



CAMBRIDGE

Senior Housing & Healthcare Capital

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PRESS RELEASE

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ELECTION YEAR UNCERTAINTIES FACING SENIOR HOUSING/HEALTHCARE OWNERS

It's another Presidential election year and, for senior housing/healthcare owner operators, this much is certain: dealing with uncertainty isn't getting any easier.

"The major political parties are as far apart as ever on what the government's role should be in footing healthcare costs for America's aging population. And the issue isn't going away anytime soon," says Cambridge Realty Capital Companies Chairman Jeffrey A. Davis.

Cambridge is one of the nation's leading senior housing/healthcare lenders and owns and operates healthcare properties in the Southwest through an affiliated business. Mr. Davis says a report on aging population and healthcare issues posted by Rocketswag.com provides some sobering numbers from various government agency sources.

For example, in the U.S. today, healthcare eats away at about 14 percent of the gross domestic product (GDP). However, by 2030, the country will be spending almost 28 percent of its GDP on healthcare.

Today, those 65 years and older consume almost one-third of the nation's annual expenditure for healthcare. In the coming years, it is estimated that nearly half of the nation's healthcare expenses will be for older adults.

By the year 2030, the requirement for healthcare providers will double if the current trend continues. So resolution of an issue that historically has divided lawmakers along party lines will become more urgent over time, Mr. Davis suggests.

"Medicaid is a huge component of any state's budget and Medicare spending is a large component of the Federal budget. Realistically, in today's political environment, what the industry can look forward to are continual attempts to reduce the cost of programs the industry relies on," he said.

According to Mr. Davis, in an environment where the only certainty is uncertainty, it's important for owners to stay highly liquid. Another important idea is continual investment in facility improvements, he believes.

"Realistically, skilled nursing homes continue to be the low cost provider in our healthcare system and seem destined to survive and even thrive. But the economics of the Industry will continue to advantage the knowledgeable, technologically savvy operator who has the requisite business and managerial skills needed to cope with unanticipated rate cuts and other uncertainties.

"Understanding the financial landscape is essential," he said.

Privately owned since its founding in 1983 as a real estate investment banker specializing in commercial real estate properties, Cambridge today has three distinctive business units: FHA-insured HUD loans, conventional financing, and investments and acquisitions. The company is one of the nation's leading senior housing and healthcare debt and equity capital providers, with more than 400 closed senior housing transactions totaling more than \$4.5 billion since the early 1990's, when the firm began its specialization in providing senior housing capital.

Cambridge has consistently ranked among the country's top five FHA-insured HUD lenders (now HUD Lean) over the last 15 years and offers an array of conventional lending options, including permanent construction and interim loans on either a floating or variable rate basis. The company's principal investment strategy includes direct property acquisitions, joint ventures and sale/leasebacks. The company has acquired 16 facilities totaling approximately \$60 million.

Cambridge is the creator of *The Signature Experience*[™], a four-step process designed to transform the traditional lender/borrower relationship and identify "ideal" capital solutions for worthy projects. The company has a national origination office in Los Angeles, and numerous correspondent and brokerage relationships nationwide.

Cambridge publishes the bi-monthly Capital Wisdom(R) electronic newsletter, which delivers company news and feature stories via e-mail to corporate friends and clients as well as monthly updates of other relevant news and breaking trends. Additional information is available on the Cambridge website, www.cambridgecap.com, and Cambridge can be reached at (312) 357-1601 or via e-mail to info@cambridgecap.com. The firm also has embraced social media and networking via Twitter at <http://twitter.com/cambridgecap>, via Facebook at <http://www.facebook.com/cambridgecap>, via blog at www.cambridgecap.com/blog and via LinkedIn at <http://www.linkedin.com/companies/454232>, where information on the firm and its employees can be found.

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