



CAMBRIDGE

Senior Housing & Healthcare Capital

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PRESS RELEASE

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HANDS ON MANAGEMENT WORKS FOR CAMBRIDGE

In his *Poor Richard's Almanac*, Benjamin Franklin makes the point that he who idly loses five cents worth of time "might as prudently throw five cents into the river."

"Such a small amount might not go very far these days, but the idea that time and money are inexorably linked is still a very big idea," says Cambridge Realty Capital Companies Chairman Jeffrey A. Davis.

Cambridge is one of the nation's leading FHA-approved HUD lenders and is directly involved in senior housing/healthcare property acquisitions and joint ventures through its Cambridge Investment & Finance Co. subsidiary.

"Unlike commercial real estate, where location and building quality are the primary considerations, investment risk and reward in a senior housing/healthcare transaction is more dependent on the owner/operator's management skills and business acumen. Specifically, success is inseparably linked to the operational and financial success of the operator's clinical business, which accounts for about 50 percent of all operational expenses.

"Most typically, institutional investors attracted to the industry will want to work with an experienced ownership group that fully understands the nuances of the business. So managers of senior care properties must take time to study the business and mull what it will take to compete effectively in today's competitive marketplace," Mr. Davis said.

He makes the point that not all senior housing/healthcare opportunities have the same chance for success. To assure the desired outcome, investors and owners need to come together in a cooperative arrangement that effectively aligns mutual interests, he believes.

"Verbal affirmation that the parties are on the same page is never enough, and a well-crafted lease of loan covenants will not get the job done, either. Needed is a more all-encompassing asset management strategy that addresses common goals and expectations," he said.

"Lacking this, the deal should probably not progress beyond the talking stage," he believes.

"The parties in these transactions need to make certain that economic assumptions are compatible, with everyone pulling for the same thing. Usually, the goal is to achieve mutually-beneficial long-term rewards, but it can be whatever the parties want it to be.

"Whatever is agreed upon, transparency 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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