

Senior Living New Issue Rates as of 1/30/18

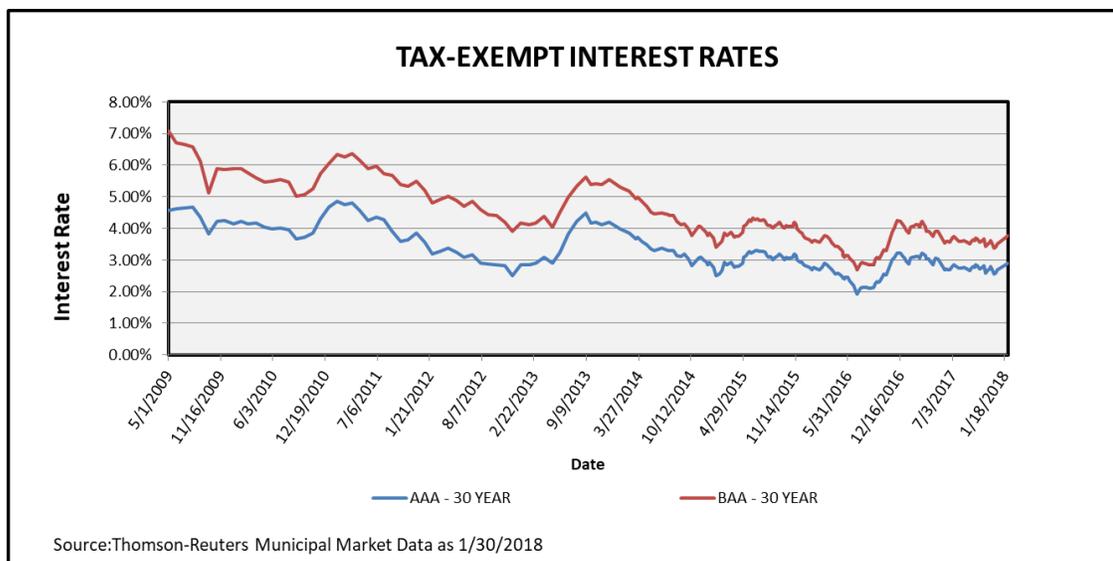
Maturity	Taxable Rates	Tax Free Rates					
	GNMA Taxable	FHA Tax-Exempt	A	BBB	BB	Refinancing & Expansion	Start-Up
5 yr.	NA	1.700%	2.500%	2.700%	3.00%	2.85-3.35%	4.10-4.60%
10 yr.	NA	2.550%	3.100%	3.400%	3.75%	3.70-4.10%	4.60-5.10%
20 yr.	NA	3.120%	3.650%	3.750%	4.20%	4.20-4.70%	5.35-6.10%
30 yr.	3.720%	3.330%	3.800%	3.950%	4.30%	4.35-4.85%	5.85-6.45%

Senior Living new issue rates for borrowers in specialty states are 20-30 basis points lower in yield.

SIFMA Index	LIBOR
1.16%	1.57%

Revenue Bond Index (RBI)	10 Year Treasury	30 Year Treasury
4.07%	2.7220%	2.9760%

	1 Year	3 Year	5 Year	7 Year	10 Year
Weekly SIFMA Swap Rates	1.49%	1.78%	1.90%	2.04%	2.20%
Weekly LIBOR Swap Rates	2.09%	2.45%	2.58%	2.65%	2.73%



Market Commentary: You Can Bet on It

In Las Vegas, it is often said that the only good way to throw the dice is to throw them away. But this is a week in which Americans are inclined to gamble. In Boston and Philadelphia, there are friendly cash wagers on Sunday's Super Bowl. In Chicago, Fed Funds futures placed the odds of a Federal Open Market Committee Rate hike on Wednesday at 4.1%. On Wall Street and the Vegas Strip, there is heavy betting for and against casino mogul Steve Wynn and Wynn Resorts. In Washington, veteran broadcasters bet on how many times the President's State of the Union address gets interrupted by applause while lobbyists gamble on who will take over when the next committee chair will announce his retirement. And all across the country, mayors are crossing their fingers as chances may be improving for a return to legislative earmarks for local infrastructure projects.

Last week, global movers and shakers met in Davos, and the Conference of Mayors met in Washington. The Commerce Department reported that the U.S. gross domestic product grew by 2.6% in the fourth quarter. The Centers for Disease Control and Prevention reported an increase in influenza activity in New York City, Puerto Rico and 39 states. Puerto Rico's Governor projected four years of Commonwealth budget deficits in an updated fiscal plan that included a five-year debt moratorium. The dollar sold off on the Treasury Secretary's comment that a weak one is good for trade. Treasuries remained steady through successful 2-year, 5-year, and 7-year auctions and the uneventful policy meetings of the Bank of Japan and European Central Bank. The 10-year yield finished flat at 2.65%, while the 30-year yield strengthened by 2 basis points to 2.91%. Municipal bonds, on the other hand, weakened as bid lists grew and dealers continued to struggle with inventories that have remained heavy since last year. The 10-year AAA general obligation bond yield rose 10 basis points to close the week at 2.23%, and the 30-year benchmark notched up 8 basis points to 2.81%. Municipal bond mutual funds took in another \$781 million, and most of that was invested in high grade paper. There has been almost no activity in the high yield space this year. The \$6.6 billion municipal calendar included a \$14 million non-rated Capital Trust Agency of Florida educational facilities revenue bond financing for Pineapple Cove Classical Academy at West Melbourne, which featured 2052 term bonds priced at 6.25% to yield 6.62%.

This week, Alex Azar is sworn in as the new secretary of the trillion-dollar health and human services department, Janet Yellen's four-year tenure as Federal Reserve Chair comes to an end and she presides over her last monetary policy committee meeting. The governors of New York, New Jersey and Connecticut are announcing their intention to file a multi-state lawsuit against the new tax bill and its provision for limiting the state and local tax deduction. The Atlanta Fed is forecasting that the economy will grow by 4.2% in the first quarter, and the U.S. Treasury is announcing that it will need to borrow a whopping \$441 billion this quarter. Among all the other happenings, a total lunar eclipse and a supermoon coincide on Wednesday in an event that has not been seen in North America in 150 years. In the municipal bond market, the \$5.25 billion calendar is led by a \$1.3 billion Pennsylvania tobacco bond deal and a large taxable slate. At HJ Sims, we are preparing for our Late Winter Conference in Orlando where we feature an impressive array of industry experts who will lead panel discussions on urban retirement living, senior living design trends and managing communities impacted by natural disasters. We hope that you will make plans to join us at the Omni Orlando at ChampionsGate from February 28 to March 2. For more information, please visit [HJ Sims 2018 Conference](#).

Sims Leads Largest Refinancing for a Single Site Life Plan Community

NEWBRIDGE ON THE CHARLES

Hebrew SeniorLife



“The Sims team led a near seamless process for NewBridge’s \$236.3 million public bond issuance. Sims’ deep knowledge of the tax exempt market and CCRC business model enabled Hebrew SeniorLife to obtain a favorable credit rating for NewBridge on a non-recourse basis. They also did an excellent job as the book-runner, staging the co-manager to complement its own investor base to achieve a significant over-subscription and lower cost of capital for NewBridge. Sims’ quality of execution exceeded our expectations.”

– James Hart, Chief Financial Officer, Hebrew SeniorLife

Partnered Right	<ul style="list-style-type: none"> Life Plan Community located in Dedham, MA with 256 independent living apartments, villas and cottages, 91 assisted living suites and a 268-bed health center consisting of 220 chronic care beds and 48 short term skilled/rehabilitative nursing beds. Community reached 96% independent living occupancy in 25 months despite opening during the recession in 2009. NewBridge is part of Hebrew SeniorLife (“HSL”), which was founded in 1903. It is one of the largest not-for-profit providers of health care and related services in Massachusetts with an affiliation with Harvard Medical School. Sims has partnered with HSL for 25 years, including financing the initial development of NewBridge in 2007 with \$457 million in tax exempt bonds, the largest transaction of its kind.
Structured Right	<ul style="list-style-type: none"> Sims worked with management to obtain its initial credit rating: BB+ (Stable) from Fitch. In light of the likely ending of advance refundings as part of the tax reform bill, Sims included early call provisions enabling NewBridge to refund the 2017 bonds in five years. In a strong sign of commitment and desire to reduce debt, HSL agreed to fund 50% of the required debt service reserve fund. Covenants include the ability to upstream excess cash to HSL.
Executed Right	<ul style="list-style-type: none"> Despite distribution restrictions by the issuer for below investment grade rated bonds, over \$16 million in bonds were sold to individual investors. Favorable conditions with strong investor demand combined to establish a range of interest rates lower than initial assumptions. Solid financial metrics and HSL’s superior market credibility enabled bonds with a 40 year maturity.
Financed Right®	<ul style="list-style-type: none"> On December 19, 2017 Sims closed on a \$236.3 million tax exempt bond issue with interest rates ranging from 1.85% to 4.125%. Over 40 institutional investment funds purchased NewBridge bonds.

Sims Leads Largest Refinancing

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Partnered Right

NewBridge on the Charles is a Life Plan Community developed in 2007 with the proceeds of a \$457 million tax exempt bond issue underwritten by Sims, the largest issue of its kind. NewBridge is part of Hebrew Senior Life ("HSL"), one of the largest not-for-profit providers of health care and related services in Massachusetts with nine campuses and communities in the Boston area. Since 2007 HSL has had an affiliation with Harvard Medical School and is the only affiliate of the medical school focused on geriatric care.

NewBridge consists of 256 independent living apartments, villas and cottages along with 91 assisted living suites and a 268 health care facility. As part of the development of NewBridge, HSL moved the license for 220 chronic care beds from its existing campus in the Roslindale section of Boston to NewBridge. In addition to the chronic care beds, the health center has 48 short term post-acute rehabilitation beds.

Despite opening during the depths of the recession in 2009, NewBridge reached 96% independent living occupancy 25 months after opening.

Sims is privileged to have partnered with HSL for 25 years, not only financing NewBridge but a sister Life Plan Community, Orchard Cove, in nearby Canton, MA.

Structured Right

Long term capital stability was a very important objective for NewBridge at this stage of its life. The existing debt was held by a consortium of 10 commercial banks with a maturity in 2019, so there was inherent refinancing risk as well as future interest rate uncertainty. Achieving the lowest possible debt service was critical to NewBridge.

Sims worked with management in achieving an initial credit rating of BB+ (Stable) from Fitch. This rating, along with HSL's commitment to NewBridge in agreeing to contribute \$6 million toward the debt service reserve fund plus the ability to issue bonds with a 40-year maturity, lowered the annual debt service substantially,

In December 2017, there was considerable uncertainty in the tax exempt bond market resulting from the various tax reform proposals swirling around Capitol Hill. With the likelihood of a prohibition on advance refundings in the final legislation, Sims inserted a 5-year call provision in the bond structure to provide maximum future flexibility to NewBridge.

Executed Right

Despite distribution restrictions (such as a \$100,000 minimum purchase) by the issuer for below investment grade rated bonds, over \$16 million in bonds were sold to individual investors. In addition to individual investors, Sims sold bonds to 40 different institutions. Sims' distribution strength provided interest rates lower than initial assumptions.

Financed Right®

On December 19, 2017 Sims closed on a \$236.3 million tax exempt bond issue for NewBridge. It was one of the largest bond issues in 2017 and the largest refinancing for a single site community ever completed. Interest rates ranged from 1.85% (1 Year maturity) to 4.125% (40 year maturity).

For more information on how NewBridge on the Charles was Financed Right® by HJ Sims, please contact Andrew Nesi at (203) 418-9057, anesi@hjsims.com.

HJ Sims Welcomes Melissa Messina as Senior Vice President

HJ Sims is pleased to announce that Melissa Messina has joined the firm as Senior Vice President, Investment Banking. She is located in the Rockville, MD office. Prior to Sims, Melissa was a principal in the Baltimore and Washington, D. C. offices of Miles & Stockbridge and a member of the firm's Real Estate and Transactional Finance Practice, focusing on public and commercial finance, with a particular emphasis on real estate, senior living, health care and economic development.

With experience as counsel to banks, issuers, underwriters, developers and trustees on a wide range of transactions, Melissa is known for anticipating and resolving issues as well as for promoting long-term relationships among transaction parties. Her experience in health care finance includes representation of lenders and underwriters for commercial and public finance transactions spanning for-profit and nonprofit organizations. Melissa's focus was on nonprofit life plan community financing, for-profit skilled nursing and assisted living communities, asset-based lending to the operators of such organizations, and bridge-to-HUD financing transactions—altogether totaling \$750+ million.

As part of the Red Shoe Crew's 2016-2017 class, Melissa is active in volunteering and fundraising for the Ronald McDonald House Charities of Baltimore. While practicing law, she was a member of the Council of Development Finance Agencies and the National Association of Bond Lawyers.

Melissa earned a Juris Doctor from Georgetown University Law Center and a Bachelor of Science in Information Sciences from the University of Maryland—R. H. Smith School of Business.

"We are thrilled to welcome Melissa Messina to the HJ Sims banking team. Her background and experience will be tremendous assets to our firm and to our clients. In her prior role, Melissa already was a valuable member of our team, working closely with Sims bankers on some of our most complex financings. Her intelligence, enthusiasm, client focus, creativity and tenacity reinforce the values of our firm. I am confident that Melissa will represent us and serve our clients well," said Aaron Rulnick, Managing Principal.

For more information, please contact an HJ Sims banker.

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