



VANT·AGE POINTE  
Capital Management & Advisory, Inc.

Registered representative of Girard Securities, Inc.

A Superior Perspective providing Strategic AdvantAge to our Clients

# Seniors Housing Market Insight

Experienced advisors can guide you to  
market opportunity



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Vant·Age Pointe's mission is to provide "A Superior Perspective providing Strategic AdvantAge to our Clients." The Company is dedicated to the Seniors Housing and Healthcare industry providing investment brokerage, capital sourcing, fund raising, asset management and consulting services. Vant·Age has been engaged in several noteworthy assignments including two significant capital sourcing engagements for well-respected and recognized seniors housing companies. The estimated value of current engagements is in excess of one billion.

September 2009

Dear Industry Colleagues,

Welcome to our Seniors Housing Market Insight report. Our Team has collected data from various industry and economic sources relating to activity and statistics through the second quarter of 2009. We will update this report on a semi-annual basis. If you would like to be placed on our distribution list, please send an email to my attention at [lwidmier@vantagepointe.us.com](mailto:lwidmier@vantagepointe.us.com). In order to be placed on our distribution list, we ask that you fill out an information form (questionnaire) so that we may get to know you better. This form may be downloaded from our website ([www.vantagepointe.us.com](http://www.vantagepointe.us.com)) or you may request this form directly from me.

Seniors housing has offered a higher stability in earnings than other real estate property types during this period of economic turbulence. Even though seniors housing census industry-wide has dropped by 390 basis points since first quarter 2007<sup>(1)</sup> (proving that seniors housing is indeed somewhat correlated with the traditional residential housing market), seniors housing operators and owners have turned their attention from transacting on deals to improving their operations and profitability. In addition, seniors housing properties actually still achieved rental rate growth in 2008 of 3.0%<sup>(1)</sup> while most other real estate property sectors experienced decreases in rental rates. As a result, many operators/owners have sustained and even increased their communities' Net Operating Income levels in spite of a drop in census.

With the availability of highly attractive agency debt that is priced 150 to 200 basis points lower than conventional debt and is generally not available to other real estate property types except for multi-family, seniors housing also offers comparatively higher equity cash yields. New seniors housing construction has all but come to a halt as impacted by the general lack of commercial real estate construction debt; however, future increasing demand is undeniably predictable based upon compelling demographics.

All of these characteristics are attracting many new investors to the sector who had previously shunned the asset class. Seniors housing, once the "Red-Headed Stepchild" of the commercial real estate industry and considered far less glamorous and sexy than the office, retail, multi-family and hotel assets classes, is now looking like the "Belle of the Ball"!



If my Team or I can be of any assistance to you, please contact me. On behalf of the Vant·Age Pointe Team, I thank all of our loyal clients who we have been fortunate to continue to work with this past year and I welcome our new clients.

Sincerely,

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*A special thanks goes to Michael Hargrave and National Investment Center for the Seniors Housing & Care Industry for their contribution to this report.*

<sup>(1)</sup> National Investment Center for the Seniors Housing & Care Industry

# Market Fundamentals

## A Unique Industry Within Real Estate

- The underwriting, investment and ownership of seniors housing has some commonality with core real estate. Importantly though, seniors housing has unique attributes to real estate due to demand factors that are relatively independent of typical economic indicators.
- Regardless of market, economic or financial movements, people get older and have increasing health and care needs.
- As said, seniors housing fits well within both consumer non-discretionary investments and also within growth-oriented investments.

## Healthcare Demand Will Increase In Line With Demographic Increases

- The 75-plus age category is expected to increase by 21.0% from 2009 to 2020, an increase of approximately 3.9 million Seniors!<sup>(1)</sup>
- In addition to the dramatic increase in the number of Seniors (defined as age 65 plus) creating demand for seniors housing, societal factors such as a greater awareness and acceptance of various retirement options increases the percentage of Seniors that utilize seniors housing, creating an exponential increase in demand.

## A Trillion Dollar Industry

Annual United States healthcare services expenditures are projected to be over \$2.5 trillion for the current year.<sup>(2)</sup>

## Number of people age 65 and over and 85 and over

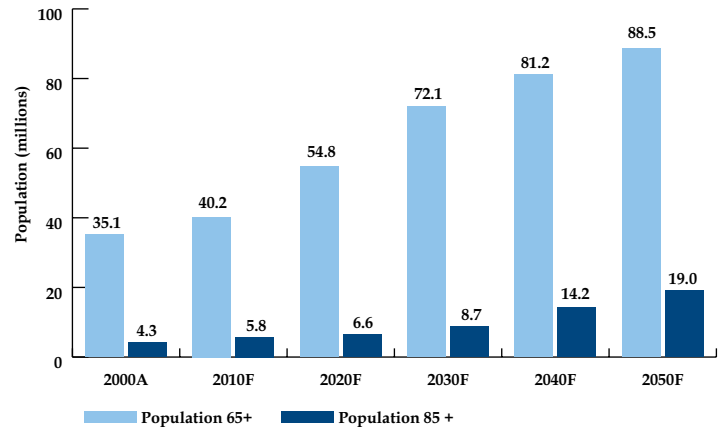


Chart Source: U.S. Census Bureau; release date: August 14, 2008.  
Note: "A" indicates actuals results from the 2000 Census and "F" indicates forecasted population estimates from 2007 actuals.

## U.S. Population Estimates Age 75-Plus

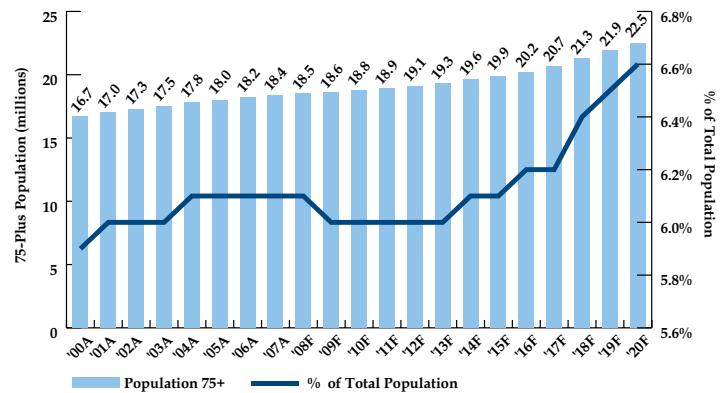


Chart Source: U.S. Census Bureau; release date: August 14, 2008.  
Note: "A" indicates actuals based on estimate from 2000 Census and "F" indicates forecasted population estimates from 2007 actuals.

## National Health Expenditures

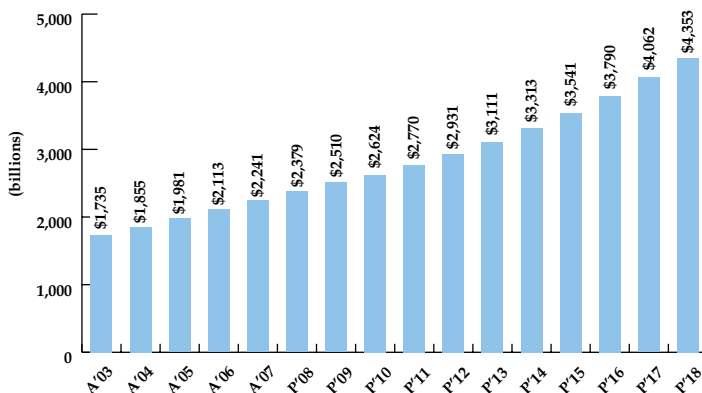


Chart Source: Centers for Medicare & Medicaid Services; released in January 2009.

## National Health Expenditures Per Capita

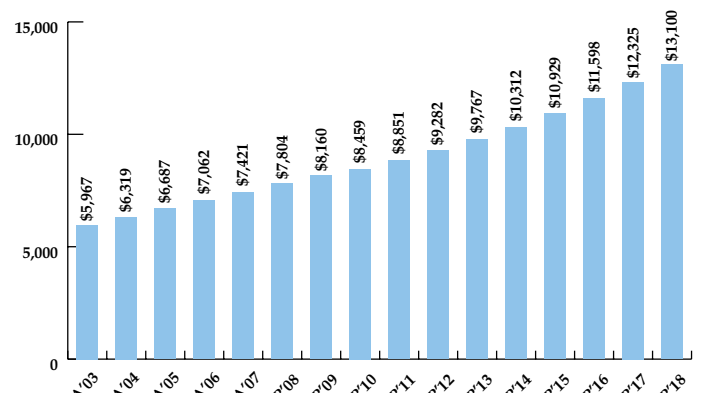


Chart Source: Centers for Medicare & Medicaid Services; released in January 2009.

## Seniors Housing Versus Other Asset Classes

- Seniors housing/healthcare investments have anticipated long term stability of earnings and the systematic risks generally appear favorable over the long term.
- Demand for seniors housing (and thus occupancy) is less impacted by economic forces because it is backstopped by the dramatic increase in Seniors that will occur over the next several decades as the “Baby Boomers” age.
- As illustrated in the chart below, seniors housing occupancy industry-wide declined by 2.1%<sup>(3)</sup> between the first quarter of 2008 and the first quarter of 2009, which is relatively mild compared to the 10.9% decline

in the hotel sector. However, over the same period, seniors housing properties actually still achieved a rental rate growth of 3.0%<sup>(3)</sup> while the other real estate property sectors experienced decreases in rental rates. Additionally, seniors housing operators and owners have been able to improve their operational efficiency and profitability. As a result, many operators/owners have sustained and even increased their communities’ Net Operating Income levels in spite of a drop in census. Thus, seniors housing has offered a higher stability in earnings than other real estate property types during this economic recession.

- Liquidity still exists in the sector enhanced by the availability of attractively priced agency debt from Fannie Mae, Freddie Mac and HUD. Agency debt is currently priced 150 to 200 basis points lower than conventional debt. With the availability of this lower priced debt, seniors housing may offer comparatively higher equity cash yields than other real estate property types.

Further, seniors housing has one of the lowest default rates yet higher interest rate spreads, thus incentivizing conventional lenders to re-enter the sector and new debt sources to become attracted to the sector.



**Comparison of Occupancy and Rental Rate Growth**  
Seniors Housing versus Other Commercial Property Types 1Q08 to 1Q09

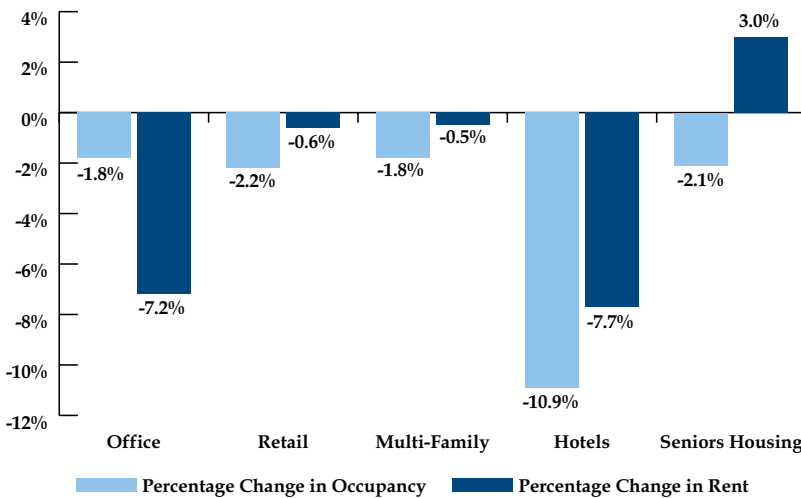


Chart Source: NIC MAP Data & Analysis Service, A Case for Investment: Seniors Housing and Torto Wheaton Research, Smith Travel Research.

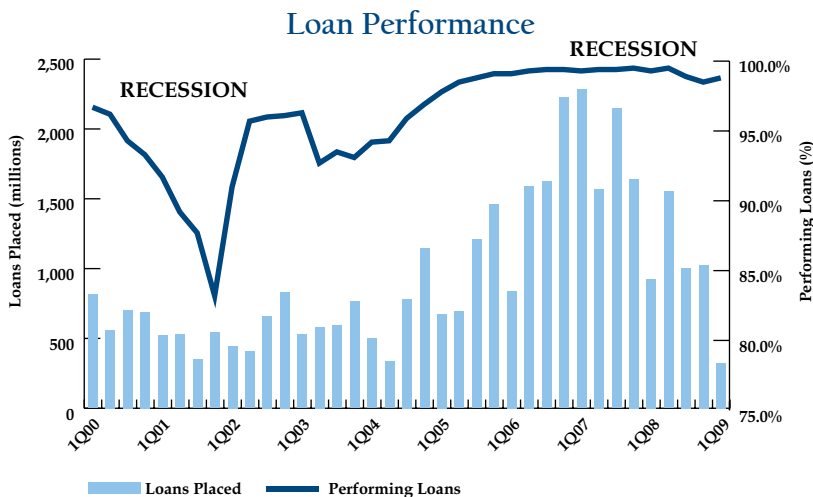


Chart Source: NIC Key Financial Indicators, Q1 2009, and NIC MAP Data & Analysis Service, A Case for Investment: Seniors Housing.



## Some Compelling Math

- A 6.6% increase in the number of Seniors is more than the total number of the entire existing supply of professionally managed seniors housing beds/units!<sup>(1)(4)</sup>
- A 1% increase in the penetration rate results in a correlating required increase in the professionally managed seniors housing supply of 15.2% to meet this incremental demand.<sup>(1)(4)</sup>

### Seniors Housing Property Types

Seniors housing can be classified according to the frailty of the residents and the level of services provided.

	Multi-family		Congregate Care		Healthcare
	Senior Apartments	Independent Living	Assisted Living	Alzheimer / Dementia	Skilled Nursing
Building Facility	Similar to apartments but may have special access and common area designs.	Similar to apartments but has commercial kitchen and dining room, and additional common area amenities.	Most units do not have full kitchen, only dorm room size refrigerator and microwave. Many units are studios.	Units do not have full kitchen, only dorm room size refrigerator and microwave. Many units are studios.	Units resemble hotel rooms and many rooms have shared occupancy without private bathrooms.
Ideal Building Size	60 to 200 Units	100 to 150 Units	80+ Units	24 - 36 Units	120 Beds (70 Units)
Resident Entry Age <sup>(1)</sup>	55-75	70-90	80-90	80-90	80-90
Percent Revenue from Services <sup>(2)</sup>	0%	45%	65%	70%	75%
Typical Services Provided	Organized social activities.	Restaurant-style dining, social activities, weekly housekeeping and laundry, transportation.	Independent Living Services plus assistance with Bathing, Eating and Dressing; Medications Reminders (no administration of medicine).	Assisted Living Services plus special behavior/memory care, secured access only.	Assisted living services plus administration of medications. 24 hour care.
Average Length of Stay	5 to 12 Years	1 to 4 Years	1 to 3 Years	1 to 5 Years	90 Days to 2 Years
Average Monthly Rent <sup>(3)</sup>	N/A	\$2,631	\$3,559	\$4,877	\$7,751
Average Stabilized Occupancy/Trailing 15 Quarter Occupancy <sup>(3)</sup>	N/A	88.8%/92.1%	88.9%/90.7%	88.9%/90.6%	89.4%/90.3%
Total Units/Beds in Inventory <sup>(3)</sup>	N/A	258,970	180,196	39,384	579,377
Number of Units/Beds Under Construction <sup>(3)</sup>	N/A	7,155	2,879	1,148	3,198
Construction vs. Inventory <sup>(3)</sup>	N/A	2.8%	1.6%	2.9%	0.6%
Penetration Rate of 75+ Households <sup>(3)</sup>	N/A	5.4%	4.1%	0.9%	12.7%

**Notes:**

<sup>(1)</sup> Source: ProMatura, Answers to Age old questions, Age Qualified Housing Project 2007 Report.

<sup>(2)</sup> Source: NIC MAP Data & Analysis Service, A Case for Investment: Seniors Housing.

<sup>(3)</sup> Source: NIC MAP Data & Analysis Service; Top 31 MSA 2nd Quarter 2009. Data derived based on product type not "majority" community classification.



## Product Mix of the Nation's Top 100 Metro Markets

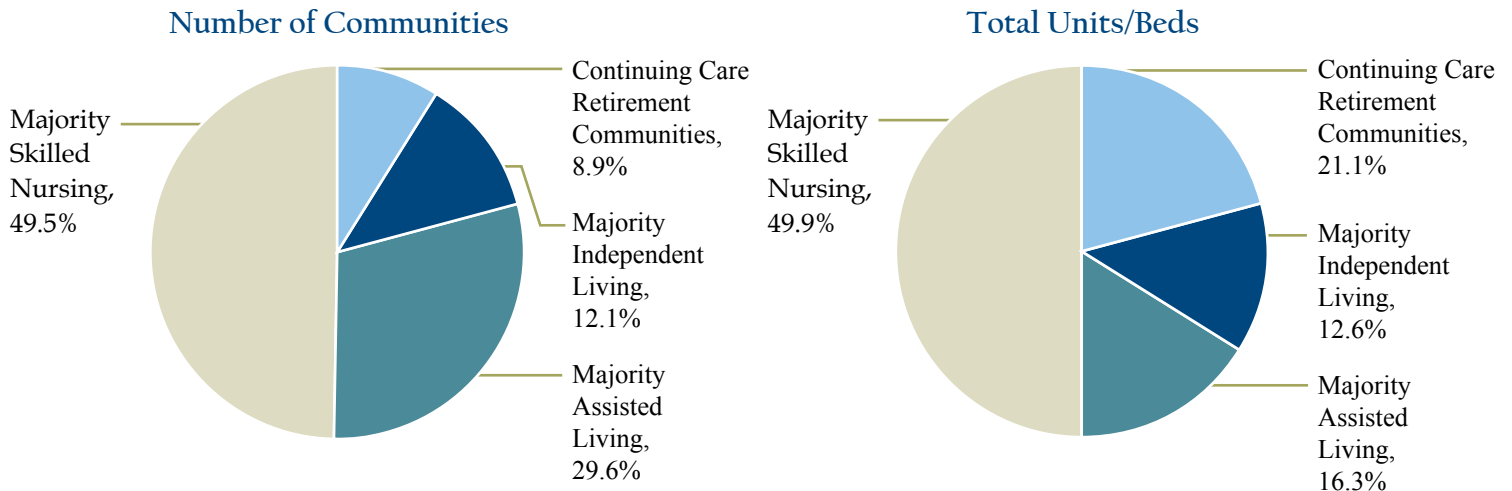


Chart Source: NIC MAP Data & Analysis Service; Q2 2009 Supply Report, top 100 metro markets.

## Community Location in the Top 100 Metro Markets

Region	Total No. of Communities	Total No. of Units/ Beds
Northeast	2,939	432,058
Southeast	2,636	345,055
North Central	2,419	324,971
South Central	1,670	204,681
West	2,745	314,446
<b>Top 100 Metro Market Totals</b>	<b>12,409</b>	<b>1,621,211</b>

Note:  
 Northeast - CT, DE, ME, MA, NH, NJ, NY, PA, RI, VT  
 Southeast - AL, DC, FL, GA, KY, MD, NC, SC, TN, VA, WV  
 North Central - IA, IL, IN, MI, MN, NE, ND, OH, SD, WI  
 South Central - AR, KS, LA, OK, TX, MO, MS  
 West - AK, AZ, CA, CO, HI, ID, MT, NM, NV, OR, UT, WA, WY

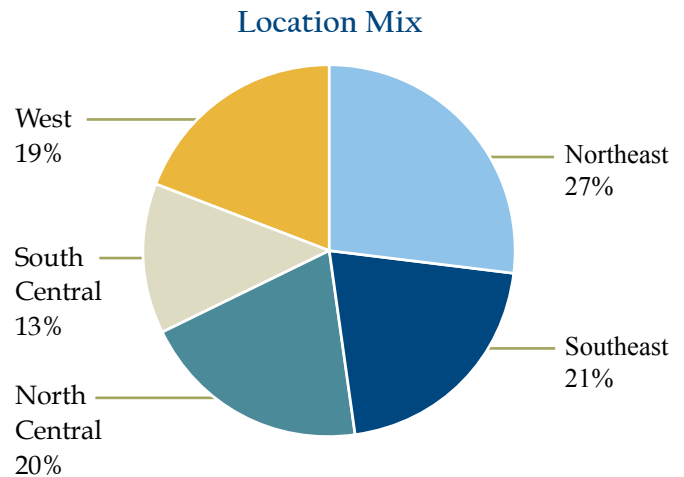


Chart Source: NIC MAP Data & Analysis Service; Q2 2009 Supply Report, top 100 metro markets.

## Existing Seniors Housing Supply

There are approximately 19,680 professionally managed seniors housing and skilled nursing communities (with 25 or more units/beds) in the United States, representing 2.6 million professionally managed units/beds nationally. The seniors housing and skilled nursing sectors combined give these units an estimated total value of \$208.6 billion. <sup>(4)(7)</sup>



Virginia Widmier and Matilda Looney

# Occupancy Rates

Historical occupancy for stabilized properties (open 24 months or longer in the Nation's Top 31 metro markets) is detailed in the graph below.

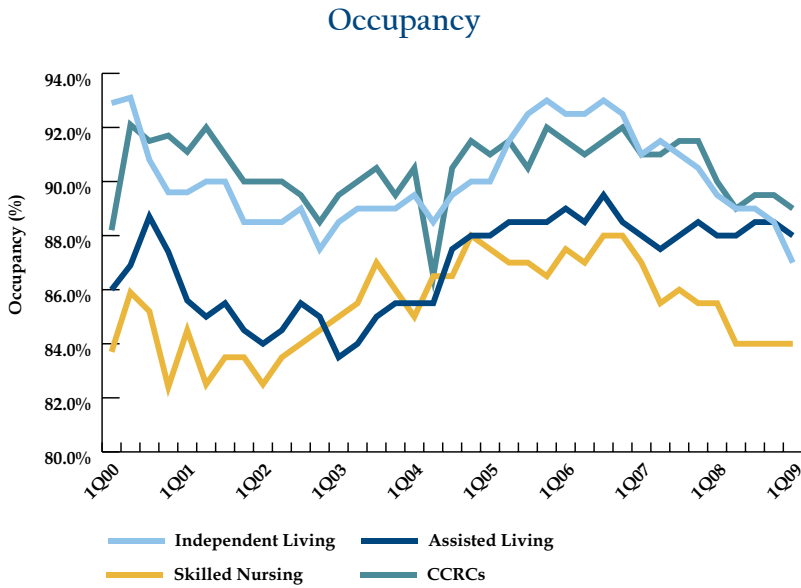


Chart Source: NIC Key Financial Indicators; Q1 2009.



## Occupancy versus Average Monthly Rent "AMR"

Occupancy and average monthly rent growth per unit/bed of the Nation's Top 31 Metro Markets is detailed below.

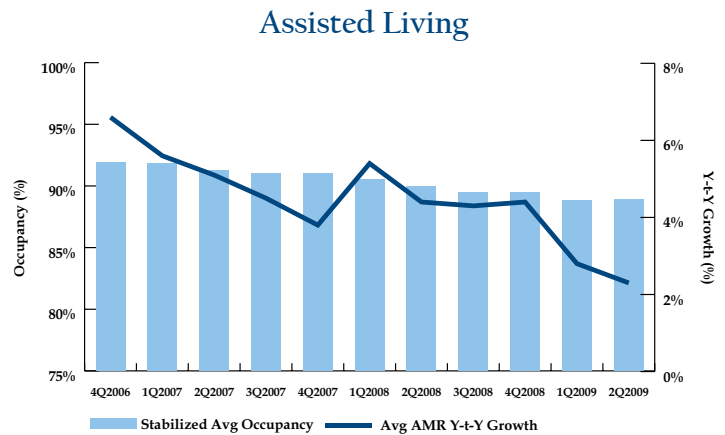
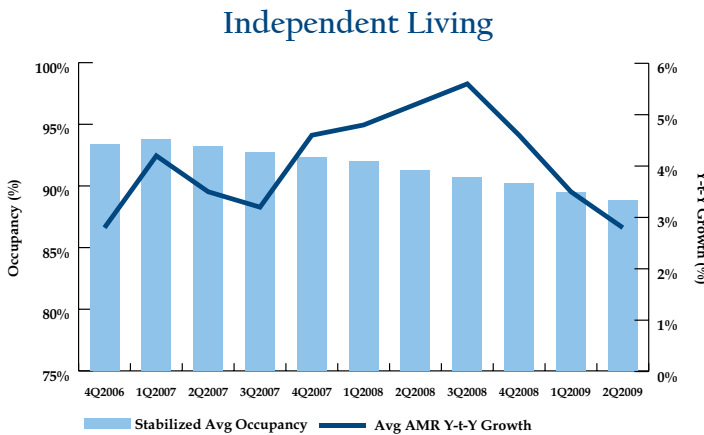
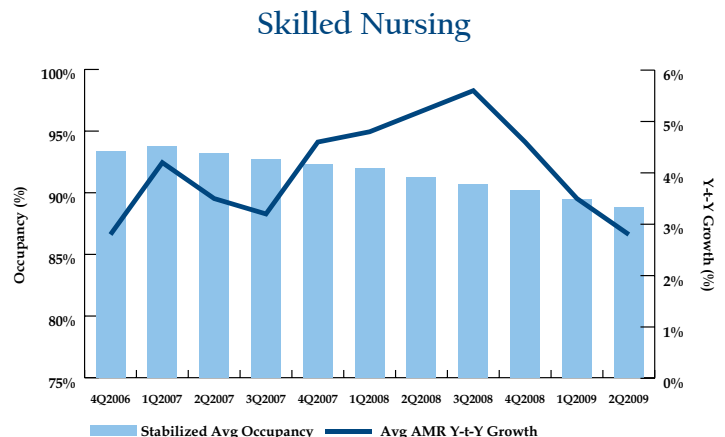
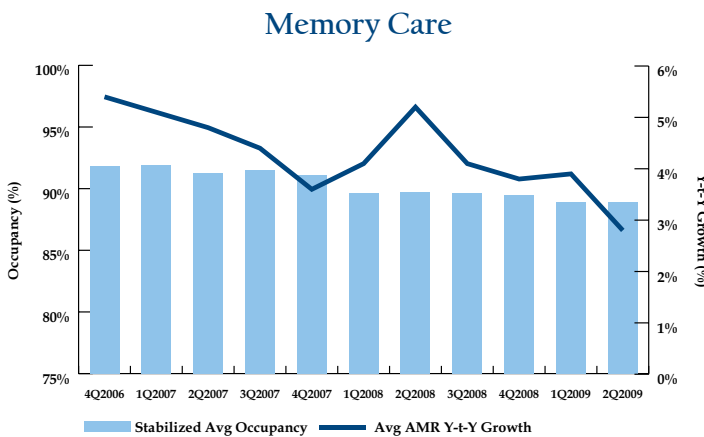


Chart Source: NIC MAP Data & Analysis Service; Q2 2009.



With an annual growth rate of 1.5% in 2008, inventory growth is at a 25-year low and well below the average annual growth rate of 4.9%.<sup>(4)</sup>



## Construction Activity

The onset of the credit crisis has caused a severe contraction in construction lending for seniors housing projects. The seniors housing pipeline (construction versus inventory) was as high as 4.1% as recently as the first quarter of 2008. As of the second quarter 2009, construction versus inventory was 2.2%.<sup>(4)</sup>

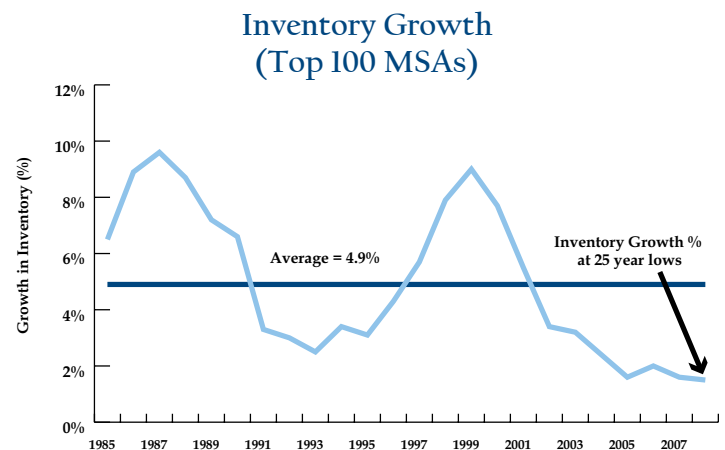
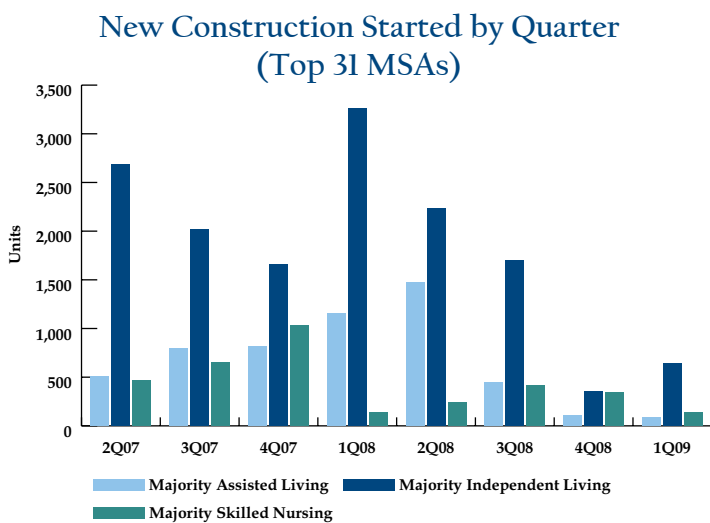


Chart Source: NIC MAP Data & Analysis Service, *A Case for Investment: Seniors Housing*.

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**Considering  
an Investment  
in Seniors  
Housing?**

NIC now provides a data package specifically designed for investors considering seniors housing. This custom package allows you to gain insight into the size, current performance and growth of seniors housing, while also obtaining valuable demographic information and transactional statistics.

*The National Investment Center for the Seniors Housing & Care Industry is the leading provider of research and data on seniors housing and care.*

Contact Hilda Flower at (410) 267-0504 or [hflower@nic.org](mailto:hflower@nic.org) for more information.



## Seniors Housing Providers (Independent Living “IL”/ Assisted Living “AL”)

- This is a highly fragmented (“cottage industry”) market.
- The top 50 seniors housing providers control 38.0% of the IL/AL total supply.<sup>(5)</sup>
- The average size of the top 40 providers is only 4,600 units per provider compared to an average of 27,222 units for the top ten providers.<sup>(5)</sup>
- Only six providers in the top 50 are publicly traded companies.

Rank	Company	Ownership	Units	Communities
1	Brookdale Senior Living, Inc.	Public -->BKD	51,857	550
2	Sunrise Senior Living, Inc.	Public -->SRZ	46,077	400
3	Professional Community Management (PCM)	Private	31,644	30
4	Holiday Retirement	Private	30,777	261
5	Sunwest Management, Inc.	Private	23,158	281
6	Life Care Services, LLC	Private	22,346	80
7	Erickson Retirement Communities, LLC	Private	19,693	20
8	Five Star Quality Care, Inc.	Public -->FVE	19,500	183
9	Atria Senior Living Group	Private	15,149	129
10	Horizon Bay Senior Communities	Private	12,015	70

Chart Source: American Seniors Housing Association; 2008 ASHA 50 Report as of July 1, 2008.

## Skilled Nursing Providers

- Also a highly fragmented (“cottage industry”) market.
- The top 50 skilled nursing providers control 26.6% of the total skilled nursing supply.<sup>(6)</sup>
- The average size of the top 40 providers is only 3,529 beds per provider compared to 23,139 beds for the top ten providers.<sup>(6)</sup>
- Only seven providers in the top 50 are publicly traded companies.

Rank	Company	Ownership	Beds	Facilities
1	HCR ManorCare	Private	38,140	277
2	Golden Living	Private	33,351	324
3	Life Care Centers of America	Private	29,367	223
4	Kindred Healthcare	Public -->KIND	28,525	228
5	Genesis Healthcare Corp.	Private	27,947	227
6	Sun HealthCare Group	Public -->SUNH	23,345	207
7	Extendicare Real Estate Investment Trust	Public -->(OTC: EXETF.PK)	18,157	175
8	The Evangelical Lutheran Good Samaritan Society	Non Profit	13,409	185
9	National HealthCare Corp.	Public -->NHC	9,772	76
10	Skilled Healthcare Group	Public -->SKH	9,373	75

Source: Provider Magazine; June 2009 issue. Rankings are based on 12/31/08 bed counts.



## Publicly Traded Providers - Pricing

The seniors housing/healthcare publicly traded providers' total market capitalization is approximately \$5.77 billion.

Company	Ticker	Close Stock Price 9/15/2009	Trailing P/E Ratio <sup>(1)(2)</sup>	200-Day Moving Average <sup>(1)</sup>	26 Week Change <sup>(1)</sup>	52-Week Range		Market Cap 9/16/2009 <sup>(3)</sup>	Enterprise Value 9/16/2009 <sup>(1)</sup>
						High <sup>(1)</sup>	Low <sup>(1)</sup>		
<b>Skilled Nursing:</b>									
Advocat	AVCA	5.10	10.38	3.32	109.0%	6.50	1.55	29.57M	46.31M
Ensign Group	ENSG	15.13	10.23	14.78	6.0%	19.25	11.29	310.96M	337.91M
Kindred	KND	16.17	41.08	13.82	12.1%	31.23	8.12	654.16M	709.36M
National Healthcare Corp.	NHC	38.32	16.76	38.78	8.5%	52.08	34.10	526.44M	633.04M
Skilled Healthcare Group	SKH	7.99	8.08	8.23	-13.2%	17.00	6.40	302.25M	764.61M
Sun Healthcare	SUNH	8.72	3.45	8.81	-6.7%	17.72	7.39	382.15M	989.89M
<b>Total SNF</b>								<b>\$ 2.21B</b>	<b>\$ 3.48B</b>
<b>Independent/ Assisted Living:</b>									
Assisted Living Concepts	ALC	21.23	N/A	15.98	50.6%	39.75	12.07	244.62M	384.35M
Brookdale Senior Living	BKD	17.55	N/A	9.99	309.1%	27.05	2.50	2.11B	4.43B
Capital Senior Living	CSU	5.26	62.26	4.14	100.8%	8.78	1.94	137.10M	296.71M
Emeritus Assisted Living	ESC	19.01	N/A	11.70	206.6%	27.00	4.88	804.17M	2.27B
Five Star Quality Care	FVE	3.72	5.10	2.14	226.3%	4.40	0.73	131.82M	155.08M
Sunrise Senior Living	SRZ	2.65	N/A	1.73	320.6%	19.81	0.27	139.26M	712.25M
<b>Total IL/AL</b>								<b>\$ 3.57B</b>	<b>\$ 8.25B</b>
<b>Total Providers</b>								<b>\$ 5.77B</b>	<b>\$ 11.73B</b>

Notes:  
(1) Data derived from multiple sources or calculated by Yahoo! Finance. 3/17/09 closing price used for ALC 26-week change calculation.  
(2) Trailing twelve months intraday P/E Ratio.  
(3) Market Cap is an intraday value. Shares outstanding is taken from the most recently filed quarterly or annual report and Market Cap is calculated using shares outstanding.  
Chart Source: Yahoo! Finance

## Publicly Traded REITs - Pricing

The seniors housing/healthcare REIT total market capitalization is approximately \$29.2 billion.

Company	Ticker	Close Stock Price 9/15/2009	Trailing Annual Dividend Yield <sup>(1)</sup>	Dividend Date <sup>(1)</sup>	26 Week Change <sup>(1)</sup>	52-Week Range		Market Cap 9/16/2009 <sup>(2)</sup>	Enterprise Value 9/16/2009 <sup>(1)</sup>
						High <sup>(1)</sup>	Low <sup>(1)</sup>		
<b>REITs:</b>									
Care Investment Trust	CRE	7.42	9.20%	24-Sep-09	35.4%	12.74	4.02	152.57M	177.39M
Health Care Property Investors	HCP	29.26	6.30%	18-Aug-09	68.5%	42.16	14.26	8.03B	13.80B
Health Care REIT	HCN	42.59	6.40%	19-Aug-09	42.6%	53.74	25.86	4.77B	7.71B
Healthcare Realty Trust	HR	22.13	6.10%	3-Sep-09	66.1%	32.00	12.06	1.33B	2.27B
LTC Properties	LTC	24.27	6.40%	29-Sep-09	36.2%	31.17	14.70	560.16M	764.35M
National Health Investors	NHI	32.99	7.10%	9-Nov-09	40.6%	35.00	17.10	911.26M	847.68M
Nationwide Health Properties	NHP	31.38	5.60%	3-Sep-09	57.8%	38.59	18.13	3.37B	4.77B
Omega Healthcare Investors	OHI	17.20	6.10%	16-Aug-09	33.9%	19.75	9.30	1.43B	2.08B
Seniors Housing Properties Trust	SNH	19.12	7.40%	13-Aug-09	54.2%	24.98	9.82	2.29B	3.00B
Universal Health Realty	UHT	32.44	7.30%	29-Sep-09	25.0%	39.30	20.98	388.91M	471.80M
Ventas	VTR	38.29	6.70%	29-Sep-09	68.1%	52.00	17.31	5.97B	8.56B
<b>Total REITs:</b>								<b>\$ 29.2B</b>	<b>\$ 44.45B</b>
<b>Estimated Market Capitalization Total:</b>								<b>\$ 34.98B</b>	<b>\$ 56.18B</b>

Notes:  
(1) Data derived from multiple sources or calculated by Yahoo! Finance.  
(2) Market Cap is an intraday value. Shares outstanding is taken from the most recently filed quarterly or annual report and Market Cap is calculated using shares outstanding.  
Chart Source: Yahoo! Finance

# Valuation and Underwriting



## Keys to Seniors Housing Underwriting

- Seniors housing is a hybrid of multi-family and hotel property types.
- In upward trending markets, capitalization rates are applied to pro forma stabilized Net Operating Income.
- In downward trending to stagnant markets, capitalization rates are applied to sustainable Net Operating Income.

## Current Capitalization Rate Ranges

Overall Capitalization Rates (%) as of Q1 2009

	Low	Average (Mean)	High	# of Transactions
Independent Living	7.0%	8.1%	9.5%	22
Assisted Living / Dementia Care	7.2%	9.4%	11.5%	50
Skilled Nursing Facility	11.0%	13.0%	14.0%	33
Continuing Care Retirement Community	8.5%	9.4%	11.5%	8

Note:

Capitalization rates are most often defined as: forecast earnings (or NOI or EBITDA) divided by market valuation of (or price paid for) the enterprise.

Mean Capitalization rates are weighted by the number of property transactions involved. Low and high values represent a range of reported values. Though appraisers are requested to submit capitalization rates only for transactions that have closed during the quarter, this quarter's data may include some transactions proposed but not yet closed, or from refinancing valuations.

Chart Source: NIC Key Financial Indicators; Q1 2009.

## Capitalization Rates from Transactions Involving Major Appraisal Firms Specializing in the Industry

Capitalization Rate Trends

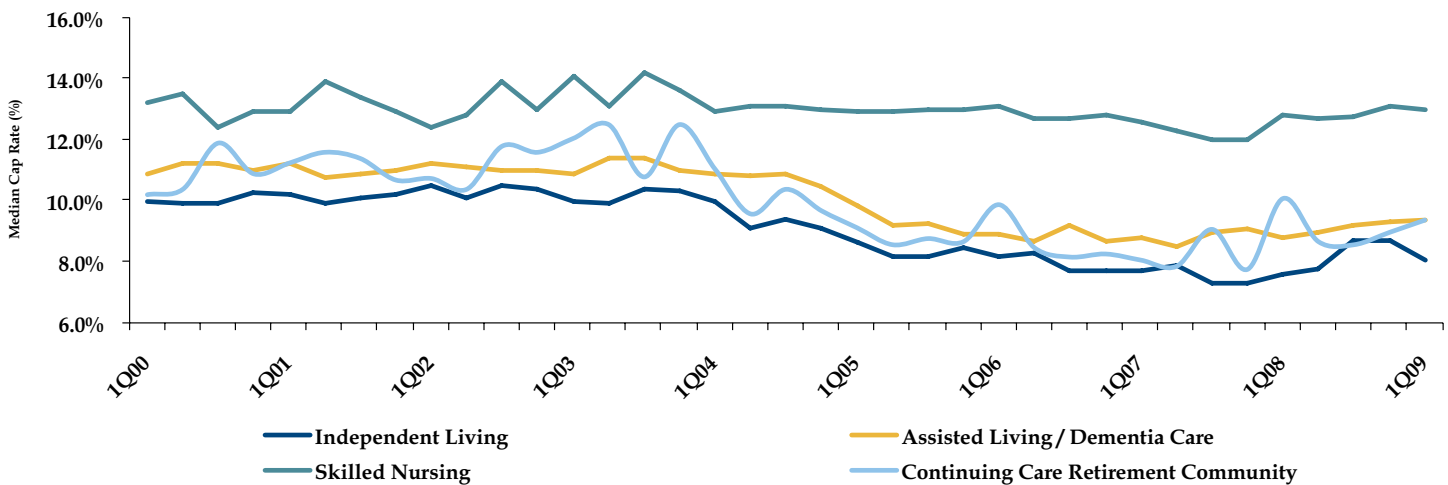


Chart Source: NIC Key Financial Indicators; Q1 2009.

Seniors Housing Value Estimated at \$208.6 Billion

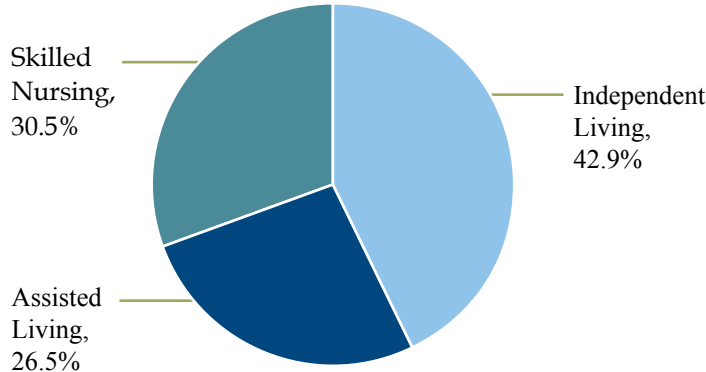
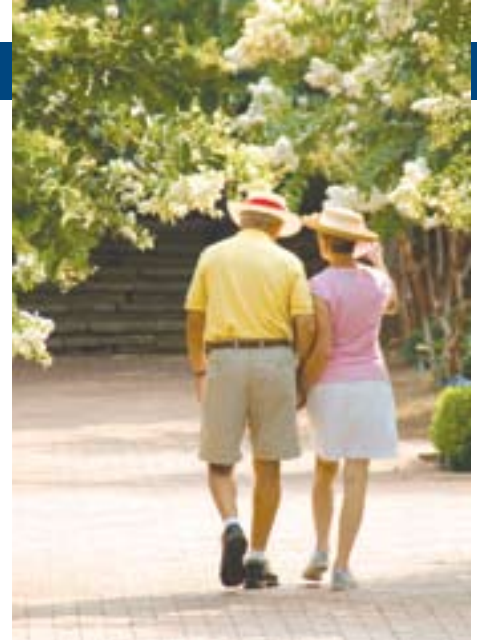
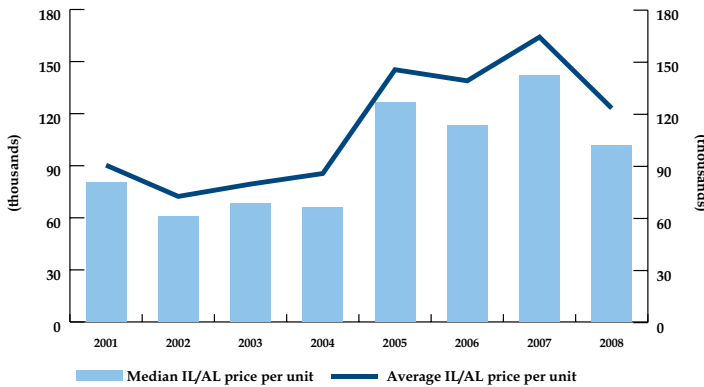


Chart Source: NIC MAP Data & Analysis Service; Q2 2009 Supply Report and The Senior Care Acquisitions Report; 14th Edition 2009.

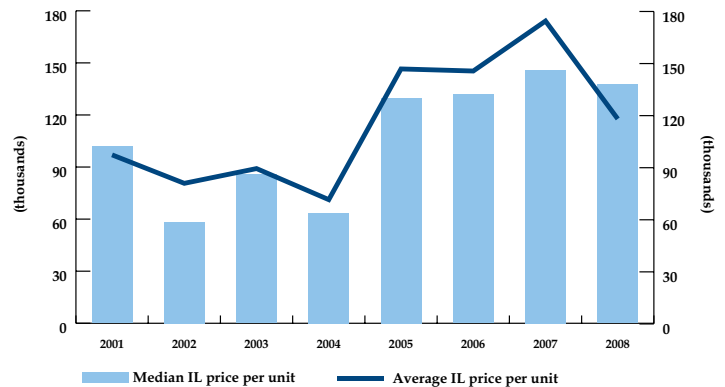


Historical Value Per Unit Pricing

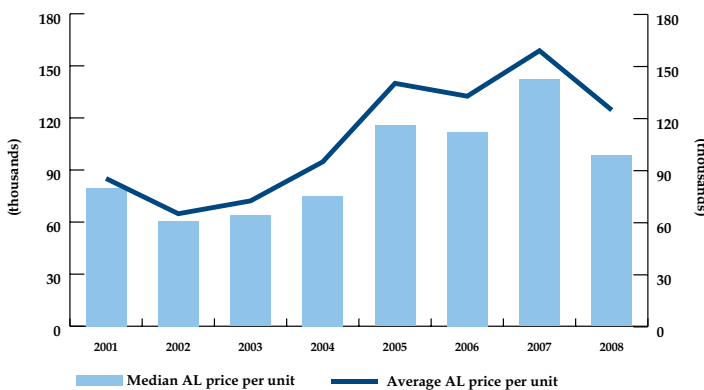
Seniors Housing (IL/AL) Price Per Unit



Independent Living (IL) Price Per Unit



Assisted Living (AL) Price Per Unit



Skilled Nursing (SN) Price Per Unit

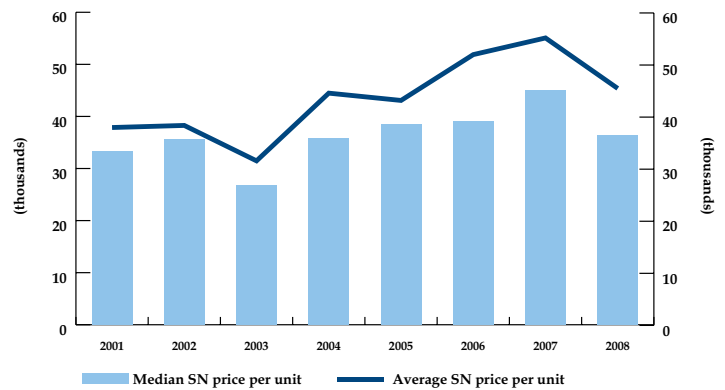


Chart Source: The Senior Care Acquisition Report; 11th Edition 2006 & 14th Edition 2009.



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## Find Out Why Seniors Housing is Performing Better than Other Real Estate Asset Classes

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## Underwriting Guidelines

Because seniors housing is a hybrid between multi-family and hotel property types, there is an added complexity to the underwriting process. Unlike office, multi-family, industrial and retail, simple ARGUS or other canned models are not conventionally used. Rather, customized excel models are developed – adding time and complication to the process. Below are standard assumptions that are often incorporated into underwriting models as well as questions that underwriters should consider. These assumptions reflect the current environment. As the economy recovers, underwriting assumptions will most likely become more aggressive.

Current Occupancy Condition	Assumptions based on Community / Market Conditions												# of Trailing Months
	Strong				Good				Fair/Poor				
<b>Occupancy</b>													
> 95%	Lease-down to 95%				Lease-down to 94%				Lease-down to 93%				N/A
<> 90-95%	Lease-up to 95%				Lease-up/down to 93%				Lease-up/down to 91%				N/A
< 90% (Initial Community Lease-up)	Lease-up to 95%				Lease-up to 93%				Lease-up to 91%				N/A
<> 80% - 90% (Not initial lease-up)	Lease-up to 93%				Lease-up to 90%				Lease-up/down to 85%				N/A
<> 70% - 80% (Not initial lease-up)	Lease-up to 85%				Lease-up to 80%				Lease-up/down to 75%				N/A
<> 60% - 70% (Not initial lease-up)	Lease-up to 75%				Lease-up to 70%				Stabilize at current				N/A
< 60% (Not initial lease-up)	Stabilize at current				Stabilize at current				Stabilize at current				N/A
<b>Lease-Up/Down Months</b>													
> 95%	6 months				9 months				12 months				N/A
<> 90-95%	6 months				9 months				12 months				N/A
< 90% (Initial Community Lease-up)	Budget				Budget				Budget				N/A
<> 80% - 90% (Not initial lease-up)	6-12 months				9-15 months				12-18 months				N/A
<> 70% - 80% (Not initial lease-up)	12-18 months				15-21 months				18-24 months				N/A
<> 60% - 70% (Not initial lease-up)	18-24 months				21-24 months				Stabilize at current				N/A
< 60% (Not initial lease-up)	Stabilize at current				Stabilize at current				Stabilize at current				N/A
<b>Rate Assumptions</b>													
	Yr 1	Yr 2	Yr 3	Yr 4>	Yr 1	Yr 2	Yr 3	Yr 4>	Yr 1	Yr 2	Yr 3	Yr 4>	
Current Rates	4.5%	4.5%	4.5%	4.5%	4.0%	4.0%	4.0%	4.0%	3.0%	3.0%	3.0%	3.0%	3 month trend
Street Rates	5.0%	5.0%	5.0%	5.0%	4.5%	4.5%	4.5%	4.5%	3.5%	3.5%	3.5%	3.5%	3 month trend
<60% (Initial lease-up)	0.0%	2.5%	5.0%	5.0%	0.0%	2.0%	3.5%	4.0%	0.0%	0.0%	2.0%	3.5%	3 month trend
<b>Occupancy Assumptions</b>													
P&L or Rent Roll	Always use current rent roll if the data is trusted.												
Lease-Up Lag	Should be zero months unless community specific information dictates otherwise.												
Rollover	Independent Living - 36 months; Assisted Living - 24 months; Memory Care - 20 months and Skilled Nursing - 12 months.												
Rollover Lag	Should be zero months unless community specific information dictates otherwise.												
<b>Other Revenue Assumptions</b>													
Care Revenue	Based on actual 12 month trend; 4.0% per year increase assumed thereafter.												12 month trend
New Resident Fee	Use actual admission fee rate (no increase) and model this with new residents times discount.												N/A
Second Resident Fee	Based on actual 12 month trend; 4.0% per year increase assumed thereafter.												12 month trend
Other Revenue	Based on actual 12 month trend; 4.0% per year increase assumed thereafter.												12 month trend
<b>Expense Assumptions</b>													
Normal Operating Expenses	Tied to occupancy; stabilized at 3.5%.												12 month trend
Utilities	Tied to occupancy; stabilized at 3.5%.												12 month trend
Insurance (GL & Property)	Obtain current quote or base on in-place policy coverage and then grow 3.5% per year thereafter.												N/A
Property Taxes	Based on current tax bill; increase 3.5% per year thereafter or as state/county dictates based on fixed annual increases or reassessment triggered by sale.												N/A
Management Fees	5.0% of Revenue.												N/A
Capital Expenditures	\$300 to \$500 / unit.												N/A

## Vant·Age Pointe – Market Insight 2009 Mid-Year Interviews With Industry Executives

Vant·Age Pointe has conducted interviews with several leading industry executives in order to ascertain a collective view of the current state of the seniors housing market. Based upon the general tone of collective comments, executives expressed overall optimism for the future of the industry. While the current economic environment is certainly challenging, these executives think that seniors housing is weathering the storm better than other real estate property types. Even though census has dropped (proving that seniors housing is indeed somewhat correlated with the traditional residential housing market), executives in the operations area have turned their attention from transacting on deals to improving their operations and profitability. Many operators have sustained their communities' Net Operating Income levels as a result. Thus, seniors housing has offered a higher stability in earnings than other asset classes during this period of economic turbulence. Executives in the provision of capital area indicate that they are currently or intend to increase their investment in the sector during the latter part of 2009 and in 2010.

We have included selected answers herein. For a complete presentation of each executive's answers to all questions, please visit our website at [www.vantagepointe.us.com](http://www.vantagepointe.us.com).

Participants included:



**George Chapman**  
Chairman, CEO &  
President of Health Care  
REIT, Inc.



**John Cobb**  
President and CEO  
of Senior Lifestyle  
Corporation



**Christopher Honn**  
Director,  
Senior Housing  
Fannie Mae



**Christopher Kazantis**  
Director of AEW Capital  
Management, L.P.



**Andy Kohlberg**  
Founder and President  
of Kisco Senior Living



**Randal J. Richardson**  
President,  
Classic Residence  
by Hyatt



**Scott Stewart**  
Managing Partner CSH,  
LLC, a joint venture with  
The Carlyle Group

**Vant·Age Pointe:** *Needless to say, 2008 and 2009 to-date has proved to be a very difficult year for much of the U.S. economy. In general, how do you think the seniors housing market has fared during the past 18 months?*

**Chapman:** It's been an extremely difficult time no matter what business you are in; seniors housing is no exception. Occupancy declined, particularly for the less need-driven services like independent living, but operators have been working very hard to maintain occupancy, continue to grow rates and lower costs. In the face of economic difficulties, seniors housing has been amazingly resilient especially compared to other real estate such as hospitality, office or retail. Although occupancy has declined, seniors housing

operators are generally still increasing rates, albeit at a lower rate of growth than enjoyed previously. The silver lining is that operators are optimistic about future occupancy trends in light of the very limited new construction activity currently.

**Kazantis:** The seniors housing market has not been immune to the state of the economy and the correction in the housing market. The slowdown in home sales and increased time a home is on the market has delayed the move-in decision making process. Additionally, the rapid drop in home prices and loss of investment income has limited the ability of some existing and potential residents and family members to pay for both independent living and assisted living costs. However, with that said, the seniors housing market has

held up remarkably well especially when compared to the other real estate asset classes. Median occupancy as of the first quarter of 2009 remained at a respectable 92.2% for independent living properties and 91.9% for assisted living properties. Even more impressive is that revenue growth has continued on a more moderate but still positive trend, it stood at 3.3% for the year for independent living and 3.1% for assisted living and this cannot be said for the other real estate asset classes, which all posted flat or negative revenue growth rates for the past 12 months.

**Kohlberg:** I believe the industry has held up well during these difficult times. Occupancy is down 300 to 400 basis points with independent living being impacted more than assisted living. In addition, operators that responded to these difficult times by reducing expenses have seen single digit percentage drops in net operating income, far better than hotels, retail or office sectors.

**Richardson:** The industry and certainly our communities have been impacted by the decline in home values and the decline in our customers' investment and retirement accounts. However, as a property type, seniors housing is clearly performing better than all of the other real estate property types during the past 18 months of economic turmoil.

**Vant-Age Pointe:** *As an Operator, Lender and/or Investor, what are you doing differently as the market continues to combat the current recessionary environment?*

**Cobb:** We are very cognoscente of past experiences and we are proactively implementing new operating practices company-wide. For example, if something happened in Chicago and we see the same thing starting to happen in Colorado Springs, then we take immediate steps to prevent it from happening again. In 2008, we focused on reducing expenses in order to operate more efficiently. In 2009, we focused on maximizing revenues by getting paid for the services that we provide. If we are providing 5-star services, then we should get paid for it. If we are not providing 5-star services, then we need to make sure that we have the appropriate rate structure.

**Kohlberg:** When necessary, and in markets where price discounting is common, we are reducing the prices of units that are in less demand. We are re-bidding vendor contracts and appealing property tax valuations. We have not conducted company-wide layoffs as we believe our associates (employees) are the key to delivering superior service, and we will never do anything to diminish the quality of services we deliver to our residents. We have

centralized our marketing efforts at the Home Office, upgraded our website, and increased the sales training and support we provide to our communities.

**Stewart:** We buy, sell and manage seniors housing properties. When there is no buying and selling to be had, it allows you to better focus on your operations. Together with our seven regional operators, we have taken advantage of the market dynamics highlighted in question one, and streamlined operations at the same time. This has enabled us to increase our margins and net operating income dramatically. To this end, our portfolio of 18 properties has averaged a same store growth in net operating income of 49% from this year to last. Who would have predicted that a year ago?

**Honn:** Fannie Mae continues to focus on the seniors housing industry fundamentals. All new loan opportunities are analyzed using our current underwriting standards with particular emphasis on occupancy and collection trends, underwritten NOI, underwritten DSCR, and LTV.

Sponsor performance is being analyzed more rigorously, in particular overall portfolio performance, Fannie Mae debt as a percentage of total funded debt, liquidity position, and access to other forms of capital. This year Fannie Mae and our lender partners have invested more time with our borrowers reviewing collateral performance and individual market dynamics.

**Vant-Age Pointe:** *Where do you see notable opportunities in the seniors housing market today for your business niche?*

**Chapman:** We're looking to invest in seniors housing projects with multiple levels of service, amenities, wellness and innovative customer-centric features we think will appeal to today's seniors. Over time, we will continue to reposition the portfolio away from a more free-standing model of care to these innovative seniors housing alternatives. We will continue to develop these real estate platforms of the future and acquire existing assets from operators that could not execute on their operational performance in this tough economy.

**Cobb:** I have a theory that if you can deliver consistent and steady performance during the toughest economy ever, that you will be rewarded for that at the end of the day. The opportunities are really in that there is no new construction. You need to make sure that you are positioned correctly in your respective markets to be the number one provider in your market.

**Stewart:** Opportunities for private equity in the next year should come primarily from debt acquisition, as five-year debt starts coming due.

**Richardson:** For Classic Residence by Hyatt, in particular, there could potentially be some acquisition opportunities. Over the last decade we have been focused on development rather than acquisition as the returns were much better and we were defining our product - 20%+ returns on development, which was highly preferable to a 7% return on acquisitions (assuming a 7% capitalization rate). As for the future, I think that there has been a paradigm shift in the consumer's mind-set which will result in greater demand for value. Our future development will be focused on high quality product at a more affordable price with higher perceived value.

**Honn:** Fannie Mae remains committed to supporting seniors housing, especially during this volatile market. In 2009 Q3 we completed a \$513 million credit facility financing for one of the industry's largest REITs. This facility is the third largest seniors housing transaction completed by Fannie Mae.

Our goal is to intelligently grow our seniors housing business as demonstrated in the business levels we achieved in the DUS flow and structured spaces in 2007 and 2008. We intend on continuing to be the market leader in this space including having the right balance between underwriting guidelines and quality production. Notable opportunities in the future include continuing to provide creative and flexible credit facility financing, seniors housing MBS executions, assisting borrowers that need to expand existing collateral properties, and financing properties that include a small percentage of skilled nursing units. We will continue to monitor industry fundamentals and maintain a disciplined approach to the industry.

#### ***Vant-Age Pointe: And over the next 5 years?***

**Kohlberg:** We are in the process of raising capital to take advantage of the opportunities to acquire and develop new communities over the next five years. We believe it is actually a good time to develop communities in high barrier to entry markets as land and construction prices have come down substantially.

**Stewart:** That will be determined by how much institutional money comes back into the market. If the institutions are slow to ease back into the waters, double digit cap

acquisitions should be plentiful. If the same players rush back in, opportunities will lie on the sell side!

***Vant-Age Pointe: Credit markets have remained largely frozen and obtaining favorable financing terms in the senior living market has proven challenging to most all investors. How has this financing squeeze impacted your business?***

**Chapman:** During the 15 months ending 1Q2009, we raised \$1.0 billion of equity capital. While unsecured debt has been quite pricey, we have a large \$1.15 billion line of credit. Moreover, we have been able to tap agency secured debt at favorable pricing. Our access to capital is allowing us to go more on the offensive and capitalize on attractive acquisitions and development.

**Kazantis:** The Agency credit markets, notably Fannie Mae and Freddie Mac, remain very open and active for stabilized and well managed properties. Attractive debt on both a floating and fixed rate basis can be found from both Agencies. Construction debt is a little bit more difficult to come by as there are only a couple of lenders still active along with HUD even for the best sponsors and projects. We have been entertaining funding these types of attractive development opportunities all cash until the construction debt markets become more active and competitive again.

**Kohlberg:** As a contrarian investor I think the frozen credit markets will create some terrific opportunities for those companies with strong balance sheets and access to capital. Despite the difficult markets we have been able to refinance a few of our existing loans due to our successful track record on very favorable terms.

**Honn:** The current environment has provided Fannie Mae with the opportunity to further prove its commitment to the seniors housing industry. During the market downturn, we added one member to our production team and two colleagues to our dedicated seniors housing asset management team.

This market downturn has resulted in a reduced roster of organizations providing capital to this industry including permanent debt, construction financing, and bridge loans.

***Vant-Age Pointe: Throughout real estate and much of the financial world, the economic climate over the last few years has created increasingly large buy/sell***

*spreads – a large barrier to successful transactions. We also feel that the lack of standardized underwriting assumptions within the seniors housing industry has compounded this valuation gap. Do you agree? What key elements in our underwriting practices could be revised or improved to help standardize valuations and minimize spreads?*

**Chapman:** In our sector, standardization of underwriting practices, especially relating to cap-ex assumptions, would be helpful. Clearly the influx of financial buyers without specialized operating knowledge allow the sellers to maintain cap rates at lower than appropriate levels. Another inefficiency that contributes to the valuation gap is agency debt that is available at levels 150-200 basis points below market. To some degree, this low cost financing confuses the investment decision-making process.

**Kazantis:** I think much of the change in buy/sell spreads has been the result of buyers no longer being able to justify pricing based on forward operating projections. These buyers are really looking hard at pricing off in-place certifiable sustainable income. In addition, with the lack of financing available for unstabilized or poorly performing properties buyers are having to justify paying all cash for properties until they can be stabilized and Fannie Mae/Freddie Mac debt can be accessed. This leads to reduced offering prices furthering the buy/sell valuation spread. Sellers are either going to have to hold or be willing to accept much lower pricing in today's capital market reality. In many cases buyers will wait until properties go back to lenders for potentially more realistic pricing expectations.

**Honn:** We are seeing that current permanent debt providers share a commonality with regard to underwriting. Providers of construction financing and bridge loan financing typically do not have the same underwriting guidelines as permanent debt providers.

Fannie Mae's seniors housing underwriting guidelines are consistently under review and have been modified since the product was initially introduced to our lenders and the industry. Underwriting guidelines have been modified due to market conditions and have not been an impediment to generating business. We have historically been and will continue to be focused on the underwriting of real NOIs and real DSCRs versus proforma NOIs and proforma DSCRs.

For example, when market fundamentals were strong, we modified our terms for property stabilization going to an average occupancy on a trailing basis versus requiring occupancy at a certain level for consecutive months. The original maximum amortization term for all seniors housing properties was 25 years, it is now 30 years.

It is understood that a valuation gap between buyers and sellers continues at this time. We believe our underwriting guidelines are prudent for the current market conditions.

Fannie Mae has been in conservatorship for a year now. Spreads to borrowers have declined since September of 2008. Today a borrower can garner a 10-year fixed rate ranging from approximately 6.10% to 6.40% depending on the property type being financed.

**Vant-Age Pointe:** *Given your wide-ranging experiences and expertise in the seniors housing market, what should we expect to see for the remainder of the year – both in terms of operations and transactions? What about the market outlook for next year?*

**Chapman:** The markets have improved, our liquidity has largely been assured and the capital markets are strengthening. Accordingly, we believe we are moving beyond the inflection point between preserving liquidity to deploying capital. For the last 24 months we have maintained dialogue with excellent existing and new operators and health systems, waiting for the capital to become more readily available at reasonable prices. We are now actively seeking selective, high quality investments with seasoned operators. We have positioned the company carefully during these difficult times and are prepared to be very active as we enter the new growth phase, as we were in 2001.

**Cobb:** Our outlook for next year is optimistic especially since everyone is focusing on improving their performance. If you believe in your product and in the industry fundamentals you have to be optimistic about the future. Because there are other optimistic people – it will be reflected in transactions. For example, the Sunrise communities should sell at pretty good prices. When all is said and done – people want to own seniors housing assets.

**Stewart:** I believe operations will continue to improve this year and next as long as the economy follows suit. Consumer confidence will grow and more people will feel comfortable making the big "purchase" into senior living. Transactions

will remain flat as long as the agencies are the only ones providing liquidity. Inflation is the wild card for both.

**Vant-Age Pointe:** *When do you see the full market recovery occurring? Do you see a recovery to 2006 dynamics – better or worse or the same?*

**Chapman:** We expect to see continued, gradual improvement over the next few years. As operational improvements become more widely known, we believe the investment environment will improve in turn. We've already seen a number of solid investment opportunities come to market in recent months, and expect that pace to increase. Transactional metrics will be limited by the availability and cost of debt capital. Many of the significant players from the most recent hot market are no longer in the industry and it will take some time for new lenders or investors to find their way into the space. Even as the markets firm up, we doubt that cap rates will return to the heady days of 2006.

**Cobb:** Cap rates could go lower than they were in 2006 as a result of investors recognizing strong performance and investment return potential. These investors will understand potential resulting from exploding demand for seniors housing caused by the tremendous growth in the number of seniors and a greater acceptance and awareness and thus penetration.

**Kazantis:** I think a full market recovery will feel something like the volumes and pricing that we had around 2002, 2003 and early 2004. I just don't see us ever getting back to 2006 levels at least not for the rest of my real estate career.

**Kohlberg:** I think occupancies will recover in 2011/2012 time frame; however, I don't see cap rates being as low as they were in the 2006/2007 time frame for quite some time, if ever.

**Stewart:** I think that if the Fed continues to hold rates at the "fumes" level and inflation stays on the side lines, the strong banks will continue to produce strong earnings and loan originations will balloon. That could start it all over again... who knows?

**Richardson:** It depends upon how one defines a full-market recovery. I think that we will see modest improvement over a longer recovery period than prior recessions. I think that the seniors housing sector has performed better than other real estate property types and actually may have hit bottom in 2009. However, the housing market probably won't reach a bottom until 2010. Because the condition of the housing

market makes it more difficult for people to sell their home or it allows them to delay the decision to sell their home in order to move into a seniors housing community, this may mean that the seniors housing market will not fully recover until the housing market does. The recovery may be a bit "bumpy" over the next several years.

**Honn:** It is difficult to determine when a full market recovery will occur. Our economist says we have a good deal of distance to go. There have been a number of positive signs, such as some tentative indicators of moderation in price declines (though we still expect to see prices decline for some time, albeit at a slower pace). Additionally, new and existing home sales numbers, along with starts, have ticked up a bit in recent months.

Certainly stabilization of current single family market challenges must occur and the gap in valuations between buyers and sellers has to evaporate to create portfolio turnover and industry consolidation. Resolution of these events combined with stable interest rates will create greater demand for permanent financing.

Another factor is mortgage defaults, which continue to be the hurdle to a stable mortgage market. They are the most significant addition to existing home supply and as a result, distressed sales are still a substantial portion of total sales. That said, the sales levels are stable to slightly increasing and appear to be turning the corner.

In the meantime, this market downturn has enabled many borrowers to enhance their expense ratios and become more micro focused on operations and cash flow.

There were several market dynamics taking place during 2006. It was a sellers market, more sophisticated equity made its way into the industry, cap rates were declining and very close to cap rates for Multifamily transactions, and borrowing spreads were on the decline. There were several large acquisition financing opportunities at that time and it was clear to us that buyers were pricing their acquisitions based upon forward looking NOIs versus in place NOIs. These dynamics made structuring financings for five and seven year loan terms very challenging. These were the loan terms most frequently required by the institutional investors that were active in 2006. Exit strategies were being heavily stressed for these loan terms as well.

Our production in 2006 hit a record at that time, \$2.157 Billion. Even as the market was changing quickly, we remained committed to our underwriting guidelines and were able to

generate high credit quality production. Going forward, we don't expect cap rates will drop anytime soon to the levels seen in 2006. Today, fixed rates for borrowers remain quite lucrative as spreads for borrowers have declined over the past year and Treasury rates have remained at low levels. The current cost of permanent debt will have an impact on pricing and evaluating acquisitions. We believe that there will be many active bidders for reasonably priced portfolios and companies in 2010.

**Vant-Age Pointe:** *Why have you chosen to specialize in the seniors housing sector?*

**Chapman:** Health Care REIT invests across the entire spectrum of the health care and senior living industries with approximately 60% of our investments within seniors housing. Over time our commitment to the seniors housing sector and our relationship investment programs have allowed us to experience a 15.3% total return over the last 39 years.

**Kohlberg:** It is an industry that fills a great void in our society and that is providing high quality services to our elders. To many in the US and other countries they have become a forgotten generation that has lost an element of importance and relevance in our society which I find unfortunate. Often times our resident's blossom when they move into a senior community that provides an engaged lifestyle with high quality food and wellness programs. In addition, it is both an operationally and capital intensive business in which success depends on the quality of staff hired rather than size or national brand recognition. Therefore, I thought it was a business I could compete on at a level playing field with some of the larger national

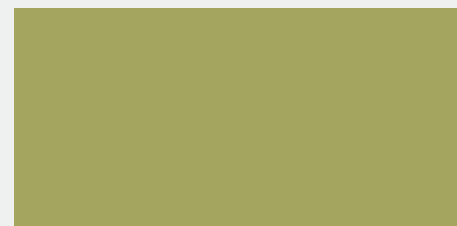
companies, unlike hotels or other product types where size and brand are much more meaningful.

**Richardson:** We believe that the underlying fundamentals of the business are very strong not only because of the growing demographics but also the huge opportunity to increase penetration into the existing senior population base. We see the opportunity to have continued growth and prosperity for decades in this business line and we have a long term view. Seniors housing is a specialized business but for those who focus there are great rewards.

**Honn:** The seniors housing industry is very complementary to our Multifamily business. In fact many of my Multifamily colleagues in Credit Underwriting, Structured Transactions, Legal, Counterparty Risk, and Asset Management are actively involved in Seniors Housing transactions on a daily basis.

Success as a provider of debt capital in this industry is based upon high quality operations and we believe there are many strong management teams and operators in this industry. Fannie Mae has a roster of approved lender partners that are extremely dedicated and experienced in this industry. The demographics supporting this industry are very powerful; at this time supply and demand seem in good balance.

This industry is a lower leverage, higher DSCR space than other real estate types. The seniors housing business provides the ability to be compensated for risk as Fannie Mae assumes not only real estate risk but also daily operating risk. Finally, our default experience has been negligible and our Seniors Housing real estate portfolio has historically performed well and continues to perform well.



## Seniors Housing Market Insight Sources

- (1) U.S. Census Bureau; release date: August 14, 2008
- (2) Centers for Medicare & Medicaid Services; released in January 2009
- (3) NIC MAP Data & Analysis Service, A Case for Investment: Seniors Housing and Torto Wheaton Research, Smith Travel Research
- (4) NIC MAP Data & Analysis Service; Q2 2009
- (5) American Seniors Housing Association; 2008 ASHA 50 Report as of July 1, 2008
- (6) Provider Magazine; June 2009 issue
- (7) The Senior Care Acquisition Report; 14th Edition 2009

*Disclaimer: Data has been obtained from sources considered to be reliable. However, no representation or warranty, expressed or implied, is made as to the accuracy of any of the information, projections or conclusions contained herein, and the same is submitted subject to errors and omissions, without any obligation to update or correct.*



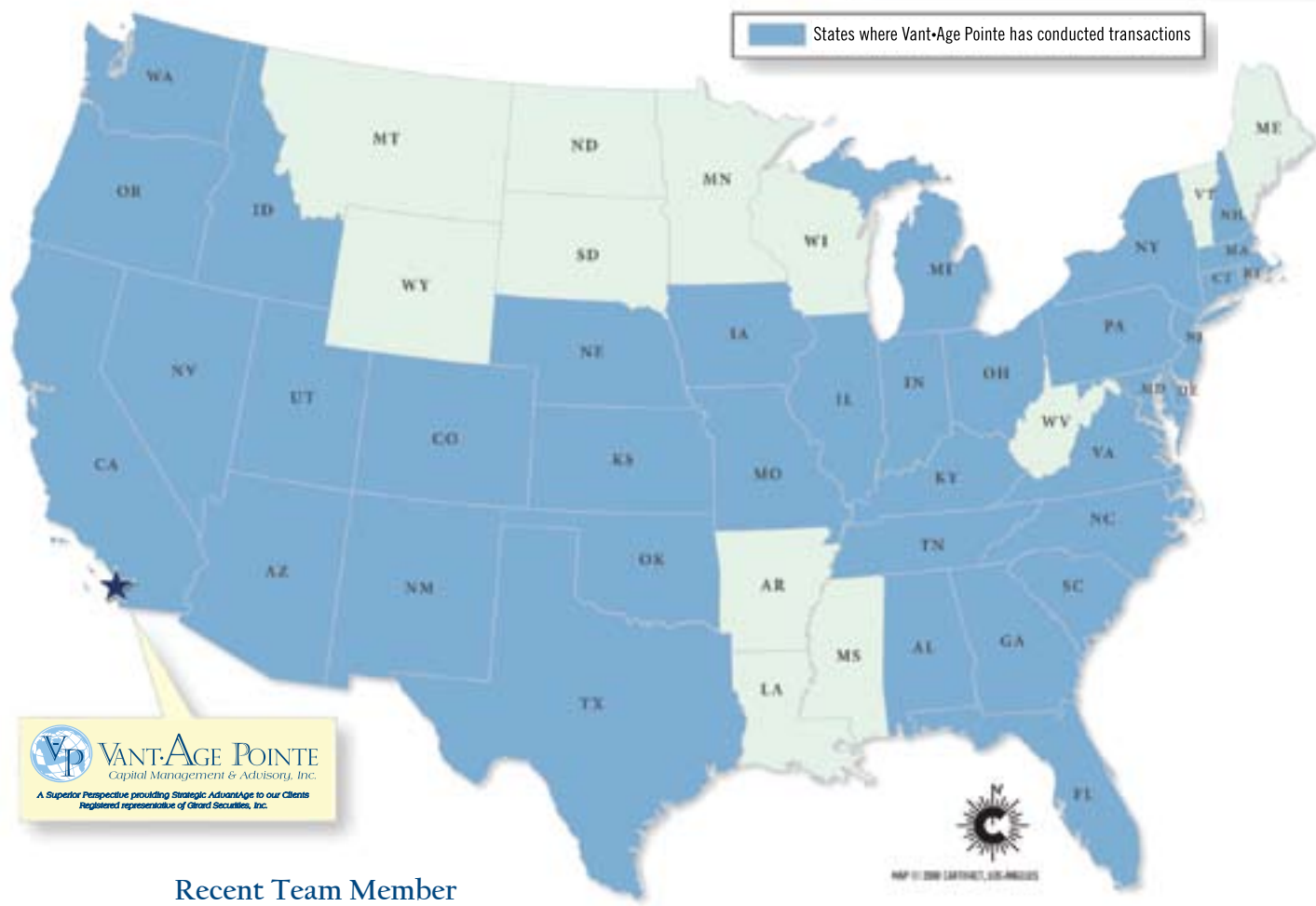
## About Vant·Age Pointe Capital Management & Advisory, Inc.

Vant·Age Pointe Capital Management & Advisory, Inc. provides a range of services within the seniors housing industry including property and portfolio sales, capital sourcing, fund raising, asset management, acquisition underwriting, financial restructuring, due diligence and consulting services. Team members provide professional distinction in specialized areas as a result of their diverse areas of expertise. The Vant·Age Pointe Team has a broad base of market knowledge and provides national exposure to the Clients it represents. Regardless of the type of service being provided, there is no substitute for an advisor with in-depth knowledge of the Client's industry.

- Vant·Age Pointe Capital Management & Advisory, Inc. was founded by Lisa Widmier, prior Managing Director of Eastdil Secured's Seniors Housing and Healthcare Group. She is joined by her Team of experienced healthcare/seniors housing professionals from Eastdil Secured as well as enhanced resources through the addition of analytic, marketing and graphic resources. Prior to joining Eastdil, Ms. Widmier was co-founder of CBRE's Seniors Housing Group.
- Ms. Widmier offers an expansive knowledge base and track record in large institutional investment sale and capital sourcing transactions. She utilizes her established relationships in the institutional arena to provide capital sourcing services and to structure investment property transactions for her Clients. Since 1998, Ms. Widmier has been involved in more than \$5 billion of seniors housing capital sourcing, investment property and consulting engagements. Her average transaction size is more than \$100 million. Ms. Widmier has been awarded several high achievement awards including: Colbert Coldwell Circle, Most Innovative CBRE Team, Top 100 Producing CBRE Broker Worldwide and designation award as Real Estate Woman of Influence by Real Estate Magazine. Since commencing her real estate career in 1988, Ms. Widmier has developed a broad range of experience including tenure as Plan Sponsor of McDonnell Douglas Realty Pension Fund's interest in a real estate portfolio totaling \$40 billion in value and the position of Senior Director of Institutional Marketing for CB Richard Ellis Investors, successfully securing several hundred million dollars in pension fund commitments for both separate accounts and commingled funds.
- Our singular focus is seniors housing and healthcare transactions. We understand the unique and complex requirements specific to the industry. As a result, Vant·Age Pointe provides access to better information, outstanding service and superior results. The cornerstone of our company's success is this dedicated focus and professional distinction with seniors housing and healthcare transactions. This is evidenced by a proven track record of successfully completed transactions and continued long-term Client relationships.
- Vant·Age Pointe is dedicated to providing our Clients with unparalleled service while achieving their investment objectives. We conduct business with the highest levels of confidentiality, discretion and professionalism.
- Ms. Widmier and her Vant·Age Pointe Team offer an expansive knowledge base and track record in large institutional investment sale and capital sourcing transactions.
- Vant·Age Pointe Team members have demonstrated experience with tailor-crafted, professionally orchestrated, and tightly controlled global marketing campaigns designed to highlight the interest of sophisticated investors while creating momentum and a sense of competitive urgency in order to get investors and lenders to push pricing. Our experience working as a representative to both buyers and sellers in various transactions provides us with intimate familiarity and a superior perspective of a transaction from both sides.



- Our services are customized to provide the best results for each individual Client. The company provides sellers unsurpassed access to high level, qualified buyers currently in the market. Vant•Age Pointe’s detailed market intelligence promotes optimal positioning and marketing. The company provides buyers access to an exclusive inventory of well-researched and desirable seniors housing portfolios and capital opportunities. Our detailed and highly focused service model ensures achievable, successful results for our Clients.
- Vant•Age Pointe designs and implements a marketing campaign that addresses the full breadth of capital markets (public & private, foreign & domestic) to most aggressively pursue each opportunity.



**Recent Team Member  
Seniors Housing Transactions**

Year	Total Volume	Total Units
2008-2009 / In Progress	\$1,300,750,000	N/A
2007	\$812,400,000	3,814
2006	\$1,580,036,444	9,803
2005	\$603,631,148	4,510
2004	\$177,394,000	2,249
2003	\$168,563,063	2,453
2002	\$206,888,500	2,897
2001	\$95,130,000	1,502
2000	\$52,000,000	194
<b>Total</b>	<b>\$4,996,793,155</b>	

**Vant•Age Pointe Team Members**  
have sold approximately  
**360 communities** totaling  
**over 37,000 units** across the  
**United States in 36 states.**



Lisa Widmier



Deborah Street

VantAge Pointe has assembled a fully integrated Team with the requisite experience, expertise, and successful track record necessary to successfully structure and execute a transaction to meet the Client's objectives.

## \$5 Billion in Seniors Housing transactions since 2000

### Principals' Seniors Housing Engagement Experience - Selected Transactions 2006 Forward

Description	Price Or Capitalization	Date	# Units	Type	Price Per Unit	Notes
Seniors Housing Property Sale Engagements	\$81,500,000	In Process	602	IL/AL/SNF	TBD	Buyers and Sellers are Confidential.
Commingled Fund Raise	\$350,000,000	In Process	N/A	CCRC, IL/AL/ALZ	N/A	Sponsored by top 50 Operator - assets to be developed/acquired on the West Coast, North Carolina and other Primary Metropolitan Areas.
IL Community (AL licensing pending)	\$24,000,000	Oct-09	198	IL	\$121,212	Seller was entity controlled by Opus West. Buyer was West Senior Living. Asset is located in Scottsdale, Arizona.
AL/ALZ Community	\$25,250,000	Jun-09	85	AL/ALZ	\$297,059	Seller was MacKenzie House affiliate. Buyer was AEW. Asset is located in Littleton, Colorado.
5 Class A Independent and Assisted Living Communities	\$114,500,000	5/08 & 8/08	496	IL/AL	\$230,847	Seller was BayNorth. Buyer was Intercontinental. Assets are located in Chicago and northeastern U.S.
3 Community AL/ALZ Portfolio	\$123,000,000	Jan-08	328	AL/ALZ	\$375,000	Seller was the Carlyle Group. Buyer was CalSTRS/Vintage. Assets are located in San Francisco, San Jose and Southern California.
AL/ALZ Community	\$32,500,000	Jun-07	85	AL/ALZ	\$382,353	Seller was Star Senior. Buyer was the Carlyle Group. Asset is located in Newport Beach (Corona Del Mar), California.
2 Community IL/AL Portfolio	\$115,000,000	Jun-07	427	IL/AL	\$269,321	Seller was Prudential. Buyer was CalSTRS/Vintage. Assets are located in Tacoma, Washington and Southern California.
2 Community IL/AL Portfolio	\$114,750,000	Jun-07	301	IL/AL	\$381,229	Seller was the Carlyle Group. Buyer was Warburg/Brandywine. Assets are located in greater Long Island, New York area.
22 Community IL/AL Portfolio	\$364,000,000	Jun-07	2,479	AL/ALZ	\$146,833	Seller was Merrill Gardens. Buyer was Chartwell REIT/ Horizon Bay. Assets are located in Alabama, Arizona, California, Florida, Georgia, Louisiana, Nevada, Oklahoma, Tennessee, Texas and Washington.
IL Community	\$69,150,000	Jun-07	218	IL	\$319,444	Seller was Sierra Partners. Buyer was Prudential. Asset is located in Scottsdale, Arizona.
IL/AL Community	\$117,000,000	Mar-07	304	IL/AL	\$384,868	Seller was AEW/Ryerson. Buyer was Walton/Senior Lifestyle. Asset is located in Sun City West, Arizona.
12 AL/ALZ Communities	\$288,000,000	Dec-06	872	AL/ALZ	\$330,275	Assets are located in New York, Massachusetts, Pennsylvania, New Jersey, Georgia, California & Washington. Buyer and Seller are confidential.
2 IL Communities	\$30,000,000	Dec-06	141	IL	\$212,766	Seller Kisco Senior Living affiliate. Buyer AEW. Assets are located in Northern and Southern California.
6 IL, AL and CCRC Communities	\$209,500,000	Nov-06	1,003	IL/AL/ALZ/SNF	\$208,873	Seller was AEW. Buyer was Brookdale. Assets are located on the west and east coasts.
4 CCRC Communities	\$270,000,000	Sep-06	1,256	IL/AL/ALZ/SNF	\$214,968	Seller was Walton Street Capital. Buyer was GE. Assets are located in Ohio, Illinois and Colorado.
IL/AL/ALZ Community	\$49,500,000	Jul-06	244	IL/AL/ALZ	\$202,869	Seller was Ryerson Company. Buyer was AEW. AEW formed a new joint venture with Ryerson. Asset is located in Sun City West, Arizona.
3 AL/ALZ Communities	\$65,750,000	Jun-06	266	AL/ALZ	\$247,180	Seller was Star Senior. Buyer was Carlyle Group. Assets are located in Southern California.
32 Assisted Living with Dementia Communities	\$425,000,000	May-06	2,188	AL/ALZ	\$194,241	Seller was Hearthstone Assisted Living and Partners. Buyer was National Healthcare Properties (NHP). NHP leased the assets back to Hearthstone.
4 Independent Living Communities	\$170,466,444	Feb-06	1,097	IL	\$155,393	Seller was Cypress Realty. Buyers were ARC and Sunwest. Assets are located in Tulsa, Oklahoma, Kansas City and Dallas, Texas.



**VANT·AGE POINTE**  
*Capital Management & Advisory, Inc.*

*A Superior Perspective providing Strategic AdvantAge to our Clients  
Registered representative of Girard Securities, Inc.*

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## Employment Opportunities

Vant·Age Pointe Capital Management & Advisory, Inc. is growing and is currently hiring.

Opportunities require an advanced knowledge of commercial real estate fundamentals, experience in the respective discipline and a background in seniors housing, hotel or multi-family asset types. Excellent business writing skills is also a requirement.

If you would like to learn more about employment opportunities at Vant·Age Pointe, please contact Deborah Street at [dstreet@vantagepointe.us.com](mailto:dstreet@vantagepointe.us.com) or Lisa Widmier at [lwidmier@vantagepointe.us.com](mailto:lwidmier@vantagepointe.us.com).

Today's complex and constantly changing market environments require special solutions.

The professionals at Vant·Age Pointe Capital Management & Advisory, Inc. have the experience, knowledge and market “know-how” to provide you with the best solutions in the marketplace and to execute those solutions.



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[www.vantagepointe.us.com](http://www.vantagepointe.us.com)

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