

RATIOS FOR CONTINUING CARE RETIREMENT COMMUNITIES

Fitch Ratings has released data on 2008 Median Ratios for Continuing Care Retirement Communities (CCRCs). In 2008, Fitch maintained ratings on 67 CCRCs, 25 of which were in the 'A' rating category, 37 in the 'BBB' rating category, and five rated below investment grade.

CCRC MEDIANS BY RATING CATEGORY

| | IG * Medians | | 'A' Medians | | 'BBB' Medians | |
|---|--------------|-------------|-------------|-------------|---------------|-------------|
| | <u>2007</u> | <u>2008</u> | <u>2007</u> | <u>2008</u> | <u>2007</u> | <u>2008</u> |
| IG * Credits | 64 | 60 | 25 | 24 | 39 | 36 |
| Days Cash on Hand * | 462 | 390 | 636 | 607 | 255 | 336 |
| Cushion Ratio (x) * | 10.2 | 9.1 | 15.1 | 12.8 | 6.8 | 6.2 |
| Operating Ratio (%) * | 92.1 | 99.6 | 92.1 | 99.4 | 92.0 | 99.6 |
| Excess Margin (%)* | 7.3 | 1.8 | 7.4 | 1.6 | 7.2 | 2.2 |
| MADS Coverage Ratio - Revenues Only (x) * | 1.3 | 0.9 | 1.7 | 1.2 | 1.2 | 0.8 |
| Debt-to-Capitalization (%) * | 47.2 | 53.4 | 38.9 | 41.2 | 53.5 | 60.8 |

CCRC MEDIANS BY CONTRACT TYPE

| | Type A * | | Type B * | | Type C * | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2007</u> | <u>2008</u> | <u>2007</u> | <u>2008</u> | <u>2007</u> | <u>2008</u> |
| Total Number of Credits | 24 | 23 | 20 | 19 | 26 | 22 |
| Days Cash on Hand * | 604.0 | 532.0 | 411.0 | 366.0 | 335.5 | 265.5 |
| Cushion Ratio (x) * | 10.0 | 8.0 | 7.7 | 7.1 | 10.5 | 10.6 |
| Operating Ratio (%) * | 94.8 | 104.3 | 95.3 | 99.7 | 88.9 | 96.2 |
| Excess Margin (%) * | 10.4 | 5.0 | 2.5 | 0.5 | 6.6 | 0.8 |
| MADS Coverage Ratio – Revenue Only (x) * | 0.9 | 0.5 | 1.1 | 0.7 | 2.3 | 1.6 |
| Debt-to-Capitalization (%) * | 43.9 | 48.2 | 54.6 | 60.4 | 49.1 | 55.7 |

* 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 revenues) / (total operating revenues + 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

Debt-to-Capitalization (%) – (long-term debt + capital leases – current maturities) / (long-term debt + capital leases – current maturities + unrestricted net assets)

To receive a complete copy of this report, please contact Fitch Ratings at (212) 908-0500 or go to www.fitchratings.com. (Source: *Fitch Ratings Public Finance – 2009 Median Ratios for Nonprofit Continuing Care Retirement Communities*; September 28, 2009)