

ZIEGLER INVESTMENT BANKING

# NFP SENIOR LIVING SECTOR UPDATE

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**PRESENTED BY**

**Rich Scanlon**

Senior Managing Director

(312) 596-1572 (o)

(727) 560-3655 (c)

[rscanlon@ziegler.com](mailto:rscanlon@ziegler.com)

**Brandon Powell**

Managing Director

(804) 793 8499 (o)

(804) 402 7684 (c)

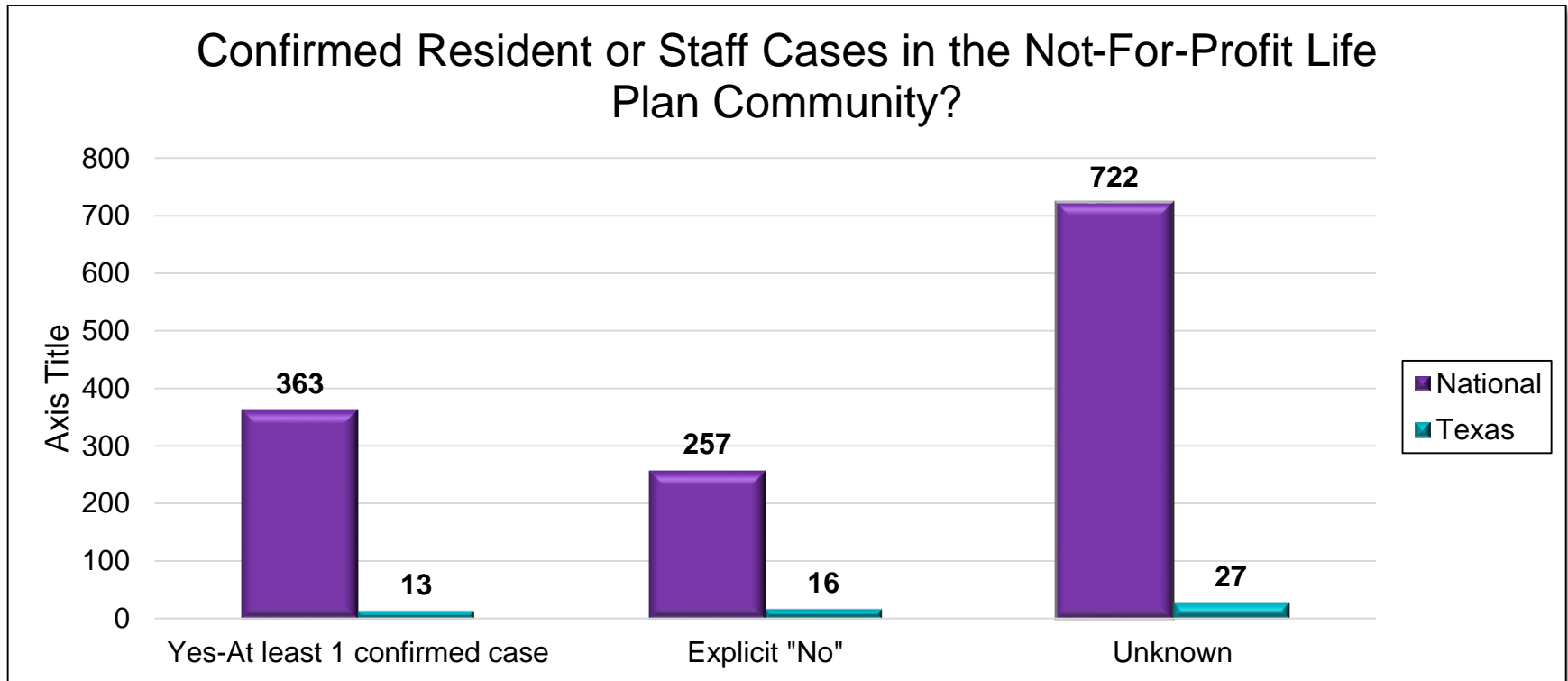
[bpowell@ziegler.com](mailto:bpowell@ziegler.com)

# A REVIEW OF ZIEGLER COVID-19 WEBINARS

Webinar	Date	Speakers
Borrower Preparedness Call	March 18	<b>Ziegler:</b> Dan Hermann, Adam Buchanan  <b>Guests:</b> Sean Kelly (Kendal), Andy McDonald (HumanGood), John Kotovsky (LSS), Torsten Hirche (Transforming Age), Steve Fleming (Well-Spring), Katie Sloan (LeadingAge)
Cares Act Overview: Focus on Paycheck Protection Program	April 1	<b>Zeigler:</b> Tommy Brewer, Tad Melton, Amy Castleberry, Adam Garcia
NFP Senior Living & Care Sector Update, COVID-19	April 22	<b>Ziegler:</b> Dan Hermann, Kevin Strom, Rich Scanlon, Adam Buchanan, Lavinia Criswell, Lisa McCracken  <b>Guest:</b> John Spooner (Greystone)
The Latest on Stimulus Packages Impact on Non-Profit Senior Living Providers	April 23	<b>Zeigler:</b> Tommy Brewer, Tad Melton, Amy Castleberry, Adam Garcia
NFP Senior Living & Care Sector Update, COVID-19	May 6	<b>Ziegler:</b> Dan Hermann, Kevin Strom, Rich Scanlon, Adam Buchanan, Lavinia Criswell, Lisa McCracken  <b>Guest:</b> Lisa Legeer (GlynnDevins)
Financial Markets & Sector Update Webinar	May 14	<b>Ziegler:</b> Dan Hermann, Kevin Strom, Rich Scanlon, Adam Buchanan, Lavinia Criswell, Lisa McCracken

# NFP SENIOR LIVING COVID-19 TRACKING

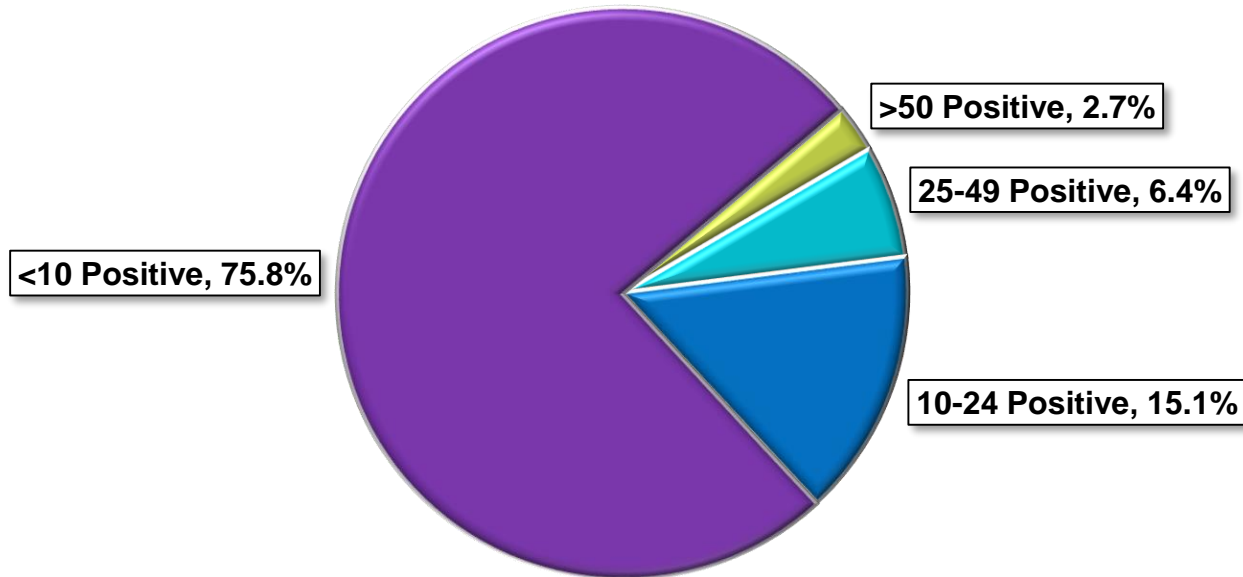
- Ziegler focused on identifying COVID-19 status among NFP Senior Living communities, particularly Life Plan Communities
  - Roughly 1,500 NFP Life Plan Communities nationally and 66 in Texas



# NFP SENIOR LIVING COVID-19 TRACKING

- NFP Life Plan Communities with a Positive COVID-19 Case
  - Communities with heavy SN and AL generally have higher numbers
- Widespread testing in future will likely have an impact as well

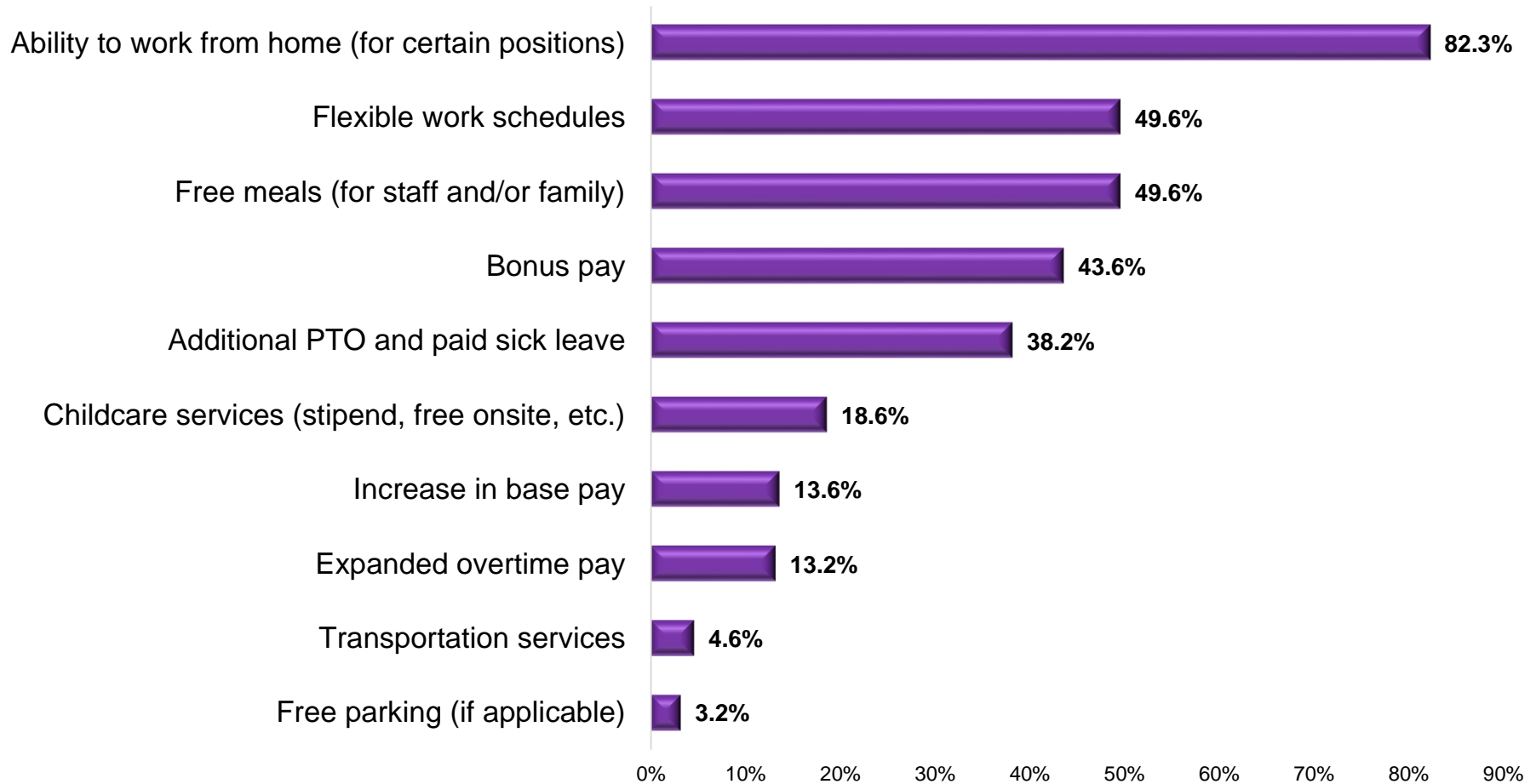
Number of Positive Cases  
(includes residents and staff)



*Note: Figures are preliminary and will very likely go up as Ziegler continues its research and updates reporting numbers*

# NFP SENIOR LIVING: ADDITIONAL STAFF WAGES AND BENEFITS DURING COVID-19

## Additional Benefits & Compensation Adjustments During COVID-19 Crisis



# PAYROLL PROTECTION PROGRAM LOANS

- For Round 1 of \$349 billion, Ziegler tracked 84 senior living providers (not all of whom had public debt outs.) that applied for \$195mm+ in PPP loans thru 45+/- banks (Truist = 15)
- Round 2 (\$310 billion) approved by Congress two weeks ago
- Accurate record keeping and adherence to PPP requirements are critical to minimize potential for loans not to be “forgiven” as borrowers anticipate
  - Borrowers should review carefully the required certification that “current economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant.”
  - SBA will audit any company taking out more than \$2.0mm from the PPP before that loan is forgiven
  - New guidelines for PPP certification as well as safe harbor date for PPP loan repayment is May 14<sup>th</sup>

# NFP LIFE PLAN COMMUNITIES: REVENUE, EXPENSE PRESSURES

- Providers are adapting
  - LPC marketing has adapted to move in restrictions and virtual marketing events
- Ziegler does not expect significant amount of DSRF draws or defaults in monthly payments to the Trustee unless LPC operations impacted deep into Q3
- Sector “payment defaults to date” – “headline news”
- Covenants that are being monitored
  - Temporary Debt - Marketing, Occupancy, CCOL
  - L/T Debt – Rate and Liquidity Covenants

# COVID-19 TOPICS FOR DISCUSSION WITH INVESTORS

- **Actual virus case statistics and safety protocols:**
  - General (cases of both residents and staff, deaths)
  - Operations related (preparedness, staffing, supplies)
- **Sales and Occupancy:**
  - Census related (current admissions status for each level of care)
  - Local senior living marketplace
- **New Projects / Construction, if applicable**
  - Project Related (ILU sales status)
  - Construction related (progressing or stalled, opening dates, move in, etc.)
- **Financial:**
  - Balance Sheet (virus impact on unrestricted liquidity)
  - Investment portfolio mix
  - Bank relationships and lines of credit, if needed
  - Government Entity Support/ CARES Act
    - Paycheck Protection Program (PPP) application status, what portion expected to be forgiven
    - Accounting treatment of PPP funds (debt, not grant)
    - Potential need for investor waivers/consents related to Additional Indebtedness covenant
    - Loan impact on financial ratios (DCOH, DSCR, NOM, etc.).

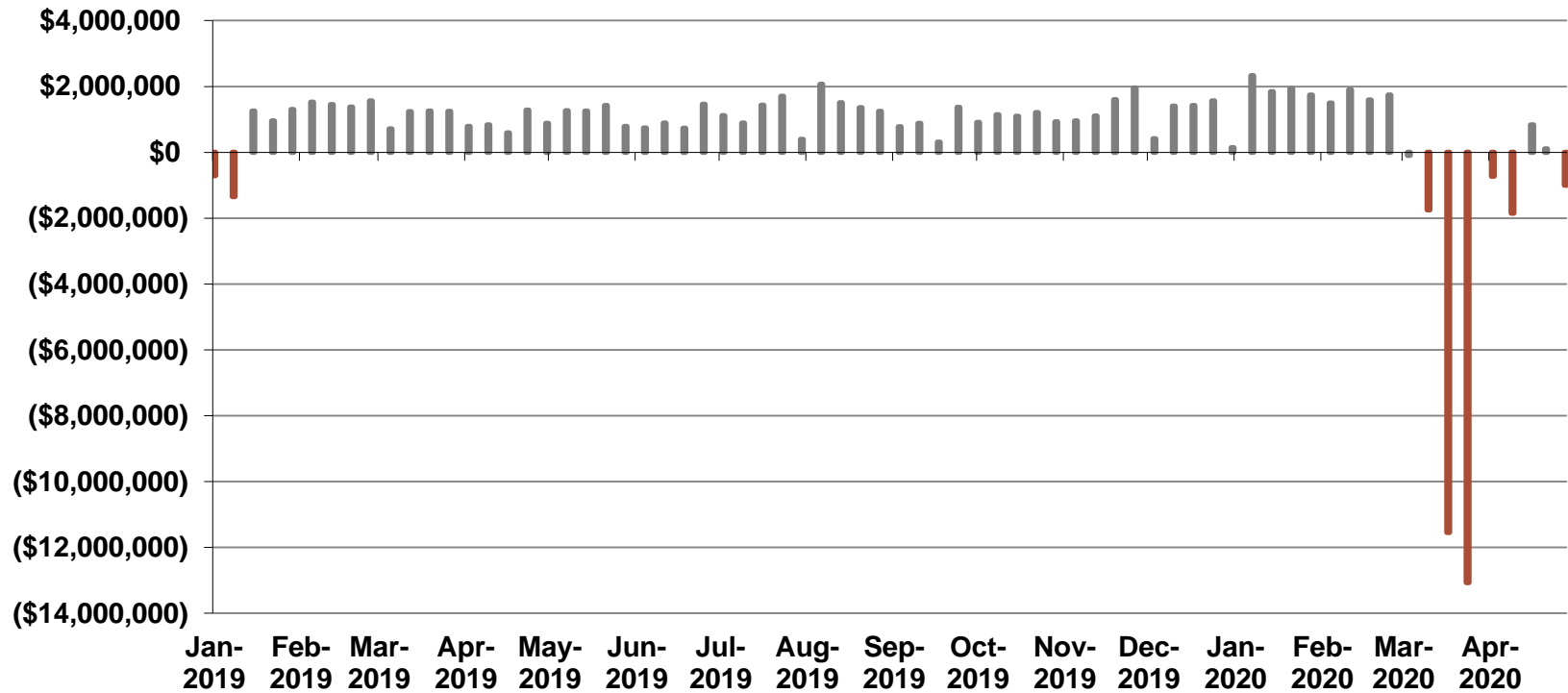


# ALL MUNICIPAL BOND FUNDS: INFLOWS/OUTFLOWS

## All Municipal Bond Funds Weekly Inflows/Outflows

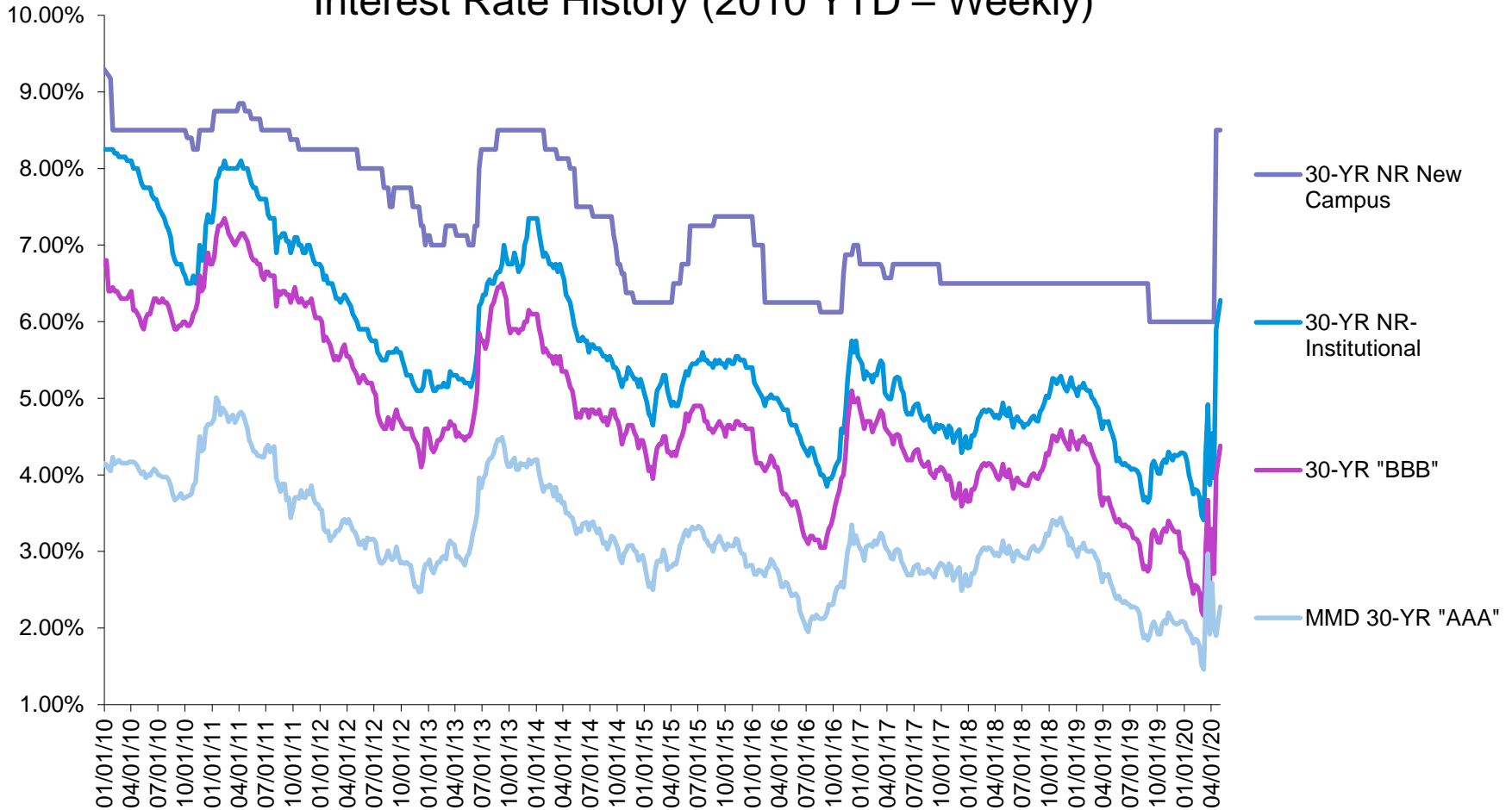
Muni funds report net cash outflows totaling \$996M

In/Outflows (\$000s)



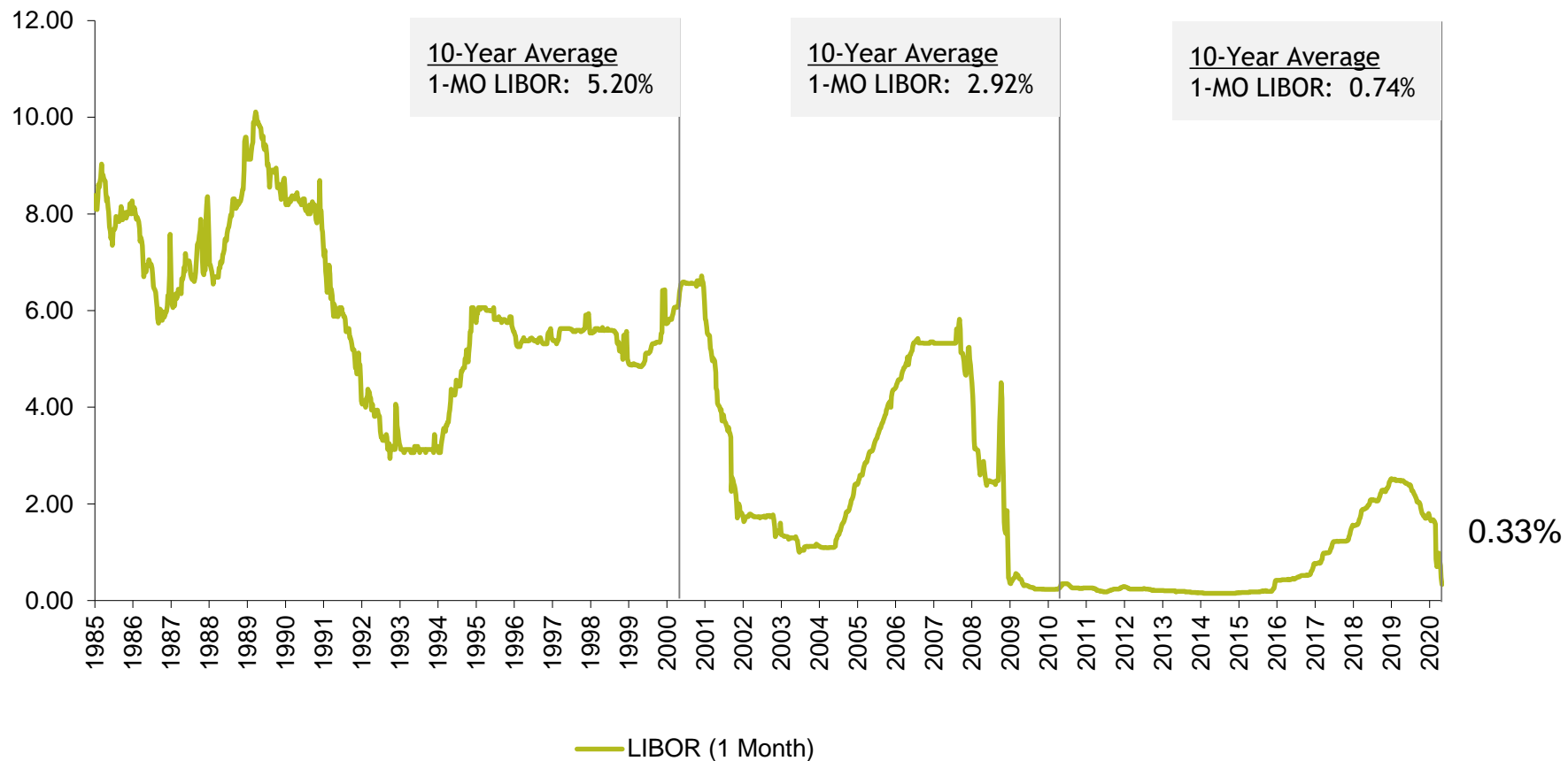
# COVID-19 IMPACT ON NEW PROJECT PLANNING

## Interest Rate History (2010 YTD – Weekly)



# VARIABLE INTEREST RATES RISK AND REWARD

Time Period	Average 1 Mo. LIBOR	70% Average of LIBOR
1990-2000	5.20%	3.64%
2000-2010	2.92%	2.04%
2010-2020	0.74%	0.52%



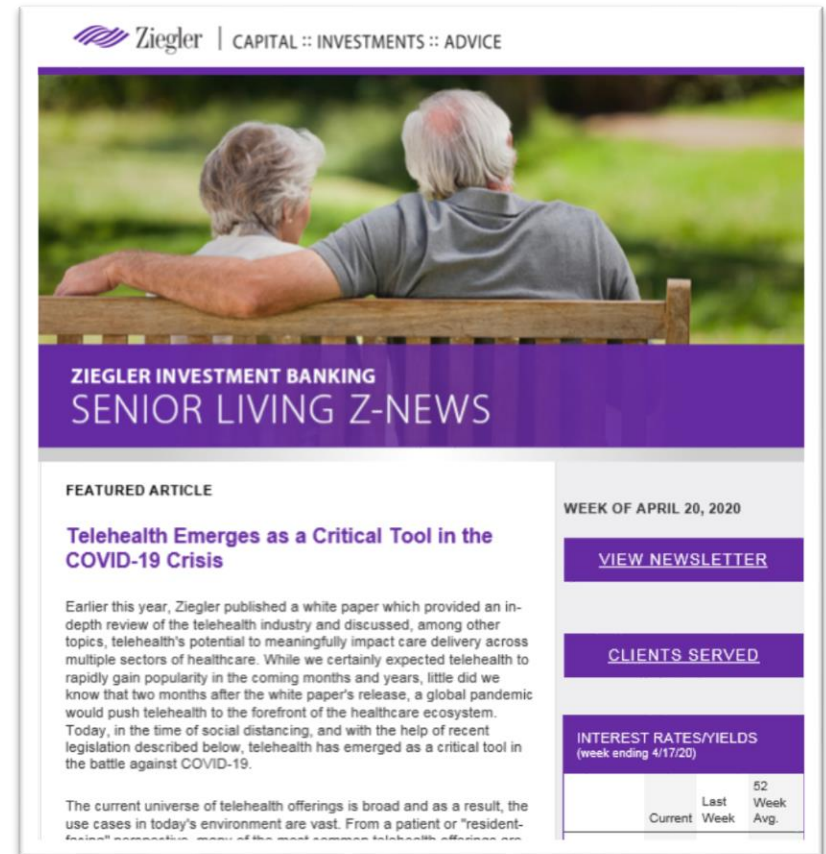
# BANK LENDING ENVIRONMENT

- Bank activity in not-for-profit senior living varies by region and by institution
  - We continue to see some deals get done in certain markets
  - Others have pulled term sheets and are hitting the pause button; some observations of COVID-19 pricing premiums
- Banks are currently spread thin with processing PPP loans
- Many banks are focusing on existing relationships
- Mixed appetite for new construction
- We anticipate that banks will continue to be active lenders coming out of the COVID-19 crisis

# ZIEGLER ONGOING RESOURCES



The screenshot shows the Ziegler website's COVID-19 resources page. The header includes the Ziegler logo and navigation links: What We Do, Who We Are, Our Services, Newsroom, and COVID-19. A search bar is located in the top right. The main heading is "COVID-19 RESOURCES" in a large, bold, white font on a purple background. Below this, the word "RESOURCES" is centered. A paragraph of text reads: "Listed below please find useful links regarding COVID-19 as well as our webinars highlighting market conditions, helpful resources and additional information on the sectors we serve." A list of six bullet points follows, each with a link to a resource. The list includes links to information about the CARES Act, Paycheck Protection Plan, Small Business Owner's Guide to the CARES Act, Coronavirus (COVID-19) Small Business Guidance and Loan Resources, Fact Sheet: Expansion of the Accelerated and Advance Payments Program for Providers and Suppliers during COVID-19 Emergency, and Paycheck Protection Program Application Form.



The screenshot shows the Ziegler Senior Living Z-News page. The header includes the Ziegler logo and navigation links: CAPITAL :: INVESTMENTS :: ADVICE. The main heading is "ZIEGLER INVESTMENT BANKING SENIOR LIVING Z-NEWS" in a large, bold, white font on a purple background. Below this, the word "FEATURED ARTICLE" is centered. The article title is "Telehealth Emerges as a Critical Tool in the COVID-19 Crisis". The article text discusses the emergence of telehealth as a critical tool in the healthcare ecosystem during the COVID-19 pandemic. To the right of the article, there are three sections: "WEEK OF APRIL 20, 2020" with a "VIEW NEWSLETTER" button, "CLIENTS SERVED" with a button, and "INTEREST RATES/YIELDS (week ending 4/17/20)" with a table.

	Current	Last Week	52 Week Avg.
INTEREST RATES/YIELDS (week ending 4/17/20)			

<https://www.ziegler.com/covid-19/>

- Summary documents on the CARES Act
- Links to key sources of information
- Webinars that Ziegler has hosted for various audiences re: COVID-19
- Z-News updates

QUESTIONS?