

# Senior Housing Market Quarterly Newsletter

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## About Trefethen Advisors, LLC

Trefethen Advisors is a privately held investment bank. Trefethen is unique in its ability to maximize value for its clients by providing strategy-led, consultative investment banking services in situations requiring specialized industry, analytical, and/or structuring expertise. We offer skilled transaction execution capabilities and a full range of financial and strategic advisory services:

- Mergers & Acquisitions (Buy-Side & Sell-Side)
- Corporate Finance
- Financial Restructuring and Distressed M&A
- ESOP Buyouts

### Corporate Finance Resources Include:

- Family Offices
- Venture Capital
- Debt/Sub-Debt
- Private Equity
- Financial Companies
- Sale-Leaseback Financing

For more information, please visit our website at [www.trefethenib.com](http://www.trefethenib.com)

*Trefethen Advisors, LLC is pleased to bring you this quarterly edition of its market update. This periodical is designed to provide current information on the public equity markets, senior housing markets, supply & demand trends, M&A activity as well as market and sector commentary. If you would like to add any colleagues to this newsletter, please contact us at [mokeefe@trefethenib.com](mailto:mokeefe@trefethenib.com)*

## Market Summary

Fourth quarter ended the year with some surprises. OPEC agreed to cut output by 1.2 million barrels a day by January in its first output cut decision since 2008. This sent oil prices soaring; WTI Crude futures rose to \$50 a barrel. The Republican nominee, Donald Trump, won the U.S. Presidential election in an upset; however, the stock market catapulted higher based on expected business friendly policies. The Fed raised its policy benchmark rate by 25 bps in December and signaled its intention to raise rates three times next year. Fixed income markets held up well in December. Overall, NYSE rose 3.1% for Q4 and 9.0% for the year.

Equity performance of the Trefethen Senior Housing REITs index (see Page 4) declined -2.4% for the Q4 and -15.1% for the year, while the Trefethen Senior Housing Operators Index (see Page 6) declined -28.6% for the Q4 and declined -43.1% for the year. While the rest of the market was rallying, at least in the weeks after the presidential election, most senior care stocks tumbled in 2016 due to uncertainty over the direction of healthcare under the new administration and expected rising interest rates. Our Senior Housing Index Forward market cap price-to-FFO multiple ended December at 13.8x, up from 12.4x at the start of the year.



## Treasury Rates

	12/31/2016	- 1 Wk.	- 3 Mo	- 6 Mo	- 12 Mo
1-Year	0.85%	0.87%	0.59%	0.45%	0.65%
10-Year	2.45%	2.55%	1.60%	1.46%	2.27%
30-Year	3.06%	3.12%	2.32%	2.24%	3.01%

In response to President-Elect Trump's victory and Fed's decision on an interest rate hike, the 10-year U.S. Treasury yield soared past the 2% mark for the first time since early January.

## 10-Year Treasury Yield

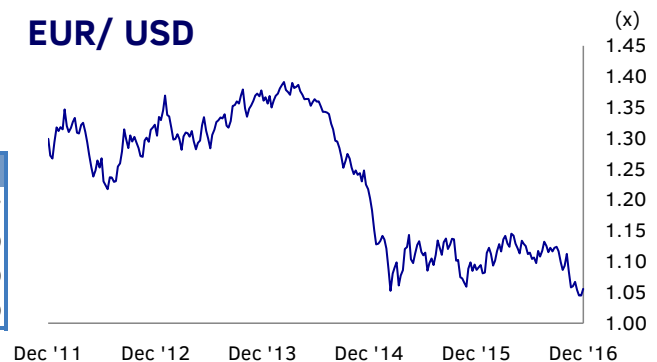


## Exchange Rates

	12/31/2016	- 1 Wk.	- 3 Mo	- 6 Mo	- 12 Mo
GBP/USD	1.23	1.22	1.30	1.33	1.47
EUR/USD	1.06	1.04	1.12	1.11	1.09
USD/JPY	116.75	117.27	101.28	102.54	120.20
USD/CNY	6.94	6.94	6.67	6.66	6.49

Similar to fixed income markets, the U.S. Dollar experienced a sharp rise as the result of President-Elect Trump's victory and interest rate hike during the fourth quarter.

## EUR/ USD

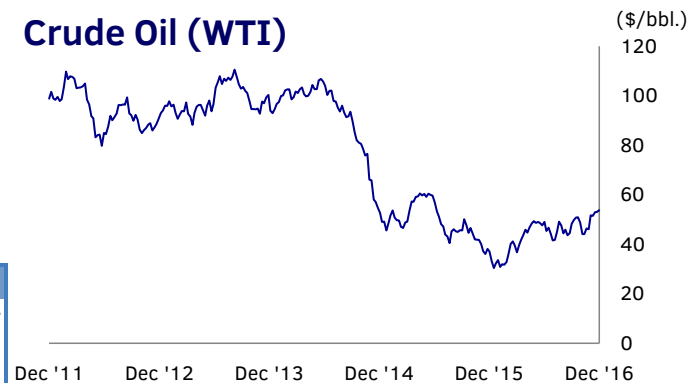


## Commodity Markets

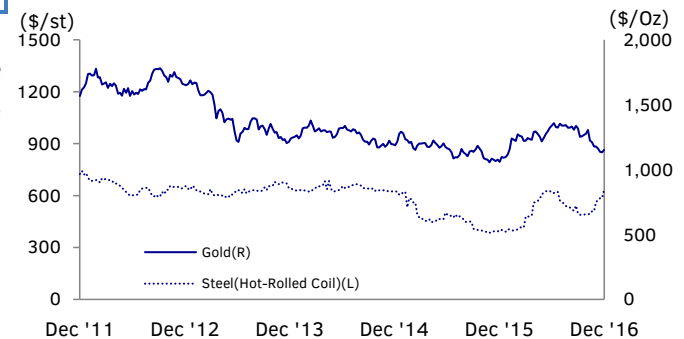
	12/31/2016	- 1 Wk.	- 3 Mo	- 6 Mo	- 12 Mo
Crude Oil	54.66	53.92	48.82	49.65	38.17
Gold	1,151.70	1,133.60	1,317.10	1,339.00	1,060.20
Silver	15.99	15.72	19.21	19.59	13.80
Wheat	53.72	53.02	48.24	48.99	37.04
Corn	4.08	3.93	4.02	4.30	4.70

On the last day of November, OPEC agreed to cut output by 1.2 million barrels per day. It was the first output cut decision since 2008. This sent oil prices soaring, with WTI Crude futures passing \$50 per barrel.

## Crude Oil (WTI)



## Steel & Gold



Source: Capital IQ

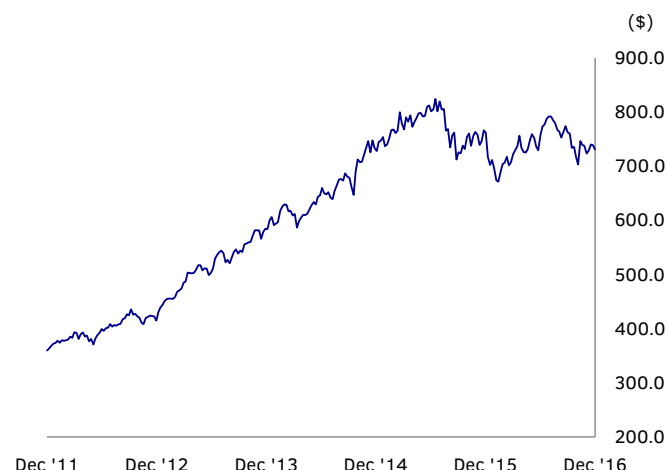
### S&P 500 Healthcare Index

One-Month High	805.5	5-Year High	892.3
One-Month Low	782.7	5-Year Low	405.2
Monthly Change	1.4%	5-Year Change	98.3%



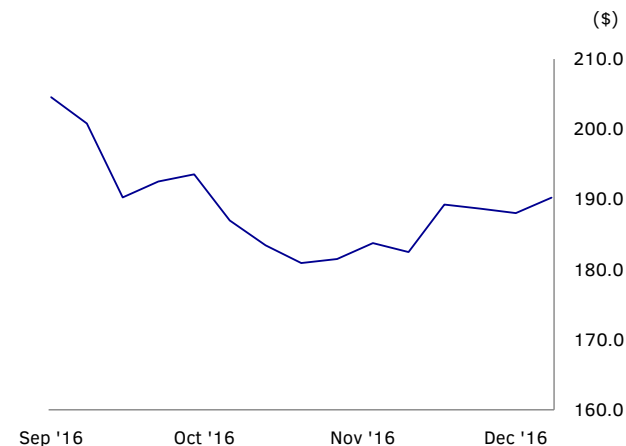
### Dow Jones U.S. Healthcare Index

One-Month High	740.0	5-Year High	826.1
One-Month Low	719.3	5-Year Low	361.7
Monthly Change	1.4%	5-Year Change	103.3%



### S&P 500 Real Estate Index

One-Month High	191.5	5-Year High	204.9
One-Month Low	180.4	5-Year Low	180.4
Monthly Change	5.4%	5-Year Change	NA



### Dow Jones U.S. Real Estate Index

One-Month High	306.0	5-Year High	338.0
One-Month Low	290.1	5-Year Low	218.9
Monthly Change	5.1%	5-Year Change	38.3%



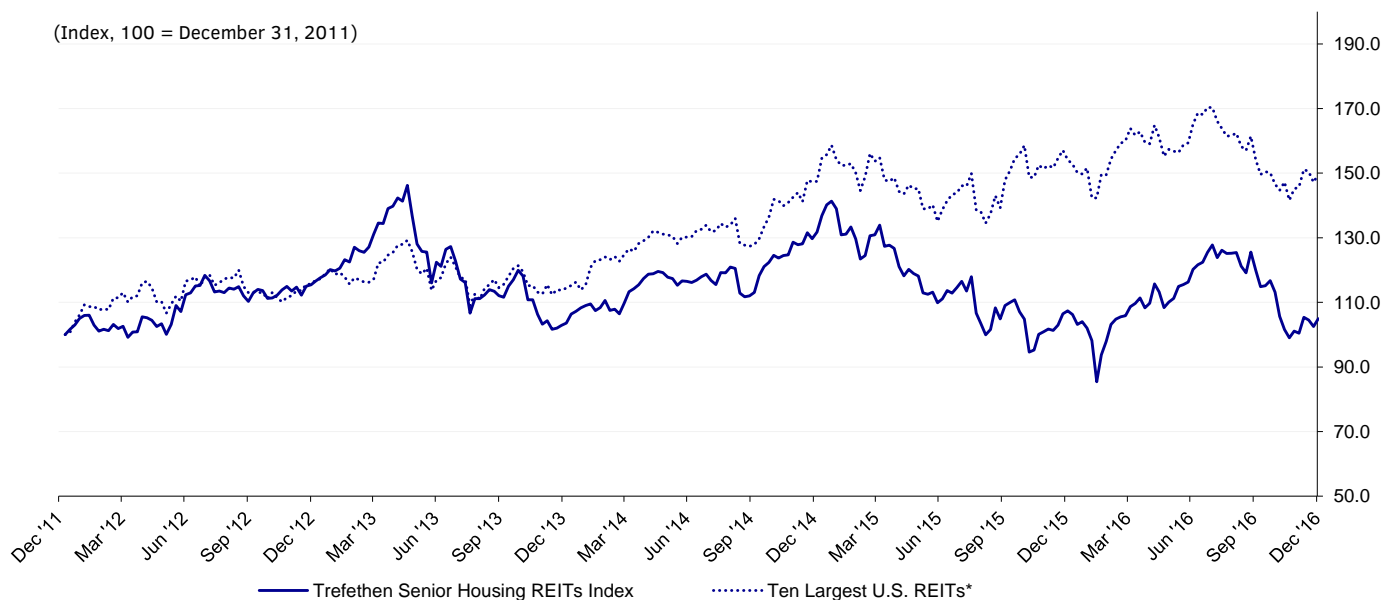
Source: Capital IQ

(\$MM, Except per Share Data)			(USD \$)			Selected Financial Data (USD \$)				
Security	Ticker	Most Recent Qtr. End	Last 12/31/16	52 W High	52 W Low	Market Cap.	Net Debt	TEV	LTM EPS	LTM FFO
<b>SENIOR HOUSING - REITs</b>										
WELLTOWER, INC.	HCN	12/16	66.93	80.19	52.80	24,264	11,939	39,141	2.81	1,639
VENTAS, INC.	VTR	12/16	62.52	76.80	46.87	22,139	10,841	33,593	1.86	1,436
HCP, INC.	HCP	12/16	29.72	40.43	25.11	13,897	9,100	25,083	0.77	1,278
OMEGA HEALTHCARE INVESTORS, INC.	OHI	12/16	31.26	38.09	26.96	6,100	4,273	10,854	1.90	685
SENIOR HOUSING PROPERTIES TRUST	SNH	12/16	18.93	23.85	13.53	4,497	3,683	8,109	0.60	444
NATL HEALTH INVESTORS, INC.	NHI	12/16	74.17	82.53	54.51	2,956	1,115	4,048	3.87	190
LTC PROPERTIES, INC.	LTC	12/16	46.98	54.20	40.55	1,843	601	2,428	2.21	118
SABRA HEALTH CARE REIT, INC.	SBRA	12/16	24.42	26.40	14.92	1,594	1,174	2,760	0.92	150
NEW SENIOR INVESTMENT GROUP, INC.	SNR	12/16	9.79	12.68	7.78	804	2,072	2,877	(0.88)	107

(\$MM, Except per Share Data)		LTM Margins		Selected Ratio			
Security	Ticker	FFO	Earnings from Cont. Ops.	Revenue Growth	FFO Growth	Total Debt / TEV	Dividend Yield
<b>SENIOR HOUSING - REITs</b>							
WELLTOWER, INC.	HCN	38.4%	25.9%	14.0%	7.1%	31.6%	5.2%
VENTAS, INC.	VTR	41.7%	18.9%	5.0%	(3.7%)	33.1%	4.7%
HCP, INC.	HCP	52.4%	17.6%	9.7%	(12.8%)	36.7%	5.0%
OMEGA HEALTHCARE INVESTORS, INC.	OHI	92.3%	42.6%	21.1%	22.0%	40.2%	7.8%
SENIOR HOUSING PROPERTIES TRUST	SNH	42.0%	13.4%	9.4%	3.9%	45.8%	8.2%
NATL HEALTH INVESTORS, INC.	NHI	76.7%	61.8%	11.6%	8.5%	27.7%	4.9%
LTC PROPERTIES, INC.	LTC	72.9%	52.5%	20.8%	15.3%	25.1%	4.9%
SABRA HEALTH CARE REIT, INC.	SBRA	57.2%	26.9%	16.6%	7.6%	43.9%	6.9%
NEW SENIOR INVESTMENT GROUP, INC.	SNR	22.6%	(15.3%)	39.1%	8.0%	74.1%	10.6%

## REITs Index

(Index, 100 = December 31, 2011)



Note: Market Cap. Weighted Index

\*constitutes Public Storage; Digital Residential Trust; Equity Residential; Extra Space Storage; Avalonbay Communities; Simon Property Group; General Growth Properties; Prologis; Boston Properties; Vornado Realty Trust

Source: Capital IQ

(\$MM, Except per Share Data)			Price/Earnings			TEV/EBITDA			Leverage	
Security	Ticker	Most Recent Qtr. End	LTM	CY (Est)	+1Y (Est)	LTM	CY (Est)	+1Y (Est)	Total Debt	Total Debt / LTM EBITDA
<b>SENIOR HOUSING - REITs</b>										
WELLTOWER, INC.	HCN	12/16	29.5	31.0	29.0	17.51	18.59	17.65	12,358	5.5x
VENTAS, INC.	VTR	12/16	37.7	37.8	33.0	17.84	16.62	15.05	11,127	5.9x
HCP, INC.	HCP	12/16	NM	24.0	34.0	14.87	20.42	20.27	9,194	5.5x
OMEGA HEALTHCARE INVESTORS, INC.	OHI	12/16	19.7	17.9	15.8	14.08	12.18	11.58	4,367	5.7x
SENIOR HOUSING PROPERTIES TRUST	SNH	12/16	41.8	31.2	31.0	13.42	13.18	13.04	3,714	6.1x
NATL HEALTH INVESTORS, INC.	NHI	12/16	17.4	20.0	20.7	17.09	15.87	15.31	1,120	4.7x
LTC PROPERTIES, INC.	LTC	12/16	21.8	21.2	21.1	19.55	15.43	14.04	609	4.9x
SABRA HEALTH CARE REIT, INC.	SBRA	12/16	25.8	26.6	18.1	11.60	11.96	11.47	1,211	5.1x
NEW SENIOR INVESTMENT GROUP, INC.	SNR	12/16	NM	NM	NM	14.63	14.10	14.14	2,130	10.8x

(\$MM, Except per Share Data)			Last Twelve Months(LTM)			Est. 1 Yr. Forward			Implied Cap. Rate NTM EBITDA / (Market Cap. + Net Debt)
Security	Ticker		Price / FFO	FFO Yield	Price / Adj. FFO	Price / FFO	FFO Yield	Price / Adj. FFO	
<b>SENIOR HOUSING - REITs</b>									
WELLTOWER, INC.	HCN		14.9x	6.7%	17.0x	14.7x	6.8%	16.3x	5.9%
VENTAS, INC.	VTR		15.5x	6.4%	17.2x	14.3x	7.0%	15.7x	6.2%
HCP, INC.	HCP		11.1x	9.0%	11.9x	15.3x	6.5%	16.7x	5.6%
OMEGA HEALTHCARE INVESTORS, INC.	OHI		9.1x	11.0%	10.0x	8.2x	12.1%	9.2x	8.5%
SENIOR HOUSING PROPERTIES TRUST	SNH		10.0x	10.0%	10.9x	10.2x	9.8%	11.1x	7.5%
NATL HEALTH INVESTORS, INC.	NHI		15.6x	6.4%	17.4x	14.2x	7.1%	15.6x	6.3%
LTC PROPERTIES, INC.	LTC		15.6x	6.4%	17.1x	14.4x	6.9%	15.4x	6.5%
SABRA HEALTH CARE REIT, INC.	SBRA		10.6x	9.4%	11.3x	10.2x	9.8%	10.9x	8.3%
NEW SENIOR INVESTMENT GROUP, INC.	SNR		7.3x	13.7%	8.7x	7.3x	13.8%	8.3x	7.1%

### Market Cap. / Forward FFO Multiples

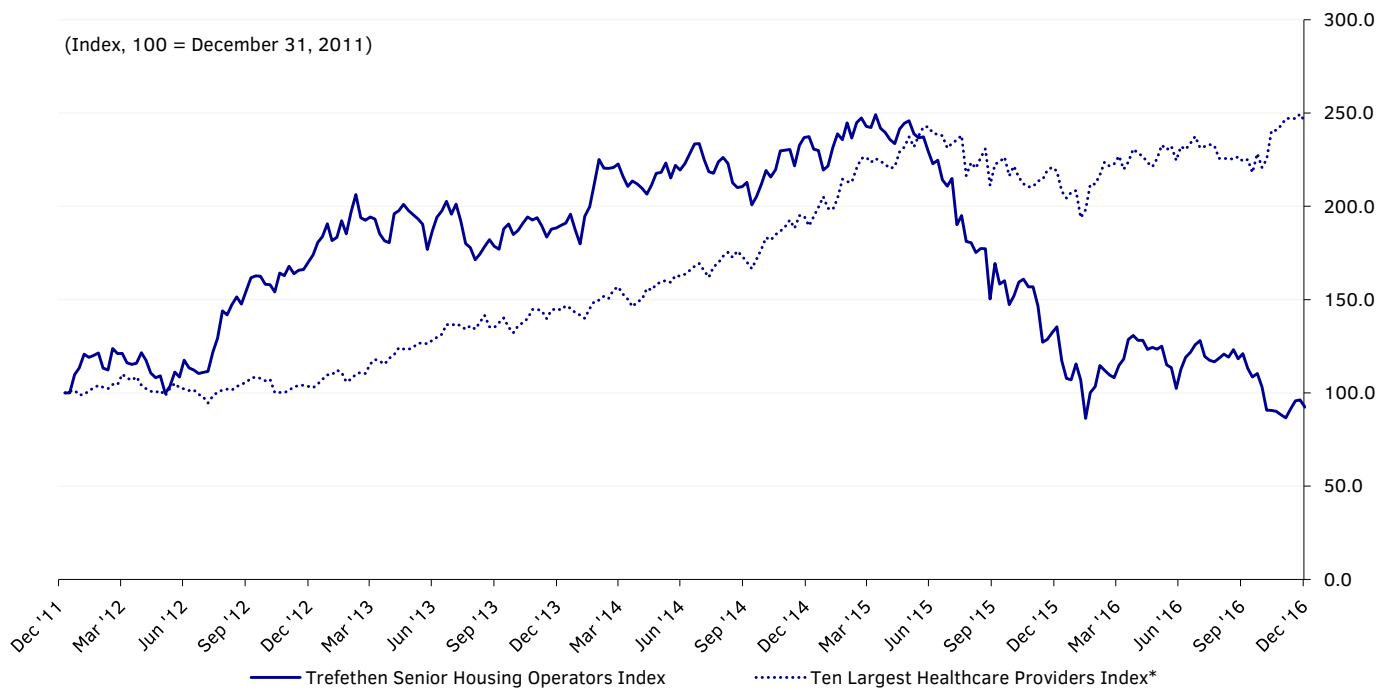


Source: Capital IQ

(\$MM, Except per Share Data)			(USD \$)			Selected Financial Data (USD \$)				
Security	Ticker	Most Recent Qtr. End	Last 12/31/16	52 W High	52 W Low	Market Cap.	Net Debt	TEV	LTM EPS	LTM EBITDA
<b>SENIOR HOUSING - OPERATORS</b>										
BROOKDALE SENIOR LIVING, INC.	BKD	12/16	12.42	19.71	10.65	2,311	5,829	8,467	(2.18)	935
CAPITAL SENIOR LIVING CORP.	CSU	12/16	16.05	20.85	12.65	481	905	1,358	(0.97)	106
FIVE STAR QUALITY CARE, INC.	FVE	12/16	2.70	3.14	1.65	134	29	136	(0.45)	24

(\$MM, Except per Share Data)		Margins			Selected Ratio		
Security	Ticker	Gross Profit	EBITDA	Earnings from Cont. Ops.	Revenue Growth	EBITDA Growth	Total Debt / TEV
<b>SENIOR HOUSING - OPERATORS</b>							
BROOKDALE SENIOR LIVING, INC.	BKD	34.0%	18.8%	(9.5%)	0.0%	(1.9%)	71.4%
CAPITAL SENIOR LIVING CORP.	CSU	41.9%	23.9%	(6.3%)	8.5%	3.7%	69.2%
FIVE STAR QUALITY CARE, INC.	FVE	51.6%	1.7%	(2.0%)	0.3%	(18.1%)	44.4%

## Operators Index



Note: Market Cap. Weighted Index

\* constitutes UnitedHealth Group; Express Scripts; Aetna; Anthem; Cigna; HCA Holdings; Humana; Centene; Lab Corp. of America; DaVita HealthCare Partners

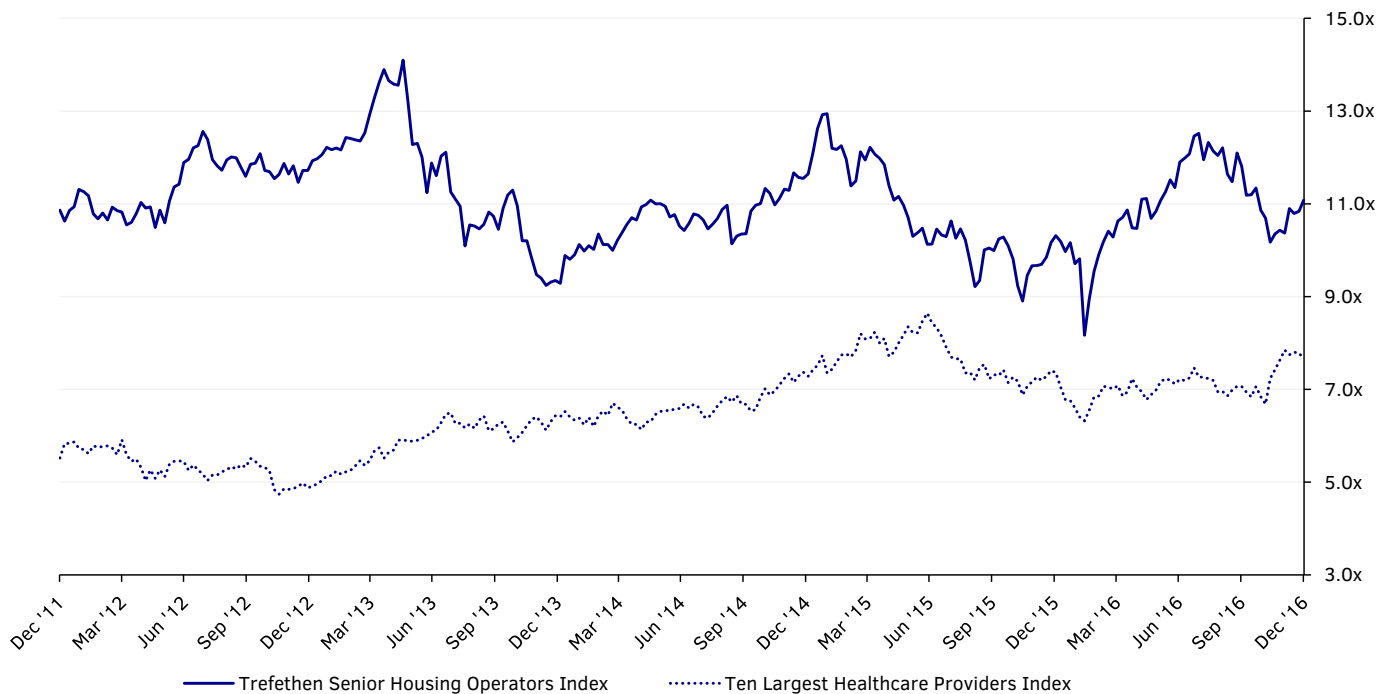
Source: Capital IQ

(\$MM, Except per Share Data)				Price/Earnings			TEV/EBITDA			Leverage	
Security	Ticker	Most Recent Qtr. End	LTM	NTM (Est)	+2Y (Est)	LTM	NTM (Est)	+2Y (Est)	Total Debt	Total Debt / LTM EBITDA	
<b>SENIOR HOUSING - OPERATORS</b>											
BROOKDALE SENIOR LIVING, INC.	BKD	12/16	NM	NM	NM	9.06	10.81	11.27	6,045	6.5x	
CAPITAL SENIOR LIVING CORP.	CSU	12/16	NM	NM	NM	12.76	13.31	12.07	939	8.8x	
FIVE STAR QUALITY CARE, INC.	FVE	12/16	NM	NM	NM	5.71	6.04	4.62	60	2.5x	

(\$MM, Except per Share Data)		Revenue*		Occupancy*		Units*	
Security	Ticker	Private Pay	Medicare / Medicaid	IL	AL	IL	AL
<b>SENIOR HOUSING - OPERATORS</b>							
BROOKDALE SENIOR LIVING, INC.	BKD	82.1%	17.9%	86.0% (Overall)		77,135	
CAPITAL SENIOR LIVING CORP.	CSU	94.5%	5.5%	88.4% (Overall)		5,227	6,928
FIVE STAR QUALITY CARE, INC.	FVE	78.2%	21.8%	83.8% (Overall)		13,142	

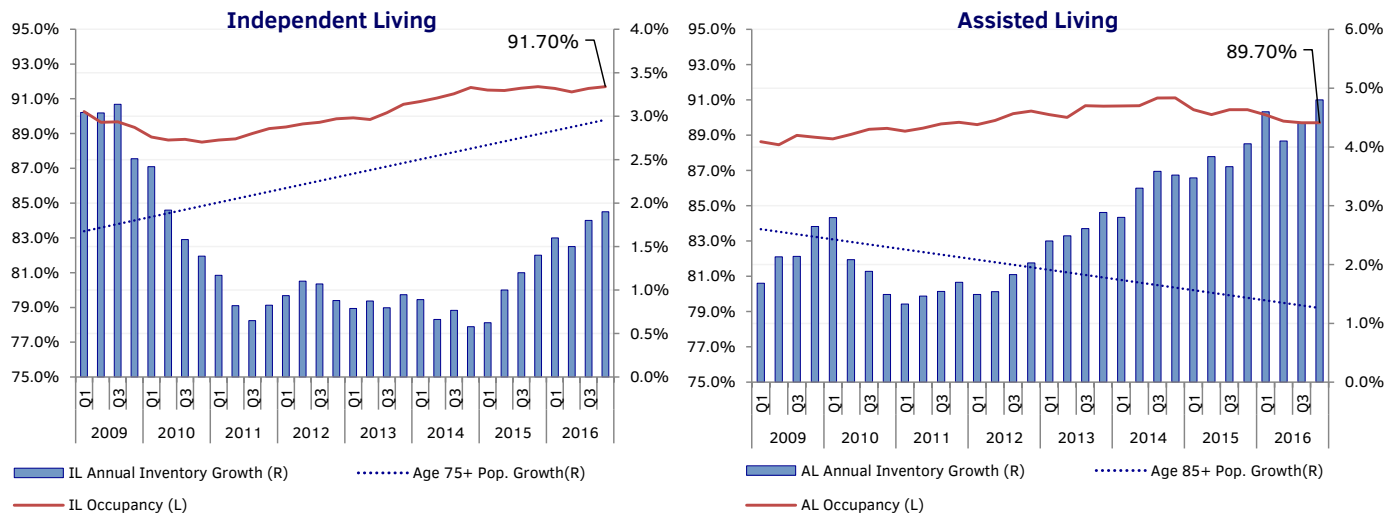
\*as of 12/31/2016

### Market Cap. / NTM EBITDA Multiples



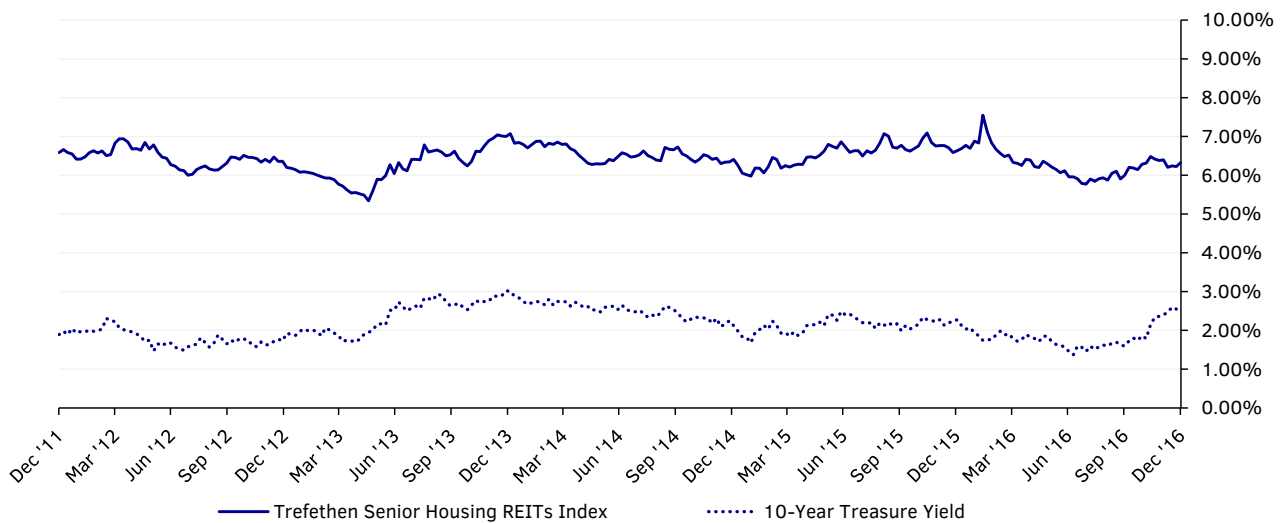
Source: Capital IQ

## Senior Housing Trends



Source: NIC MAP; U.S. Census  
Note: Population Growth is based on estimates

## Weighted Implied Cap. Rate vs. 10-Yr U.S. Treasury Yield

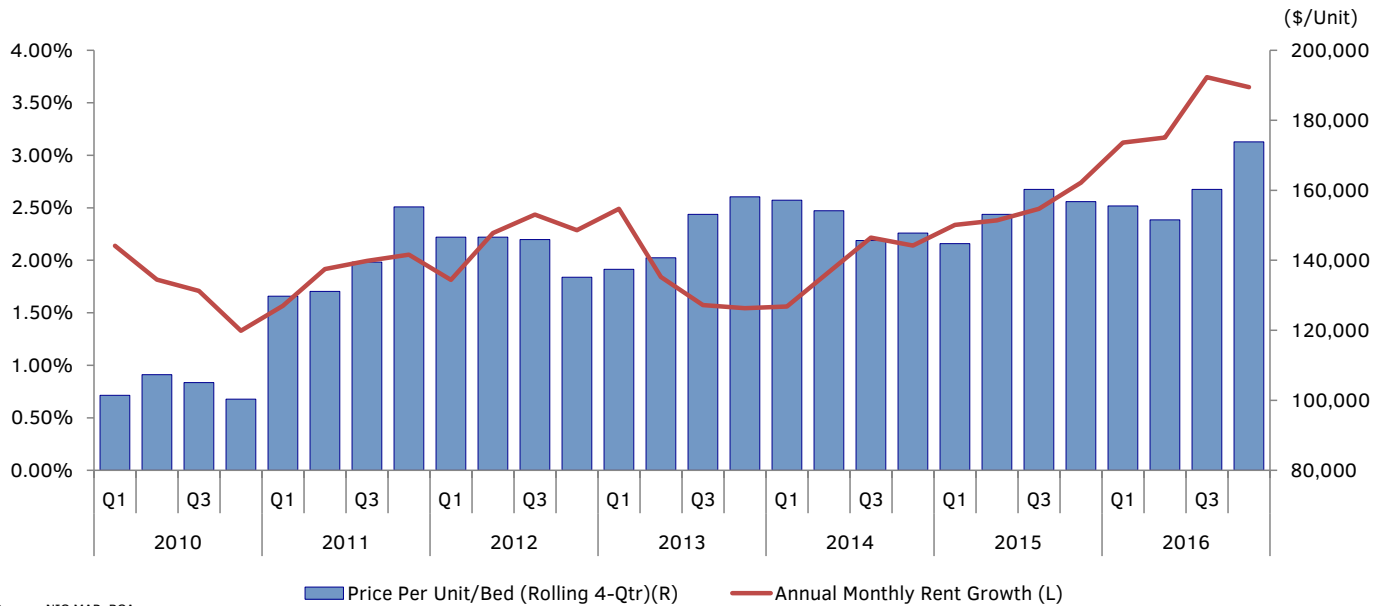


Note: Implied Cap. Rate is derived from NOI divided market cap + total debt - cash

Coming out of the recession, development primarily focused on Assisted Living, inventory growth is well above the growth rate of the 85-plus population. This has resulted in downward pressure on overall occupancy. Likewise, the lack of development of independent living properties, rising home values and low inventory growth rate has pushed occupancy levels for this segment to pre-recession levels. The spread between the implied cap. rates of Trefethen's Senior Housing REITs index reached to 377 bps against the 10-year U.S. Treasury Yield as investors continue to purchase Treasuries as a safe investment option. Cap. rates during December grew to 6.27% and continue to hover around their 5-year average of 6.42%. Analysts believe that the AL market is being overbuilt and occupancy is expected to experience downward pressure in 2017 due to this supply/demand imbalance. Many developers are focused on creating more appealing communities in an attempt to expand the demand by seniors through the addition of on-premise movie theaters, shopping centers, etc. which is a trend that continues to develop in the market with new properties.

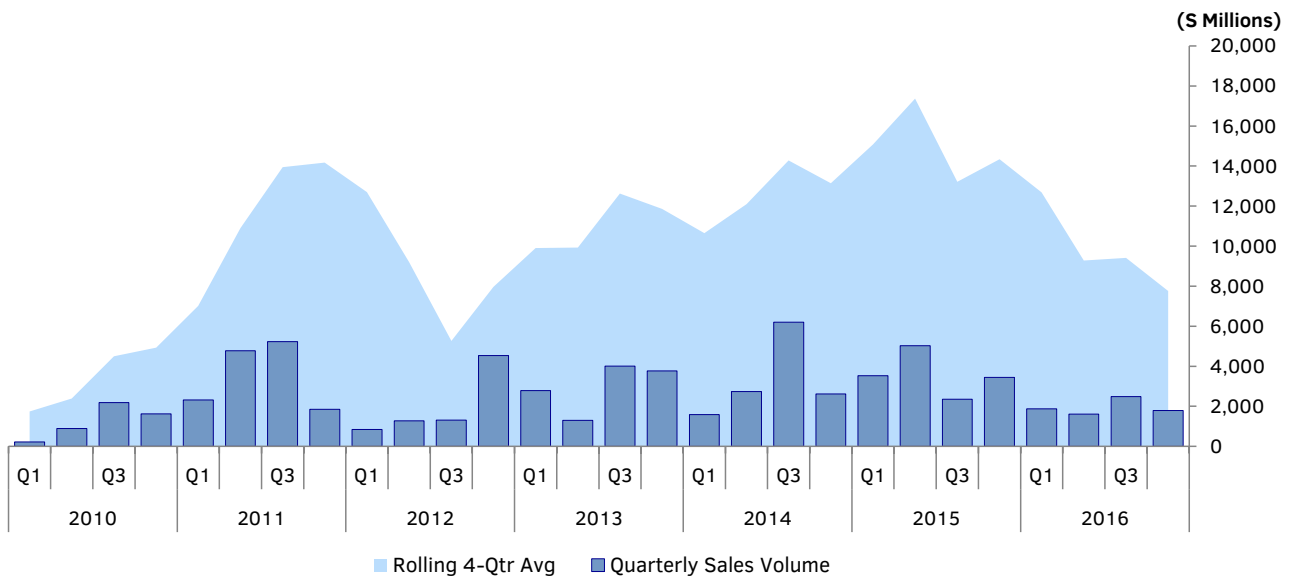


### Senior Housing Transaction Value



Source: NIC MAP, RCA

### Senior Housing Transaction Volume



Source: NIC MAP, RCA

For the last quarter of 2016, we saw the average price per unit for senior housing properties traded their cyclical highs of \$174,000 per unit and rent growth climbed to 3.65%. Transaction levels in the U.S. seniors housing market continued to decline after a rebound in third quarter, with dollar volume of approximately \$1.8 billion in Q4. Total volume decreased 48% compared to the same quarter in 2015. Much of volume was contributed to one transaction. On November 16, Blackstone Real Estate Partners VIII L.P. announced it would pay \$1.125 billion for 64 seniors housing properties from HCP, Inc. Activity has started slowing down significantly since the second quarter of 2015. We continue to see instability in the senior housing M&A markets due to investor perceptions that occupancy rates are likely to fall in 2017 due to new construction and likely reimbursement cuts in healthcare.

## Announced Senior Housing Transactions

Date	Target	Type	Units	Unit Note	Location	Acquirer	Price	PPU
Dec-16	15 assisted living communities	Majority AL	687	-	Wisconsin	The Ensign Group, Inc.	\$ -	\$ -
Dec-16	The Oaks in Flower Mound	Majority AL	92	-	Texas	Capitol Seniors Housing	\$ 26,000,000	\$ 282,609
Dec-16	7 assisted living communities	Majority AL	523 (beds)	-	North Carolina	Affinity Living Group	\$ -	\$ -
Dec-16	Woodridge Supportive Living	Majority AL	60	-	Illinois	Regional operator	\$ 7,500,000	\$ 125,000
Dec-16	The Wellington	Majority IL	233	-	California	Not disclosed	\$ 99,000,000	\$ 424,893
Dec-16	Bishop Spencer Place	Majority IL	211 (beds)	-	Missouri	Saint Luke's Health System	\$ -	\$ -
Dec-16	U.S. Memory Care portfolio	Majority IL	280	-	Texas	Private investor	\$ -	\$ -
Dec-16	Brookside Retirement Community	Majority IL	132	-	Alabama	Florida-based operator	\$ 9,650,000	\$ 73,106
Dec-16	Alamance House	Majority AL	-	-	North Carolina	Burlington Propco Holdings LLC	\$ 11,760,000	\$ -
Dec-16	Stonehaven Assisted Living	Majority AL	80 (beds)	-	Arkansas	Cornerstone Healthcare Group	\$ -	\$ -
Dec-16	Royal Haven at Woodstock	Majority AL	45	-	Virginia	Regional operator	\$ -	\$ -
Dec-16	The Esplanade	Majority IL	239	-	New York	Joint venture	\$ 150,000,000	\$ 627,615
Dec-16	5 assisted living communities	Majority AL	225	-	Florida	Private investor	\$ 16,000,000	\$ 71,111
Dec-16	2 senior living communities	Majority IL	107	-	Louisiana	Griffin-American Healthcare REIT IV	\$ 16,800,000	\$ 157,009
Dec-16	Horizon Bay at Hyde Park	Majority IL	136	-	Florida	Joint venture	\$ 74,000,000	\$ 544,118
Dec-16	Elite Care at Sylvan Park	Majority AL	48	-	Washington	Regional operator	\$ 7,500,000	\$ 156,250
Dec-16	Park at Trowbridge	Majority IL	298	-	Michigan	Private equity group	\$ 12,500,000	\$ 41,946
Nov-16	Wood River Village	Majority IL	356	-	Pennsylvania	Juniper Communities, LLC	\$ 13,650,000	\$ 38,343
Nov-16	The Golden Crest Assisted Living	Majority AL	52	-	New Hampshire	Public REIT	\$ 7,260,000	\$ 139,615
Nov-16	The Palazzo	Majority IL	359	-	Arizona	Joint venture	\$ -	\$ -
Nov-16	The Montecito Santa Fe	Majority IL	99	-	New Mexico	Sabra Health Care REIT	\$ 22,000,000	\$ 222,222
Nov-16	2 assisted living communities	Majority AL	65	-	Minnesota	Not disclosed	\$ 15,500,000	\$ 238,462
Nov-16	3 memory care communities	Majority AL	171	-	Arkansas, Texas	Mainstreet Health Investments	\$ 44,300,000	\$ 259,064
Nov-16	Oakwood Terrace	Majority AL	35	-	Pennsylvania	Premier Senior Living, LLC	\$ 8,500,000	\$ 242,857
Nov-16	Retirement Concepts	Majority IL	-	-	British Columbia	Anband Insurance Group	\$ 744,000,000	\$ -

Source: Capital IQ, Irving Levin & Associates

## Announced Senior Housing Transactions

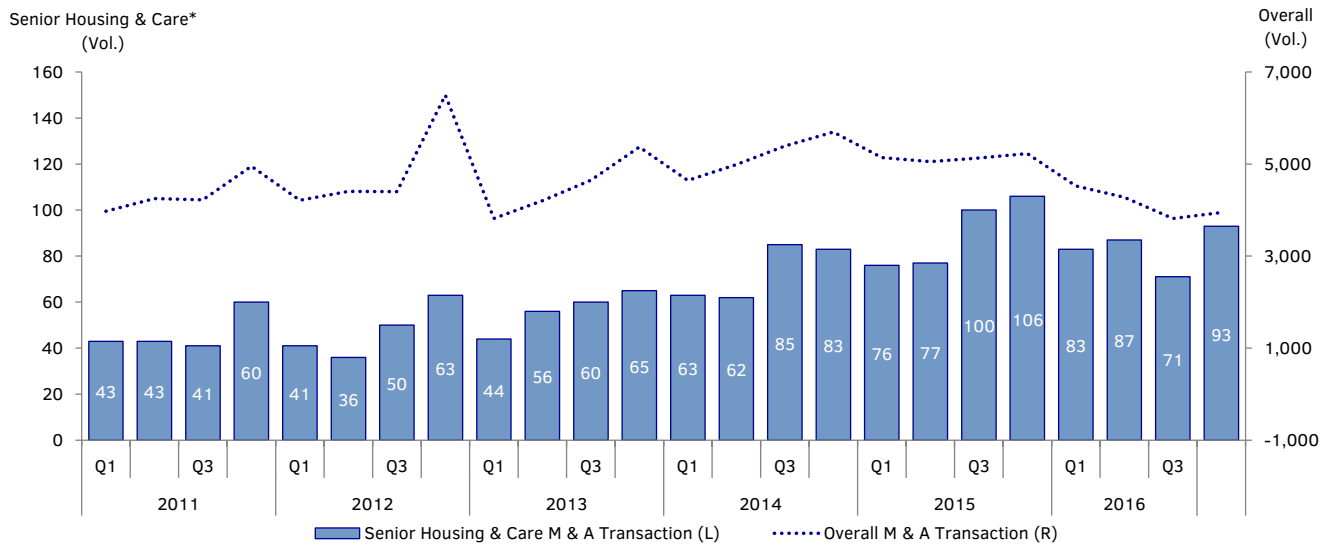
Date	Target	Type	Units	Unit Note	Location	Acquirer	Price	PPU
Nov-16	The Montecito Santa Fe	Majority IL	99	-	New Mexico	Sabra Health Care REIT	\$ 22,000,000	\$ 222,222
Nov-16	Sunrise Ridge	Majority AL	45	-	Alabama	Atlas Senior Living	\$ 4,500,000	\$ 100,000
Nov-16	Friendship Villas at La Cholla	Majority AL	103 (beds)	-	Arizona	Joint venture	\$ 15,400,000	\$ 149,515
Nov-16	The Waters of Edina	Majority AL	139	-	Minnesota	Institutional investor	\$ -	\$ -
Nov-16	Assisted living/memory care community	Majority AL	119	-	California	Regional owner/operator	\$ 15,500,000	\$ 130,252
Nov-16	Hilltop House Assisted Living	Majority AL	75	-	Virginia	Private REIT	\$ 9,380,000	\$ 125,067
Nov-16	Regent Court & Sun Oak	Majority AL	63	-	California	Summit Healthcare REIT, Inc.	\$ 23,000,000	\$ 365,079
Nov-16	Healthcare real estate portfolio	Majority IL	-	-	Various	Taikang Insurance Group	\$ 600,000,000	\$ -
Nov-16	Homestead Manor Assisted Living	Majority AL	61	-	Maryland	Regional operator	\$ 5,500,000	\$ 90,164
Nov-16	Eventide Home	Majority IL	60 (beds)	-	Massachusetts	O'Connell Development	\$ 3,700,000	\$ 61,667
Nov-16	Oakwood Village	Majority IL	77	-	Louisiana	Fortegra Financial Corporation	\$ 11,500,000	\$ 149,351
Nov-16	Independent living portfolio	Majority IL	371	-	Michigan	Green Courte Partners	\$ -	\$ -
Nov-16	Evergreen Woods	Majority IL	299 (units/beds)	-	Connecticut	National Health Investors, Inc.	\$ 69,400,000	\$ 247,492
Nov-16	2 senior housing properties	Majority IL	188	-	Florida	Welltower, Inc.	\$ 52,000,000	\$ 276,596
Nov-16	39 senior care properties	Majority IL	-	-	Various	Joint venture	\$ 930,000,000	\$ -
Nov-16	Assisted living community	Majority AL	114 (beds)	-	Florida	Omega Healthcare Investors, Inc.	\$ 4,300,000	\$ 37,719
Nov-16	Assisted living community	Majority AL	156	-	Florida	Omega Healthcare Investors, Inc.	\$ 16,500,000	\$ 105,769
Nov-16	Forever Young Senior Living	Majority AL	16	-	Texas	Independent real estate owner	\$ 2,575,000	\$ 160,938
Nov-16	Westchester Meadows	Majority IL	120	-	New York	Bethel Homes and Services	\$ -	\$ -
Nov-16	3 senior housing communities	Majority IL	405	-	Massachusetts	Capital Senior Living Corporation	\$ 74,000,000	\$ 182,716
Nov-16	64 senior housing properties	Majority IL	5,967	-	Various	Blackstone Real Estate Partners VIII L.P.	\$ 1,125,000,000	\$ 188,537
Oct-16	River Oaks Retirement Community	Majority IL	102	-	California	Ray Stone, Inc.	\$ 18,350,000	\$ 179,902
Oct-16	Tealridge Assisted Living & Memory Care	Majority AL	65	-	Oklahoma	Not-for-profit organization	\$ 6,750,000	\$ 103,846
Oct-16	2 personal care homes	Majority AL	126	-	Pennsylvania	National owner/operator	\$ 19,000,000	\$ 150,794
Oct-16	7 assisted living/memory care communities	Majority AL	526	-	Virginia	HCP, Inc.	\$ 186,250,000	\$ 354,087

Source: Capital IQ, Irving Levin & Associates

## Announced Senior Housing Transactions

Date	Target	Type	Units	Unit Note	Location	Acquirer	Price	PPU
Oct-16	North River Village	Majority AL	52	-	Alabama	Joint venture	\$ 3,800,000	\$ 73,077
Oct-16	Rosemont of Kingwood	Majority AL	96	-	Texas	Not disclosed	\$ -	\$ -
Oct-16	Village of the Falls	Majority AL	37	-	Ohio	Ohio-based owner/operator	\$ 5,800,000	\$ 156,757
Oct-16	Wyndham Lakes	Majority AL	245	-	Florida	Private equity group	\$ 21,500,000	\$ 87,755
Oct-16	Assisted living community	Majority AL	126	-	Florida	ValStone Partners LLC	\$ 5,100,000	\$ 40,476
Oct-16	KindredHearts of Sun Prairie	Majority AL	114	-	Wisconsin	SHA Capital Partners	\$ 4,200,000	\$ 36,842
Oct-16	American Grand Assisted Living Suites	Majority AL	46	-	Wisconsin	Undisclosed	\$ 8,500,000	\$ 184,783
Oct-16	Villa Rosa Memory Care	Majority AL	50	-	California	Pacifica Companies LLC	\$ 6,500,000	\$ 130,000
Oct-16	St. Augustine Plantation	Majority AL	100	-	Florida	Not disclosed	\$ -	\$ -
Oct-16	Emmanuel Village Retirement Residence	Majority IL	102	-	Ontario	Revera Inc.	\$ -	\$ -
Oct-16	Brookdale Commerce & Brookdale Stone Mountain	Majority AL	94	-	Georgia	Local owner/operator	\$ 8,150,000	\$ 86,702
Oct-16	Episcopal Church Home	Majority IL	215 (units/beds)		Kentucky	Episcopal Retirement Services	\$ -	\$ -

## M&A Transaction Trends



Source: Capital IQ, Irving Levin & Associates

## M&A Valuation Metrics

After record-setting prices in the acquisition market in 2015, combined with a record number of transactions, 2016 turned out to be the second-most active year with 334 separate transactions and valuations have also held pretty stable with the 2015 records. So less activity, but continued high prices.

2016 was the repositioning year for two of the three largest REITs. HCP, Inc. completed its spinout of the HCR ManorCare assets which formed a new entity called Quality Care Properties. Welltower expected to execute \$3.3 billion of disposition during the fourth quarter.

Largely as a result of the decline in senior housing stock prices, M&A activity continued to decline in the fourth quarter to a slowest pace since 2013 with mostly single-property transactions changing hands through private transactions. A combination of anticipated increases in interest rates helped to drive down the stock prices of REITs. Historically, REITs have accounted for the majority of M&A activity in senior housing, although declining stock prices hampered their activity. Meanwhile, this left the door open for private buyers that increased their activity in the quarter and look to play a larger role in M&A activity in 2017.

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## About Trefethen Advisors, LLC

Trefethen Advisors, LLC is an independent financial and strategic advisory firm, serving leading middle-market public and private corporations, family offices, institutional investors, operating executives and individual business owners. Our hands-on senior partners have negotiated, structured, and completed more than \$8 billion in transactions. Trefethen's sector-focused model enables us to provide our clients with a complete perspective of the micro and macro economic trends affecting their industry and business, and influencing their complex strategic decisions.

Trefethen's collaborative approach consists of developing and executing value-maximizing strategies that are aligned with our clients' objectives. We offer a full range of financial and strategic advisory services (e.g., M&A; Corporate Finance; Financial Restructuring, ESOP Buyouts), and skilled transaction execution capabilities. Our principals have significant experience in senior housing and have extensive relationships with industry and capital markets participants. Our focus on value-added research provides our clients with insight on industry specific and macro issues affecting their business.

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# Maximizing Value for Clients

M&A – Sell Side	Amount Confidential	M&A – Sell Side	Amount Confidential	Financial Restructuring	Amount Confidential
 <p>Mark Suissa</p>					
The bankers of Trefethen Advisors acted as financial advisor on the sale of this 252-bed nursing home in Missouri		The bankers of Trefethen Advisors acted as exclusive financial advisor to Morningside Development Group and Living Care in the sale of a senior housing facility to CA Ventures		The bankers of Trefethen Advisors acted as financial advisor to The Fountains senior bank group in an out-of-court restructuring	

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