



CAMBRIDGE

Senior Housing & Healthcare Capital

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PRESS RELEASE

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THIRTY YEARS OF PROGRESS FOR SENIOR HOUSING/HEALTHCARE INDUSTRY

It's hard to imagine what the senior housing/healthcare industry will look like 30 years from now, but if the past three decades are indicative, some dynamic changes are no doubt on the way.

When Cambridge Realty Capital Co. opened for business in Chicago 33 years ago, the industry was mostly comprised of small mom-and-pop operations. There were few large companies and assisted living properties were non-existent.

Cambridge Chairman Jeffrey A. Davis says healthcare REITS had yet to form and institutional investors aggressively ignored the industry's prospects. Mostly, capital funding for the industry came from commercial banks and a few entrepreneurs doing sale/leaseback transactions.

Mr. Davis says there were a few large insurance companies participating in the sector, but access to these sources was limited to lenders with contractual correspondent relationships. And much of this activity was with institutional lenders across the border in Canada.

"Three eventful decades have seen significant changes, not only in the types of lending products available to borrowers but also in the way capital is accessed," he noted.

Early in the 1980s, participation by Wall Street investment firms in the senior housing/healthcare industry was unheard of and HUD loans mostly were used to finance new construction. Now Wall Street is a primary source for investment capital and HUD funding programs have emerged as the lending vehicle of choice for many borrowers seeking to refinance an existing mortgage loan, Mr. Davis said.

In the process that has evolved, FHA-approved HUD lenders obtain commitments to fund FHA-insured loans and sell these commitments to major Wall Street investment firms. The purchased loans collateralize fixed-income securities (bonds), which are broadly sold to corporate and individual investors.

"This process has demystified the way interest rates are established. Unlike the past, rates today are based on spreads over published indexes," he noted.

Mr. Davis says that in today's world, REITS own real estate and actively manage senior housing/healthcare investment portfolios. Another major change is the way a credit crisis in the senior housing/healthcare sector looks now from the way it looked then.

Thirty years ago a credit slump was a localized event, with loans carried on bank ledgers in amounts significantly smaller than some that are observed today. In today's global economy, a problem in America becomes a problem for the rest of the world as well.

"What we can say for sure about the future is that there will be a lot more product serving a lot more people. An extended period of low interest rates should continue to stimulate innovative development for aging Americans," 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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