

RATIOS FOR CONTINUING CARE RETIREMENT COMMUNITIES

Fitch Ratings has released data on 2010 Median Ratios for Continuing Care Retirement Communities (CCRCs). As of September 20, 2011, Fitch has ratings on 69 CCRCs. The ratings are distributed as follows: 26 in the 'A' rating category, 34 in the 'BBB' category, and nine in the below-IG (below investment grade) category. The average rating among Fitch's rated CCRC credits remains in the 'BBB' rating category, consistent with results over the past half decade.

CCRC MEDIANS BY RATING CATEGORY

	IG * Medians		'A' Medians		'BBB' Medians	
	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>
IG * Credits	66	59	25	26	41	33
Days Cash on Hand *	406.3	442.0	528.1	557.2	372.7	361.4
Cushion Ratio (x) *	7.2	7.7	14.1	15.2	6.1	5.9
Operating Ratio (%) *	94.5	95.8	94.1	94.0	98.6	97.4
Excess Margin (%)*	1.7	3.7	1.6	6.8	1.7	2.5
MADS Coverage Ratio - Revenues Only (x) *	0.8	1.1	1.0	1.4	0.6	0.8
Adjusted Debt-to-Capitalization (%) *	54.0	53.0	46.0	41.5	64.0	62.0

CCRC MEDIANS BY CONTRACT TYPE

	Type A *		Type B *		Type C *	
	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>
Total Number of Credits	28	24	15	15	23	20
Days Cash on Hand *	420.1	451.9	391.6	478.3	401.4	401.7
Cushion Ratio (x) *	7.0	7.3	7.1	7.4	11.4	7.8
Operating Ratio (%) *	101.1	99.8	94.1	95.8	92.5	91.5
Excess Margin (%) *	1.6	2.6	4.6	3.2	1.6	4.6
MADS Coverage Ratio – Revenue Only (x) *	0.3	0.6	0.8	1.1	1.5	1.4
Adjusted Debt-to-Capitalization (%) *	50.5	47.5	66.0	61.0	54.0	49.5

*** Definitions**

IG – Investment Grade

Type A – Extensive Agreement (Life Care): In addition to housing, residential services, and amenities, this contract includes an unlimited amount of nursing care with no increase in monthly service fees.

Type B – Modified Agreement: This contract includes housing, residential services, and amenities. It also covers a certain amount of long-term nursing care (e.g. 30 days per year).

Type C – Fee-For-Service: This contract includes housing, residential services, and amenities. Residents have guaranteed access to the CCRC's nursing home but pay prevailing market rates.

Days Cash on Hand – unrestricted cash and investments / daily cash operating expenses

Cushion Ratio (x) – unrestricted cash and investments / maximum annual debt service (MADS)

Operating Ratio (%) – (total operating expenses – depreciation and amortization expense) / (total revenue – amortization of advance fees)

Excess Margin (%) – (total operating revenue – total operating expenses + non-operating revenue) / (total operating revenue + non-operating revenue)

Debt Service Coverage Ratio (x) – (excess income (loss) + interest, depreciation, and amortization expenses – amortization of advance fees + net advance fees received) / MADS

Adjusted Debt-to-Capitalization (%) – (long-term debt + capital leases – current maturities) / (long-term debt + capital leases – current maturities + deferred revenues from nonrefundable advance fees + unrestricted net assets)

To receive a complete copy of this report, please contact Fitch Ratings at (212) 908-9186 or go to www.fitchratings.com. (Source: *Fitch Ratings Public Finance – 2011 Median Ratios for Continuing Care Retirement Communities; September 20, 2011*)