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CLEARY GULL RELEASES RESULTS OF 6TH ANNUAL SENIOR LIVING STUDY

Milwaukee, Wisconsin, October 15, 2014 –Cleary Gull Advisors today published the results of their 6th Annual Senior Living Survey. Stephanie Chedid, AIF, President of Cleary Gull Advisors, and Steve Backus, Client Advisor of Cleary Gull Advisors will provide the results to attendees at the LeadingAge National Conference October 20 - 23, 2014.

Cleary Gull's Senior Living Study compiles asset allocation, investment policies, governance practices and financial ratio information from senior living organizations representing a range of rating categories and portfolio sizes. The results provide benchmarks to help health care organizations evaluate their overall investment program, identify trends, and serve as a tool for boards and investment committees in performing their fiduciary and due diligence evaluations.

The survey was conducted from February 15, 2014 through May 31, 2014 and was completed by CEOs, CFOs, and COOs at senior living organizations.

Said Chedid, "We know that leaders within the senior living industry are gathering as much information as possible to inform decisions in all aspects of their business. However, the investment program often remains overlooked. Our extensive study provides valuable information to assist the leaders and board members of senior living organizations in the continual assessment of the benefit their investment program can provide."

The study looked at the asset allocation for the investment portfolios of senior living providers and found that, in 2013, fixed income and cash holdings were reduced by 6.31% to 50.31%. Equity holdings increased the most by 4.32% to 42.46%. Alternative holdings made up 7.12%. With concerns over rising interest rates, market volatility and international turmoil, the survey found many participants distressed over future returns in their portfolio. Sixty-nine percent of participants anticipate that their portfolio returns will not exceed 6% in 2014.

"The key takeaway is that diversification is critical," said Backus. "Since uncertainty persists about when and at what pace interest rates will rise, and senior living organizations continue to carry high percentages of fixed income and cash in their portfolios, it's important to develop and begin acting on a plan to mitigate risk."

Said Chedid, "When selecting a suitable asset allocation and establishing an investment program, the data collected in our studies can be helpful in determining industry best practices and offering a frame of reference. Our belief is that an investment program should be a reflection of an organization's mission and values, taking into account its specific debt structure, operating environment and strategic plans. Together, this information and these practices can help maximize your investment assets as a strategic business tool."

The survey also addressed operational challenges providers may be facing. The top three challenges identified by providers where:

1. Changes due to health care reform
2. Maintaining occupancy rates
3. Adjusting to declining reimbursement rates

The top three opportunities were:

1. Expanding service lines
2. Maintaining/improving care provided
3. Achieving adequate return on investments

Other highlights from the study include:

- In all but two segments, BBB and $100+, an increase in alternatives was reported over 2013 with the largest increase occurring among the A rated segment of 6.31%.
- The average participant has a debt structure that consists of 75% fixed rate debt and 25% variable rate debt. This is a slight change from last year's average of 80% fixed and 20% variable.
- Cash to Debt experienced the largest increase on a year-over-year basis. On average, the ratio rose from 79.33% last year to 92.67% this year.
- Operating margins have begun to rebound. This metric saw a sizable increase over last year moving from an average of 2.13% to 3.24%. Most segments saw an increase, and, for the first time in three years, all segment averages were in positive territory.

For a copy of the full survey results, click here. To review an Executive Summary of the report, click here.

Cleary Gull provides actionable items for senior living investment committees or boards to consider in a series of Insight publications that address risk review, cost controls, monitoring market trends, asset allocation traps and strategic planning. An online Toolkit provides easy access to useful resources related to the study.

About Cleary Gull
Cleary Gull (www.clearygull.com) is an employee-owned firm headquartered in Milwaukee, Wisconsin providing specialized financial services through two operating divisions: Investment Advisory and Investment Banking. Cleary Gull was named by Financial Times to their 2014 list of 300 top registered investment advisors in the U.S. Cleary Gull has combined assets under management of $2.5 billion as of June 30, 2013 and focuses on high net worth individuals, pilots, and not-for-profit hospitals and senior living communities across the nation. Cleary Gull's investment bankers specialize in providing exclusive advice on sales, mergers, acquisitions, private debt and equity capital placement, typically for transactions from $10 million to $200 million.

Cleary Gull Specialized Focus: Not-For-Profits & Senior Living
Our team brings extensive knowledge and experience of the not-for-profit healthcare and senior living industries, which allows us to design more relevant, customized investment portfolios. We

understand what being a not-for-profit healthcare organization means and the uncertainties due to the changing health care landscape, the components that drive revenues and impact expenses in this industry, and factors that rating agencies and lenders use to evaluate the strength and viability of these types of organizations.

***About the 2014 Financial Times 300 Top Registered Investment Advisers List**
Being named to the "300 Top Registered Investment Advisers" list is not an endorsement of the adviser, is not indicative of the adviser's past or future performance, and does not ensure that a client will experience a higher level of performance or results. Third party rankings and recognition from ratings services are no guarantee of future investment success and should not be construed as representative of any one client's evaluation. The *Financial Times* solicited from more than 2,000 independent registered investment advisory firms; more than 600 (or approximately 30%) of the firms solicited completed and submitted the questionnaire; 300 (or approximately 50%) of the participating firms were selected for the list. To be considered, advisers solicited by the *Financial Times* completed and submitted a questionnaire about their practice. Only those that completed the questionnaire were considered for the list. To qualify for the list, advisers must be registered with the SEC and have at least $300 million in verified assets under management as of 12/31/13, with no more than 75% of a firm's assets being institutional. The *Financial Times* graded advisory firms that were considered for the list on six broad factors and calculated a numeric score for each advisor. Areas of consideration included AUM, AUM growth, years the firm has been in existence, industry certifications of staff, SEC compliance record, and online accessibility. The list is independently determined by the *Financial Times*. The registered investment advisory firms are not charged a fee for consideration or selection.

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