geography or offers a product type you don't have," he said. "A good example of that is Brookdale Senior Living taking over American Retirement Corporation, where Brookdale got the rehab and ancillary service component to develop across their portfolio."

Lewis also pointed out situations when reasons for a merger are dubious — for defensive purposes, market domination or trying to gain economic synergies without a strategic plan.

The brass tacks

Jim Sherman, senior managing director for Red Capital Group in Columbus, OH, has seen many challenges creep up during deals. Among the most common:

• The assumption of employees and their contracts and the responsibility to pay existing employee benefits.

• The assumption or payoff of outstanding financing arrangements, such as debts and leases and who will be responsible for them.

• When a REIT is purchasing assets and the "current" owner is leasing the assets back, creating and negotiating a new agreement can be especially problematic.

Sherman adds that there is a lot more scrutiny and attention paid to the minute details of a deal than was previously the case.

"It can take three to six months to get a deal that a seller and buyer will tentatively accept," he said. "Many sellers do not understand the time it takes, the detail and analysis which takes place before a potential buyer will make an offer they can stand behind and actually close. Considering all the questions a potential buyer will ask and data they will request, a buyer will know more about the seller than the buyer knows about himself. I continually am amazed at the level of detail a potential buyer will go to before they will offer even a preliminary bid."

"We learn every time what we did wrong and what we did right."

Arnold Whitman
CEO
Formation Capital

One of the most important considerations merging companies need to bear in mind is how the deal will affect their respective corporate cultures, advised James "Piet" Pietrzak, president of Roanoke, VA-based Smith/Packett Med-Com.

"It is important that the acquiring entity start slow and easy with changes to policies and procedures," he said.

James Pieczynski, co-president of Chevy Chase, MD-based CapitalSource's Healthcare & Specialty Finance Group, cautioned against losing sight of the acquired company's mission.

"One of the key obstacles is that everyone thinks of seniors housing as a real estate business, and though it's a vital component, this is a business that is responsible for caring for people," he said. "The provision of quality care is the key determinant of success. So when I look at those ingredients, I recommend keeping the facility operators and existing management in place in order to achieve the best outcome. Radical personnel and management changeover can be very disruptive."

'There's a lot of capital in the market'

The current M & A climate has all the earmarks of a feeding frenzy – several high-profile mergers announced in the last year, multiple bidders for each sale and valuations that are going through the roof.

"Some of the cap rates and prices just make you say, 'Wow, can you top that?'" marveled Bob Kramer, president of the National Investment Center for the Seniors Housing & Care Industry. "Look at the price paid by Carlyle for Manor Care. Just a year ago if you said a major nursing home chain would be purchased with a cap rate rumored to be in the eights, you'd be told you were crazy."

There are a number of different catalysts triggering the consolidation craze, but Kramer mostly credits investors who are flush with cash in search of yields and who are impressed by the industry's revenue and NOI rates.

"They are some very enticing numbers," he said. "There are some very well-run portfolios around – and those on the East and West coasts are especially attractive to lenders."

Arnold Whitman, CEO of Alpharetta, GA-based Formation Capital, is one of the aggressive suitors in the fray, having recently acquired Kennett Square, PA-based Genesis Healthcare.

"There's a lot of capital in the marketplace and every transaction is extremely competitive, so buyers must use all their competitive advantages to succeed – whether it's strategic, legal or contractual," he said. "Your ultimate advantage may be that the target property is more strategic to you than anyone else. That is the case with Genesis. It was so hotly contested that I paid $120 million more than I planned in order to get it."

Good examples

From barbeques to employee rewards, communities are finding that doing right by residents and employees helps drive success. The bottom line: You can do good and still do well.

PHOTO: SILVERADO SENIOR LIVING

Sunday is barbeque day for residents at Silverado.

BY JULIE E. WILLIAMSON

It's no secret: Seniors housing operators who consistently create a culture of superior service and care are likely to have healthy bottom lines. But having that knowledge and knowing how to apply it can be two different things.

While there's not exactly a one-size-fits-all recipe for sustainable success, some of the better-performing operators do seem to follow a familiar pattern, with the development of innovative employee- and resident-centric services at the core.

For Silverado Senior Living, an assisted living operator based in San Juan Capistrano, CA, success has come in the way of specialized memory care, even for residents deemed too problematic by other facilities. Silverado CEO Loren Shook credits the firm's soaring revenues – which have doubled over the past four years and are on pace to surpass $100 million this year – to unique care practices and high-end services. These include a $500,000 a year animal therapy program, an extensive behavior data tracking program, a dignity-of-risk program that promotes resident independence in a safe environment, a high caregiver-to-resident ratio, and a focus on intergenerational relationship-building (staff are even welcome to bring their children to work). Each of Silverado's communities, located throughout California, Texas and Utah, has its own medical director, and every front-line supervisor receives extensive, year-long training.

"We are a purpose-driven company. Not only do we want to offer the very best care for those with dementia, we want to be part of the cure," Shook said. With an eye on innovation, Silverado became the first seniors housing provider to use robotics, allowing physicians to remotely diagnose skin conditions and creating a unique remote training and communication tool. The operator is also working with the University of Southern California to employ a resident companion robot. Shook said the technology is currently in the pilot testing phase and pending financial approval.

Through the use of extensive clinical outcome measures, a well-designed environment and relationships with some of the nation's leading psychiatrists, Silverado has managed to cut psychotropic drug use by 40%, while increasing the appropriate use of anti-depressants.

Streamlining operating processes can also pay big dividends, as Juniper Communities discovered. While working with GE Capital, Juniper was introduced to the LEAN six sigma continuous process improvement approach, which pinpoints waste and helps streamline operational processes. With GE Capital's guidance, Juniper tackled four LEAN exercises: one that targeted accounting systems, one geared toward the employee engagement process for new hires, one that evaluated the initial move-in inquiry process, and another that assessed residents' first 30-day experience.

"Satisfied employees translate into satisfied customers and that leads to a very strong bottom line."

Dwayne Clark
President and CEO
AegisLiving

"We wanted to take a look at what we were doing and how it impacted the customer and our cash flow," explained Juniper Communities President and CEO Lynn Katzmann. The LEAN process, which involved Juniper capturing and providing data and GE Capital providing a metric for measuring the data, proved pivotal in boosting the operator's quality efforts.

Creating an environment that boosts staff morale and fosters employee satisfaction goes a long way toward setting the stage for resident satisfaction and sustained corporate growth. Just ask Dwayne Clark, president and CEO of Redmond, WA-based AegisLiving.

"I've always said that our staff needs to be the number-one priority. You can say that resident satisfaction and quality care and services come first, but it just can't happen if you have employees who don't enjoy their jobs, feel unappreciated and aren't committed to the organization," Clark explained.

Today, Aegis has 32 communities in three states with a team of nearly 2,000 employees who cater to the needs of more than 2,200 residents. Although the operator has undergone tremendous growth (*Inc.* magazine named the operator the third-fastest growing company in America), and has seen its revenues climb from $357,000 in the first year to projected revenues of $160 million for 2007, Clark insists that has much to do with the way Aegis treats its employees. Not only does Aegis offer above-average pay, it also offers staff a host of "soft" benefits, including meal service, tuition reimbursement, volunteer opportunities, and an Aegis Extra program that offers discounted services from local retailers and service providers.

Clark once interviewed the founder of Starbucks' to glean insight into successful working environments. He recalled learning that workers often distrust employers.

"It's my job to dispel that myth and the way to do that is to become an employee advocate. Aegis is proof that it works," he said.

The right

Operators are experimenting with different ways to provide seniors housing and care. What many of the successful communities demonstrate is that one size does not fit all.

PHOTO: JEFFREY TOTARO

Erickson's Cedar Crest campus provides a comfortable, dignified environment for residents that allows them to easily transition from one level of care to another.

mix

"These individuals are also our best resident prospects."

Jack West
CEO
Country Place Living

BY JULIE E. WILLIAMSON

Seniors housing and care has always been a regionally-dominated business. But as the aging-in-place concept gains ground, more operators are finding that broadening their service portfolios is the best way to ensure continued success.

"The more services [an operator] can bring to the community, whether it's independent living, assisted living, skilled nursing or dementia care, the greater the revenue per occupied unit," stressed Michael Hargrave, VP-NIC MAP™ for the National Investment Center for the Seniors Housing & Care Industry.

For The Clare at Water Tower, a Continuing Care Retirement Community sponsored by the Franciscan Sisters of Chicago Service Corp., that meant creating a 53-story high-rise in the heart of the Windy City's Gold Coast neighborhood. Not only will The Clare become Chicago's first high-rise CCRC – and the tallest retirement community in the country – its circular construction will offer residents sweeping views of Lake Michigan and a slew of residential and service options.

Some CCRC operators also are focusing on ongoing education and locations that encourage intergenerational connection. Park Place, a CCRC being built in the Chicago suburb of Elmhurst, was deliberately placed next to Timothy Christian School, a prominent K-12 academy.

Continuing care properties may be gaining momentum, but that doesn't mean seniors housing and care has to be an all-or-nothing proposition. On the contrary, former freestanding, single-service communities can thrive if they're open to even modest expansion.

Jim Moore, president of Moore Diversified Services Inc., a Fort Worth, TX-based seniors housing and health-care consulting firm, said he's seeing a shift in the independent living segment where companies are adding home health, assisted living and even hospice components as a way to generate more revenue. Such expansion may drive value, but Moore stressed that it can be a double-edged sword because independent living facilities may eventually resemble naturally occurring assisting living centers.

Not surprisingly, the assisted living segment is also layering on services. Memory care is one service, in particular, that many operators are embracing.

Country Place Living LLC, an assisted living developer based in Grapevine, TX, has added adult day service to its mix, enabling seniors to stay in their homes, while still benefiting from the care and social aspects afforded by the program. "These individuals are also our best resident prospects, if and when the time comes for assisted living," noted Country Place Living CEO Jack West. Aside from its traditional assisted living concept, which consists of 12,000 square-foot buildings with 18 resident suites, Country Place also offers a Home Plus option – an eight-resident-maximum home that's more intensely staffed than a typical assisted living facility.

While the multi-service model has been a success, West isn't interested in embracing a "bigger is better" operating philosophy. Instead, he's deliberately developed small facilities in underserved rural areas.

Flexibility is the key to success for The Ponds Premier Assisted Living. Located on the same property in Lincolnshire, IL, The Ponds and Wealshire communities provide a full continuum of care, yet offer separate households to allow independence to those who want it, and skilled nursing to those who require more in-depth care. Four levels of financial programs allow residents to tailor their housing and care needs to their lifestyle and budget.

"The goal is to make this type of care affordable at every stage of life," said Jennifer Bebinger, administrator and CEO of The Wealshire and The Ponds.

Fort Lee, NJ-based CareOne, the state's largest family-owned senior care provider, has made its mark in the industry by offering a blend of assisted living and traditional long-term care and specialized respite care services, and by developing "centers of excellence." "Rather than trying to be good at many things, we'd rather offer service excellence in specific areas," explained CareOne CEO Seth Gribetz, adding that one center may specialize in pulmonary care, while another may specialize in dementia or cardiac care.

To buy or to build?

Many communities now find themselves at a construction crossroads. Making the right choice usually comes down to deciding what's best for you.

BY JULIE E. WILLIAMSON

As more operators consider strategic growth and expansion, there's one key question they'll likely be asking: Is it better to buy and replace an existing facility or build one from the ground up?

"There's an awful lot to consider and there's a lot of variability," says Anthony Mullen, CPA, senior fellow for the National Investment Center for the Seniors Housing & Care Industry. "What works best for one operator won't necessarily be the best option for another."

When looking at the independent living and assisted living segments, for example, Mullen said the buy-versus-build debate boils down to two figures: the median per unit replacement cost by property type for new properties and the median value per unit for existing properties by property type.

Several factors could make a case for the purchase of existing properties. Although Jim Moore, president of Moore Diversified Services Inc., a Fort Worth, TX-based seniors housing and healthcare consulting firm, said he considers the buy-versus-build debate to be "in a dead heat," he acknowledged that soaring construction and real estate costs could prove prohibitive for many operators.

That's not to say that existing properties come cheap. On the contrary, Moore said many operators are paying a premium for such properties, with per unit assisted living costs topping $200,000 in some cases.

Not surprisingly, location often will dictate whether an operator will buy or build. On the skilled nursing side, all-in development in states such as California where high land and labor costs and strict regulatory environments are the norm could translate into per bed costs of $200,000 or more, explained James Pieczynski, co-president, Healthcare & Specialty Finance Group, CapitalSource, Chevy Chase, MD.

PHOTO: FRANCISCAN SISTERS OF CHICAGO SERVICE CORP.

The Franciscan Sisters of Chicago Service Corp. are building The Clare at Water Tower. When completed, the 53-story CCRC will operate on prime real estate in Chicago's Gold Coast neighborhood.

Housing or healthcare?

Are you in the housing or healthcare business?

For many operators, the answer is a blend of both. But it can be hard to know which element should carry more sway, especially when it comes to expanding service capacity.

According to experts, if you have the construction wherewithal, easy access to supplies and a source of labor for challenging construction needs, you can potentially save a lot of money by building. New construction can also expand your options when it comes to design and innovative features. You are the master of the blueprint. And you'll end up with a spanking new building.

However, purchasing an existing property may prevent fill-up challenges while eliminating new construction headaches. Moreover, you probably won't need to have as much specialized knowledge about construction, local zoning requirements or the myriad challenges that can accompany building from scratch.

Regardless, it's important to end up with a building that meets your needs and tastes, insiders advise. Fortunately, plenty of experts are available to help you choose the option that's best for you.

Pardon our dust: Construction of any kind is likely to disrupt the daily routines of both your staff and residents.

"In these situations, [providers] may not be able to justify building, so they'll find a standing facility in a good market and area and just rehab the property."

Building a case for new construction

Despite delayed return on investment and soaring construction and land costs, building brand new communities does have its own set of benefits and loyal supporters.

One area, in particular, where new construction is accelerating is in the independent living segment, according to Mullen.

"There are far more candidates for independent - living than assisted living, so there's an inherent demand for it," he said.

Regions where seniors housing demand is high and land hasn't reached stratospheric heights are also prime candidates for new construction. Pieczynski used Texas, with its abundance of labor and relatively inexpensive land, as a prime example. The state, he pointed out, has a lot of old nursing home stock available, making it possible for operators to cost effectively buy out the license for existing Medicaid contracts of already defunct or poorly performing facilities – in some cases, for as little as $5,000 per bed. Rather than renovating the building, operators can take those Medicaid contracts and build a brand new facility, tailored to their unique needs, in an area within that county that makes the most business sense.

Salem, OR-based Holiday Retirement Corp., the world's largest owner and operator of seniors housing, has a history of building properties from the ground up. "Over the last 10 to 20 years, we've primarily built. New [construction] just makes sense for us. We have great experience with it," said Holiday Retirement asset manager Hong Zhuang.

Operators eyeing the new construction option do need to take some risk factors into consideration before breaking ground, however. For starters, they should recognize that one of the greatest challenges isn't whether a building will fill, but when. "Residents will invariably come to a community, but the real issue is how fast they will come," said Michael Hargrave, vice president-NIC MAP™, NIC.

Reducing all-in development headaches and costs can also be accomplished by pre-leasing more than 35% of units to reduce the operating deficit, which typically runs $10,000 per unit, Mullen added.And because the construction process can be slow, sound financial planning is essential. Mullen recommends that companies have enough reserves to cushion the blow of unforeseen challenges.

"Something always happens that you don't anticipate. You'll need the extra reserves," he said.

It's not just new communities that require capital. In fact, established settings need to invest prudently so their assets are not perceived as being obsolete.
By Jim Moore

Halting de

While most of us are aware that residents age in place, we frequently overlook or ignore another chronic aging trend – the gradual deterioration of physical plants.

We must also ensure that innovative improvements are being made in the functional design and ambiance of both existing and planned state-of-the-art communities. Capital investment strategies are necessary and will represent major challenges to the future viability of many older communities.

Warning signs

This aging process of physical plants is analogous to a senior's increasing chronic illness. Both represent a subtle, gradually deteriorating, but highly predictable trend. Here are five vital signs to look for which probably signal that at least some form of capital investment is necessary:

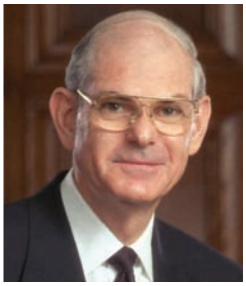
• **Cosmetic wear and tear** – Examples are frayed or soiled upholstery, worn carpets, out of style drapes and faded wall coverings.

• **Physical plant deterioration** – Leaky roofs or chronic failures of the heating, ventilating and air conditioning (HVAC) system usually are tell-tale signs of ignored or deferred maintenance.

• **Functional obsolescence** – The most obvious examples are kitchen and bathroom cabinets, plumbing fixtures and lighting in the individual living units. Also included would be dated furniture styles and electrical fixtures in the common areas.

• **Increased operations costs** – Higher utility costs and hampered work flow are often signs that various types of capital improvements are necessary.

• **Capital improvements by competitors** – It's one thing to keep your original physical plant functional, and yet another to remain competitive. If the "other guy" upgrades or has a state-of-the-art community and you don't, you're conceding a marketing advantage.



"This aging process of physical plants is analogous to a senior's increasing chronic illness."

Jim Moore
President
Moore Diversified Services

cline

You must be in a position to respond to a dual threat – the inevitable aging process of your plant, and efforts by competitors to offer newer products with more attractive environments.

To plan effectively, you must carefully weigh the short-run capital cost expenditures – responding to immediate needs – against the carefully planned long-run costs of ownership (such as maintenance, utilities and insurance).

Here are some specific areas to consider when planning capital improvements:

• **Enhance first impressions of the community** through improvements in the external site characteristics, including signs, paving repair, landscaping and lighting. That old "first impression" adage is truer than ever in today's highly competitive environment.

• **Improve impressions of the building exterior**, including fresh paint, new color treatments and more interesting elevation facades and roof lines.

• **Rejuvenate public space** – This generally means using new materials and finishes, lighting and artwork to improve interior design accents, and possibly adding new furniture.

• **Don't overlook back-of-the-house details**. Improved kitchen equipment, laundry facilities and energy-efficient heating, ventilating and air conditioning (HVAC) systems.

• **Improve individual living units** by such measures as refinishing or replacing cabinetry, updating plumbing fixtures, appliances and carpeting, and refinishing vertical and horizontal surfaces. Individual living units are often improved on an attrition basis as they are vacated.

Depreciation is a non-cash accounting issue. But the problem with ignoring depreciation is that you are not actually investing any real cash in your aging community. This "unfunded depreciation trap" is a recipe for trouble and it is creating major problems for many aging senior living and healthcare communities.

Capital investment is not just spending money for obvious needs. It involves spending the right amount of money for the right items at the right time.

Jim Moore is the president of Moore Diversified Services. He can be reached at (817) 731-4266.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McKnight's
Capital Corner

Firms providing capital and services are showcased on the following pages. They are listed in alphabetical order.

A profile appears for each firm. The profile offers insight into each firm's mission, history, range of services and types of properties served.

For each company, we have included a "Fast Facts" box of convenient information, such as mailing address, contact names, phone and fax numbers, Web site address, eligible properties and other useful material. For an index of these firms, please see "Companies at a Glance" on page 46.


Sharper focus.
Greater understanding.
And putting expertise into practice.
Cornerstone Health Care, Inc.
$12,000,000
Secured Term Loan
June 2007
Acquisition of 36 Long-Term Care Facilities in Texas
$128,000,000
Subject to Lease
June 2007
Acquisition of 2 Long-Term Care Facilities in Texas
$13,000,000
Subject to lease with Southwest LTC
March 2007
Riverview Care Center
$14,017,600
FHA Insured Loan
Section 232 pursuant to Section 223(f)
April 2007
Healthcare financing is in our genes at CapitalSource.
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Steve Gilleland 866 635 2698
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For more information, visit www.capitalsource.com

CapitalSource

Company Profile

CapitalSource is a specialized commercial finance company operating as a REIT and offering first mortgage, asset based cash flow and mezzanine financing through three focused lending businesses: Healthcare and Specialty Finance, Structured Finance, and Corporate Finance. As of March 31, 2007, CapitalSource managed an $18.3 billion portfolio, including $9.5 billion in its commercial lending and investing business, $5.6 billion in its residential mortgage investment business, and $3.0 billion managed on behalf of third parties. Headquartered in Chevy Chase, MD, the company has approximately 540 employees in offices across the United States and in Europe. For more information, visit *http://www.CapitalSource/com*.

Our Philosophy

The Healthcare and Specialty Finance group provides in-depth industry expertise and rapid execution capabilities to deliver innovative, flexible and timely financing solutions to skilled nursing and senior housing providers. Our diverse suite of financial products includes:

- Floating and fixed-rate mortgage debt financing
- Sale leaseback
- Construction/Substantial renovation financing
- Revolving lines of credit
- Bridge loans
- Mezzanine financing
- Debtor-in-possession financing
- HUD financing

What We Offer

• Skilled nursing and senior housing finance

• Healthcare real estate finance
Loan size: $2MM to $50MM
Leverage: 1 to 5 years, with extensions available based upon fee and performance hurdles
Pricing: Competitive rates and fees adjusted for risk and leverage
Stabilized DSC: 1.0x to 1.4x; under 1.0 with structured interest reserves
Borrower: Experienced owners and operators of skilled nursing and senior housing facilities
Property types: Skilled nursing, independent living, assisted living, Alzheimer's/dementia care, congregate care
Other terms: Flexible recourse and amortization alternatives and coverage hurdles

• Asset-based credit facilities
Loan size: $1MM to $40MM
Advance rate: Up to 85% of eligible receivables, up to 60% of eligible inventory
Term: 1 to 3 years
Pricing: Competitive rates and fees adjusted for risk and leverage

• Construction/Substantial renovation financing
Loan size: $2MM and up
Leverage: Up to 90% of cost
Pricing: Based on leverage

• Fixed-rate loans
Loan Size: $2MM and up
Leverage: Up to 90%
Pricing: Based on leverage

• Sale leaseback
Leverage: 100%
Term: 10 to 15 years
Pricing: Competitive rates
Proceeds: Cash or tax deferred "down-REIT" structure

FastFacts

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Eligible properties:
- Assisted living
- Hospital
- Rehab hospital
- Skilled nursing
- Retirement communities
- Ambulatory surgery
- Medical office

Options:
- Acquisition
- Substantial rehab
- Refinance

Product base:
- FHA
- Line of credit
- Term loans
- Bridge loans
- HUD
- Leasehold mortgages
- Sale leaseback

Capmark Finance Inc.

Company Profile

Capmark Finance Inc. has been a leading provider of financial services to the seniors housing and healthcare industry for more than 10 years. Capmark Finance has access to multiple capital sources and offers customers a full range of financing solutions and resources. In 2006, Capmark Finance originated more than $1.5 billion in seniors housing and healthcare loans [Source: Mortgage Bankers Association 2006 Annual Originations Rankings]

Our Philosophy

With our full range of financial products and services, commercial real estate expertise, and commitment to superior service, Capmark Finance produces THE RIGHT SOLUTIONS™ for our customers.

What We Offer

Capmark Finance provides financing for healthcare facilities such as independent and assisted living, congregate care, memory impairment, skilled nursing, retirement communities and medical office buildings. We originate financing for the acquisition, refinance, construction and rehabilitation of single or multi-property portfolios as well as highly structured debt financings for mergers and consolidations.

Our experienced specialists understand regulatory and reimbursement issues and help borrowers access diverse sources of capital to meet their financing needs.

A Successful Partnership

Capmark Finance's commitment to meeting the financing needs of our customers is demonstrated time and time again with success stories such as this: We recently originated, structured and closed a $160 million financing transaction, which permitted the recapitalization of a seniors housing operator, consisting of: the refinance of seven stabilized assets with long-term, fixed-rate loans funded by Capmark Finance through the Freddie Mac program the refinance of two non-stabilized assets with an interim loan funded by Capmark Finance, which upon stabilization will be added to the Freddie Mac loan pool short-term mezzanine debt funded by Capmark Finance to enable the non-stabilized assets to be funded on pro-forma stabilizations a construction loan funded by Capmark Finance to facilitate a major expansion of one of the facilities.

FastFacts

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Pasadena, CA 91101

Eligible properties:
- Independent living
- Assisted living
- Skilled nursing
- Continuous care
- Memory impairment
- Retirement communities
- Medical office buildings

Options:
- Construction
- Interim
- Floating-rate
- Fixed-rate
- Short-term
- Long-term

Product base:
- Direct lender
- Fannie Mae
- Freddie Mac
- HUD/FHA
- Insurance companies
- Pension funds
- Capital market conduits

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CIT Healthcare

Company Profile

CIT Group Inc. (NYSE: CIT), a leading global commercial and consumer finance company, provides clients with financing and leasing products and advisory services. Founded in 1908, CIT has approximately $80 billion in managed assets and possesses the financial resources, industry expertise and product knowledge to serve the needs of clients across approximately 30 industries worldwide. CIT, a Fortune 500 company and a member of the S&P 500 Index, holds leading positions in vendor financing, factoring, equipment and transportation financing, Small Business Administration loans, and asset-based lending. With its global headquarters in New York City, CIT has approximately 7,500 employees in locations throughout North America, Europe, Latin America and Asia Pacific.

CIT Healthcare meets the diverse commercial financing needs of U.S. healthcare providers, including long-term care facilities, skilled nursing facilities, assisted living facilities, home care and hospice companies, hospitals and health systems, outpatient centers, physician practices, ambulatory surgery centers, and pharmaceutical and medical technology companies. Our diverse solution set includes real estate debt and equity financing, asset based loans, cash flow loans, M&A advisory services, and working capital lines of credit.

Our products and services enable our clients to meet their financing needs of today and long term goals of tomorrow.

Our Philosophy

CIT Healthcare offers a full spectrum of financing solutions and related advisory services to companies across the healthcare industry. Through our client-focused and industry centric model, CIT Healthcare effectively leverages its extensive knowledge and understanding of the healthcare marketplace and our approximately $80 billion "A" rated balance sheet.

CIT Healthcare – Advantages

- Single point of contact – organized around our clients
- Multiple capabilities to exceed client expectations
- Ability to understand uniqueness of client issues
- Efficient execution
- Commitment to industry
- Drive value for clients beyond capital

FastFacts

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

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

Product base:
- Lease
- Leasehold mortgages
- Bridge loans
- Line of credit
- Conduit
- Term loans

What We Offer

CIT Healthcare offers long-term care providers customized financial solutions and advisory services. We help our clients achieve their acquisition and business goals of today and long term goals of tomorrow. We offer revolving lines of credit, term loans and real estate loans to all key segments including skilled nursing facilities, independent and assisted living facilities, and medical office buildings.

Our products include:

- Real Estate Debt and Equity Financing
- M&A Advisory Services
- Asset-Based Lending
- Cash Flow Finance
- Tax-Exempt Financing
- Large/Small Leases/Loans

A Successful Partnership

Our healthcare financing professionals are dedicated to maintaining long-lasting relationships with our clients. As business partners, we invest the time to understand your strategy and growth objectives and recognize the need for seamless execution and funding.

Contemporary Healthcare Capital (CHC)

Company Profile

"New Look. New Name. Same Extraordinary Service". Contemporary Healthcare Capital (CHC), formerly Ziegler Healthcare Capital is a specialized commercial finance company that provides senior mortgages, mezzanine debt and equity to small and mid-sized companies in the healthcare services industry. CHC provides a broad spectrum of financial products to meet the specific needs of our clients.

Contemporary Healthcare Capital is led by an experienced team of lending and investment professionals. For more than 15 years, our team has made loans and investments exclusively in the healthcare services industry.

Our Philosophy

By targeting experienced management teams, our Funds are able to provide access to capital that is otherwise unavailable from traditional lending sources. Through our products, we are able to offer the necessary capital that allows our clients to achieve their business objectives.

Our five Funds are managed and underwritten by the same group, allowing a seamless program for a borrower. We understand the frustration that borrowers feel when they are passed off from one department to another through the loan process and that is why our borrowers deal directly with senior management of the Funds throughout the entire process. This provides relationship building, rapid response to potential issues and an overall faster closing.

What We Offer

From Mezzanine Debt to Equity to Senior Mortgages, Contemporary Healthcare Capital provides a broader spectrum of financial products that focus on the healthcare services industry.

Our unparalleled knowledge allows our team to decipher various industry-specific issues and convey them in a rational perspective.

A Successful Partnership

In order to analyze a potential transaction we request that each client submit the following information;

An overview of the potential borrower, monthly financial statements for two years prior, proforma financial statements, a summary of corporate structure and corporate financial statements.

FastFacts

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Shrewsbury, NJ 07702

Eligible properties:
- Skilled nursing
- Assisted living
- Congregate care
- Ambulatory surgery
- Rehab hospital

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

Product base:
- Bridge loans
- Line of credit
- Leasehold mortgages
- Term loans

Credit Suisse

Company Profile

As one of the world's leading banks, Credit Suisse provides its clients with investment banking, private banking and asset management services worldwide. Credit Suisse offers advisory services, comprehensive solutions and innovative products to companies, institutional clients and high-net-worth private clients globally, as well as retail clients in Switzerland. Credit Suisse is active in over 50 countries and employs approximately 40,000 people. Credit Suisse's parent company, Credit Suisse Group, is a leading global financial services company headquartered in Zurich. Credit Suisse Group's registered shares (CSGN) are listed in Switzerland and, in the form of American Depositary Shares (CSR), in New York. Further information about Credit Suisse can be found at *www.credit-suisse.com*.

In its investment banking business, Credit Suisse offers securities products and financial advisory services to users and suppliers of capital around the world. Operating in 69 locations across 33 countries, Credit Suisse is active across the full spectrum of financial services products including debt and equity underwriting, sales and trading, mergers and acquisitions, investment research, and correspondent and prime brokerage services.

Column Financial: Founded in 1993, Column is an established lender in the real estate loan origination business and is backed by the strength of Credit Suisse. Our sister company, **Column Guaranteed** ,is a recognized multifamily lending agency. Column Guaranteed is an approved Fannie Mae DUS, Freddie Mac (Georgia, Louisiana and Mississippi only) and FHA/HUD.

FastFacts

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E-mail: dan.biron@creditsuisse.com
Fax: (212) 743-4932
Address: 11 Madison Avenue
New York, NY 10010

Eligible properties: ■ Skilled nursing ■ Assisted living ■ Independent living ■ Medical office ■ Ambulatory surgical centers

Options: ■ Acquisition ■ Refinance ■ Substantial rehab

Product base: ■ Conduit loans ■ Bridge loans ■ Large structured loans ■ Mezzanine debt ■ Bridge equity ■ Agency (Fannie Mae, Freddie Mac, HUD)

Our Philosophy

The Healthcare team at Credit Suisse provides in-depth industry expertise and an aggressive lending platform.

What We Offer

We offer flexible and timely financing solutions for skilled nursing, assisted living, independent living, medical office properties and ambulatory surgery centers.

Through our subsidiary, Column Financial, we are able to provide a local presence in 14 production offices located throughout the United States. Our capabilities allow us to write loans from $5 million to $1 billion+.

Column has been a leading lender in the healthcare finance arena for over six years, completing over $4 billion of healthcare loans since 2000. The Column lending platform offers several advantages, including:

- Extremely competitive pricing for floating and fixed rate product
- Fannie Mae/Freddie Mac/HUD healthcare executions available
- Tailored programs and flexible prepayment terms for bridge to HUD loans
- 10-year fixed rate program for assisted living facilities and independent living facilities
- Largest commercial mortgage-backed securities healthcare lender in the industry
- Dedicated healthcare team with 22 years of experience in the long-term care industry
- Diverse lending platform capable of both large transactions ($1.4 billion Beverly acquisition) and small transactions ($6.2 million Forbes Road Nursing Home refinancing)
- Capacity to principal mezzanine debt or preferred equity for clients in the healthcare sector

Freddie Mac

Company Profile

Freddie Mac is a stockholder-owned corporation chartered by Congress in 1970 to make homeownership more accessible and affordable by increasing the supply of money that mortgage lenders, such as commercial banks, mortgage bankers, savings institutions, and credit unions can make available to homebuyers and multifamily investors.

The Freddie Mac Multifamily Sourcing Division helps to ensure an ample supply of affordable rental housing by purchasing mortgages on apartment buildings with five or more units and by enabling the purchases, refinancing, and rehabilitation of older buildings and the construction of new affordable apartments. Freddie Mac Multifamily also purchases loans on walk-ups; co-op buildings (but not individual units); and mid-rise, high-rise, and garden-style apartment complexes. We buy these loans from a network of Freddie Mac-approved Program Plus® and Targeted Affordable Housing lenders with over 150 branches nationwide.

FastFacts

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Fax: (703) 714-3388
Address: 8100 Jones Branch Drive
MS B4B
McLean, VA 22102
Eligible properties: ■ Assisted living ■ Retirement communities
Options: ■ Construction ■ Substantial rehab ■ Acquisition ■ Refinance
Product base: ■ Freddie Mac

What We Offer

Freddie Mac's flexible product line delivers the multifamily financing options borrowers value. Freddie Mac supports the acquisition, refinance, rehabilitation and construction of apartment communities across America through the following products and services:

Flow Products

- Conventional fixed-rate mortgages including amortizing, fixed-to-float, interest-only, and partial interest-only; the Freddie Mac Premier and Standard Lease-Up products; and the Freddie Mac High-Leverage Loan product
- Freddie Mac ARMs
- Reference Bill® or LIBOR
- Freddie Mac or third-party cap
- Conventional forward commitments
- Credit facilities
- Small loans: $5 million and under
- Split loans
- Supplemental mortgages
- Seniors housing mortgages
- Streamlined acquisition financing
- Streamlined refinances
- First mortgages with mezzanine financing
- Freddie Mac also offers an Early Rate-Lock delivery option whereby the borrower can lock the interest rate, establish the mortgage amount, and set other key provisions of a proposed mortgage.

Targeted Affordable Products

- Forward commitments, including both a 9% Low-Income Housing Tax Credit (LIHTC) product and a tax-exempt bond product with or without 4% tax credits
- LIHTC Moderate Rehabilitation products, which allow you to preserve affordability in properties where the tenants can remain in place during rehab
- Bond credit enhancements
- 9% LIHTC mortgages
- Section 538 Rural Housing Service mortgages
- HUD Risk Sharing

A Successful Partnership

Borrowers who choose a Freddie Mac loan enjoy competitive risk-based pricing, a broad array of innovative mortgage products and the support of people who have the knowledge and experience necessary to provide flexible, creative solutions for their financing needs. In fact, three-quarters of borrowers are repeat customers.

Non-Program Plus Seller/Servicers can still access the Freddie Mac programs by working with a Program Plus member. If you have a pool of at least $100 million of multifamily loans, you may be eligible to sell directly to Freddie Mac through a multifamily housing affordable debt transaction.

CONFIDENTIAL PERFORMANCE

$253,000,000
17 Property Portfolio
(14 SNF, 3 ALF)
Sale Leaseback
2007

$88,000,000
10 Property Portfolio
(10 SNF)
Sale Leaseback
2006

$12,000,000
3 Property Portfolio
(3 SNF)
Acquisition
2006

$23,000,000
5 Property Portfolio
(5 SNF)
Sale Leaseback
2005

$21,600,000
4 Property Portfolio
(3 SNF, 1 ALF)
Sale Leaseback
2005

$19,700,000
3 Property Portfolio
(3 SNF)
Sale Leaseback
2005

$24,400,000
5 Property Portfolio
(3 SNF, 2 ALF)
Sale Leaseback
2005

$3,600,000
1 Property
(SNF)
Acquisition
2004

$3,800,000
1 Property
(SNF)
Acquisition
2004

ACQUISITIONS

SALE LEASEBACK

INNOVATIVE APPROACH

STRICTLY CONFIDENTIAL

Granite Investment Group

2 Park Plaza, Suite 800 • Irvine, CA 92614 • Phone: 949.477.5800 • Fax: 949.477.1002 • www.GraniteInvestment.com

Granite Investment Group

Company Profile

Granite Investment Group is a Southern California based real estate investment company formed in 1994. Granite owns and manages a diversified real estate portfolio of senior housing, multi-family, self-storage, condominium conversion and residential development assets, with a combined value approaching $1 billion. Historically, Granite's portfolio has been concentrated in the Western United States, including California, Washington, New Mexico, and Arizona. Over the last few years, Granite has expanded its investment portfolio to the Midwest, including Texas and Illinois, and is planning on increasing its exposure to the Eastern United States. Granite has a reputation as an experienced reliable buyer of properties from private and institutional owners.

The Granite team of highly accomplished real estate industry professionals has over 150 years of collective experience in identifying, acquiring, renovating, operating and creating profitability through the ownership of income-producing real estate. Granite has attracted participation by a growing and diverse pool of institutional and individual investors, both domestically and abroad.

Our Philosophy

Granite's Senior Housing Division is looking to acquire a cohesive and diversified portfolio of quality senior housing communities. Our approach has been to focus on those communities which have been operated successfully by dedicated and conscientious operators with a proven track record relating to the quality of care, regulatory compliance and financial accountability. Given the quality of owner-operators with whom Granite has been fortunate to work, our focus to date has been on sale-leaseback transactions. Granite remains open, however, to acquisitions in which we are approached by an unaffiliated operator who desires to manage new portfolios, as a means of expanding its operations. In addition, Granite intends to pursue investment opportunities in the form of direct acquisitions in which we then retain an affiliated operator to manage the communities.

Granite understands the importance of innovative solutions in order to capitalize on emerging opportunities. Granite utilizes the services of multiple senior housing experts who have substantial expertise in acquisitions, operations, investment, reimbursement, risk management and government regulation.

FastFacts

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Irvine, CA 92614

Eligible properties: ■ Skilled Nursing ■ Assisted Living ■ CCRC

Options: ■ Acquisition ■ Exit

Product base: Private Equity Source for Acquisition or Sale-Leaseback transactions

What We Offer

Similar to a private REIT, Granite, through the use of various investment structures, will act as a buyer of senior housing assets with the primary focus on skilled nursing and assisted living assets. Because Granite's access to capital is primarily through domestic and foreign private equity sources, we are able to maintain a high level of confidentiality in all transactions. Granite welcomes complex transactions as we have extensive experience in tailoring financial solutions to meet the needs of sellers.

Granite is aggressively pursuing acquisitions in the senior housing market. Through our alignment with experienced industry partners, we seek opportunities that meet the investment criteria of our equity partners. This is consistent with Granite's belief that above average returns can be achieved through a variety of well-managed real property investments.

Granite Senior Housing Division's preferred investment criteria is to purchase high-quality skilled nursing, assisted living and CCRC communities with the following attributes:

Preferred Investment Criteria

- Projects ranging from $7 - $300+ million
- Favorable reimbursement environments
- 1990's construction
- Seasoned communities
- Healthy quality mix & occupancy
- Favorable demographics
- Professional liability tort reform
- Certificate of need provisions
- Strong service employee base
- Favorable cost of employment factors such as workers compensation rates
- States that are generally favorable to business

Healthcare Finance Group Inc.

Company Profile

Healthcare Finance Group Inc. (HFG) is a senior secured lender catering exclusively to the healthcare industry. Our firm is headquartered in New York City and serves clients nationwide with offices in Los Angeles, Atlanta, Houston, Ft. Lauderdale and Mt. Laurel, NJ. HFG was formed in 2000 following a successful management-led buyout from Daiwa Securities America.

Our Philosophy

Healthcare Finance Group Inc. has an exclusive healthcare focus with a dedicated team of healthcare finance experts. At HFG we understand the challenges faced by today's healthcare executives, and work with them to help address these challenges. We are a nimble organization with streamlined business processes and well-developed execution capabilities. Our management executives are easily accessible to all our prospects and clients. They review and approve every loan request before a term sheet is issued. Putting clients first, we focus intensively on providing the best possible services and finding solutions to the unique needs of each client.

What We Offer

HFG provides flexible senior debt financing solutions from \$5 million to \$100 million to all kinds of healthcare companies.

Revolving Lines of Credit

HFG's committed lines of credit provide availability based on the net collectible value of a client's accounts receivable, typically up to 85% against receivable aged up to 180 days. We are happy to commit these credit facilities for terms of one to five years, with the most common arrangements being three years. Pricing on HFG's lines of credit are typically in the range of 30-day Libor plus 2.00% - 3.90%, depending on the size of the commitment and credit quality of the borrower. A commitment fee of 1.0 – 1.5% is typical.

Term Loans

For its line of credit clients, HFG may provide term loans secured by assets other than receivables, which are primarily based on a multiple of EBITDA, typically up to 3.0 times. We can also help our clients arrange term loans based on higher multiples of EBITDA, up to 4.0 times. Pricing on term loans can be as low as Libor plus 3.0% to as high as 20%, depending on the amount of EBITDA the borrower generates, the multiple of EBITDA the borrower is seeking to borrow, and the value of the collateral securing the term loan. Commitment fees on term loans are usually 1.0 – 2.0%.

Real Estate Loans

Healthcare Finance Group provides first mortgage debt / mini-perm real estate loans primarily to the long term care industry to meet clients' acquisition and/or refinancing needs. Deal size is from \$5MM to \$50MM with LTV up to 85% and a term of three to seven years at competitive spreads over Libor. A fixed pricing is available upon request.

A Successful Partnership

At Healthcare Finance Group, we strive to build lasting client relationships that go beyond a specific transaction. Direct access to executive management enables our clients to tap into much more than a pool of capital. Having HFG as a knowledgeable resource, our clients acquire the advantage to keep them a step ahead in the ever-shifting healthcare industry.

FastFacts

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199 Water Street, FL. 20
New York, NY 10038

Eligible borrowers:
- Skilled nursing facilities
- Assisted living facilities
- Independent living
- Acute care hospitals
- Pharmacy services
- Large physician groups
- Rehabilitation
- CROs
- Home care
- Behavioral health
- LTAC's
- Diagnostic imaging

Options:
- Working capital
- Growth capital
- Replacement financing
- Acquisition
- Bridge financing
- Turnaround
- DIP/exit financing
- Major capital purchases

Product base:
- Lines of credit
- Term loans
- First mortgage debt / Mini-perm real estate loans

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, Chicago and Spokane we are strategically positioned to provide our services nationwide. For more information please visit our website at *www.seniorlivingbrokerage.com*.

SENIOR LIVING
INVESTMENT BROKERAGE, INC.

Our Philosophy

Confidentiality and discretion are a priority in long-term care/senior housing transactions and is 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 transation - 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.

FastFacts

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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

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.

Ventas Inc.

Company Profile

Ventas Inc. (NYSE: VTR) is one of the nation's leading healthcare real estate investment trusts (REITs) and the second largest of the publicly traded equity healthcare REITs, based on the value of its assets and its rental revenues.

As of June 30, 2007, our growing portfolio included 513 healthcare-related facilities, containing approximately 52,500 licensed beds and seniors housing units, strategically located in 43 states and two Canadian provinces. During the seven-year period ending Dec. 31, 2006, Ventas had an annual total shareholder return in excess of 52%.

Ventas also is distinguished by its highly experienced management team, which has more than 150 years' collective experience in sophisticated aspects of healthcare, real estate, restructurings, finance, law, accounting and tax.

Type of facility	Number of facilities
Hospitals	42
Skilled nursing	197
Seniors housing	252
Other healthcare	22

Our Philosophy

Ventas is founded on simple, common-sense principles: make consistently sound decisions; work tenaciously, quickly and creatively toward clear objectives; operate credibly with all constituents; seize and create opportunity; remain disciplined, analytic and focused; attract the best management and board talent; and expect and reward excellence and productivity. Commitment to these ideals leads to success.

What We Offer

With financing from $5 million to $500 million available for our customers, and approximately $9 billion of total enterprise value, Ventas is well-equipped to meet most capital requirements.

FastFacts

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Address:

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10350 Ormsby Park Place	111 S. Wacker Drive
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Louisville, KY 40223	Chicago, IL 60606

Eligible properties: ■ CCRC ■ Skilled nursing ■ Assisted living ■ Retirement communities ■ Congregate care ■ Hospital ■ Medical office ■ Ambulatory surgery ■ Rehab & specialty hospitals

Product offerings: ■ Lease ■ Bridge loans

Options: ■ Acquisition ■ Refinance ■ Exit

Yet, unlike traditional sources, our team of investment specialists can custom-structure deals to meet the most specific needs. We make sure we understand your business objectives, and then tailor deal structures to fit. Plus, we have the ability to combine sale-leaseback and conventional financing to achieve an attractive, blended cost of capital – with up to 100% financing available. Once the initial review has been completed, we can also move quickly to close a transaction, with a typical timeframe of 45 to 60 days from due diligence to closing, depending on complexity.

A Successful Partnership

Our customers deal directly with decision makers, allowing for rapid turnaround and certainty of execution. Unlike traditional sources of capital, we can move quickly to help you take advantage of timely business opportunities. As a result, Ventas customers benefit from a responsive and reliable partnership with seasoned professionals — and can depend on us for ongoing, industry-specific advice.

Yardi Systems, Inc.

Company Profile

Yardi Systems, Inc. is the leading provider of cost-effective, high-performance real estate software solutions for organizations of all sizes. For more than 25 years, our technology and services have led the industry through responsiveness and innovation, becoming the premier real estate management solution worldwide. Our solutions are client driven and provide fully-integrated investment management, property management and accounting functionality that enable managers, owners and investors to manage assets with superior efficiency and ease.

With 1,100 dedicated professionals working in offices throughout the United States, Canada, Europe, Asia and Australia, we are well positioned as a technology partner with our clients. Today, we serve more than 15,000 businesses, corporations and government agencies, representing more than 5 billion square feet of commercial space and 5 million residential units globally.

Our Philosophy

Key to our longevity and stature in the industry is the importance we place on relationships, both outside and inside the company. This means listening to our clients and employees and actively seeking their feedback in the design, development and support of our products. We view every client affiliation as a long-term relationship, one in which our goal is to ensure ongoing satisfaction and good will by providing unparalleled products and service.

For example, feedback from fund advisors and investment managers was integral to the design and development of Yardi Investment Management™, a new, autonomous investment accounting and performance management system that provides unequaled business transparency while alleviating risk for investors. This is significant milestone in the industry and exemplifies our ability to respond to the needs of the marketplace quickly.

What We Offer

Experience: For more than 25 years, our technology and services have set the standard for real estate software solutions with a combination of responsiveness and technical innovation. We understand the unique needs of the industry's various segments and have the technical expertise and vision necessary to convert this understanding to powerful solutions that meet and exceed market needs.

Superior Products / Services: Products include fully integrated property management and accounting software for both Windows-based and browser-based environments, as well as new technology solutions such as Yardi Investment Management™ and Yardi Portal™. In addition, Yardi offers world-class training, professional services and client support to ease the burden of complicated implementations or conversions.

Dynamic Solutions: Fully integrated and transparent, Yardi Investment Management provides a real-time view of asset operations, so users can easily monitor and adjust investment strategies to ensure consistent growth and profitability portfolio-wide. Yardi Portal seamlessly connects your corporate Web site with your Voyager [or other] property management database and provides highly sought after conveniences, such as online leasing, rent payments, maintenance requests and "virtual tours". With Portal, you profit from reduced administrative work, enhanced service to your customers and prospects, and unprecedented exposure for all the properties in your portfolio.

FastFacts

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A Successful Partnership

Become an agent of change. If you want your company to adopt new ways of working, prepare to be a catalyst. As new and existing technologies have become crucial to effective investment and property management, firms large and small have had to adapt the way their employees work if the firm is to thrive in today's marketplace. Once adopted, successful implementation of new high-tech initiatives will enable your employees to work smarter, faster and far more profitably.

Companies at a glance

Achieve Healthcare Technologies
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Yardi Systems Inc.
430 S. Fairview Avenue
Santa Barbara, CA 93117
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ext. 284
www.yardi.com

ADVERTISER INDEX

At Bridge Finance Group, we are healthcare specialists who understand that securing financing does not have to be a painful, drawn-out process. We are committed and structured to quickly identify and provide financing that meets your needs.

Call us today to learn how to get the peace of mind that comes from knowing that your financing is in place.

Bridge Finance Group. The way to grow.

1.800.811.2162
www.bridgefinancegroup.com

BRIDGE
Finance Group