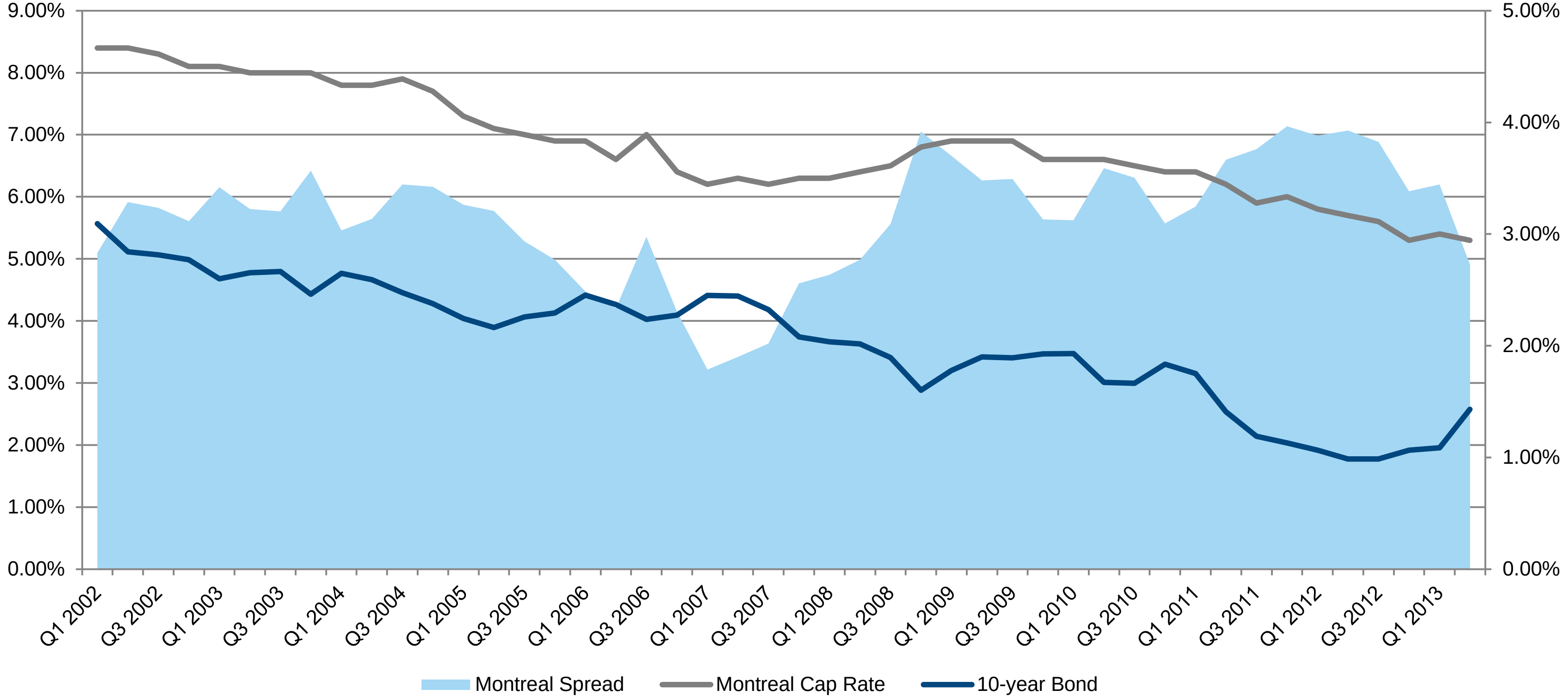
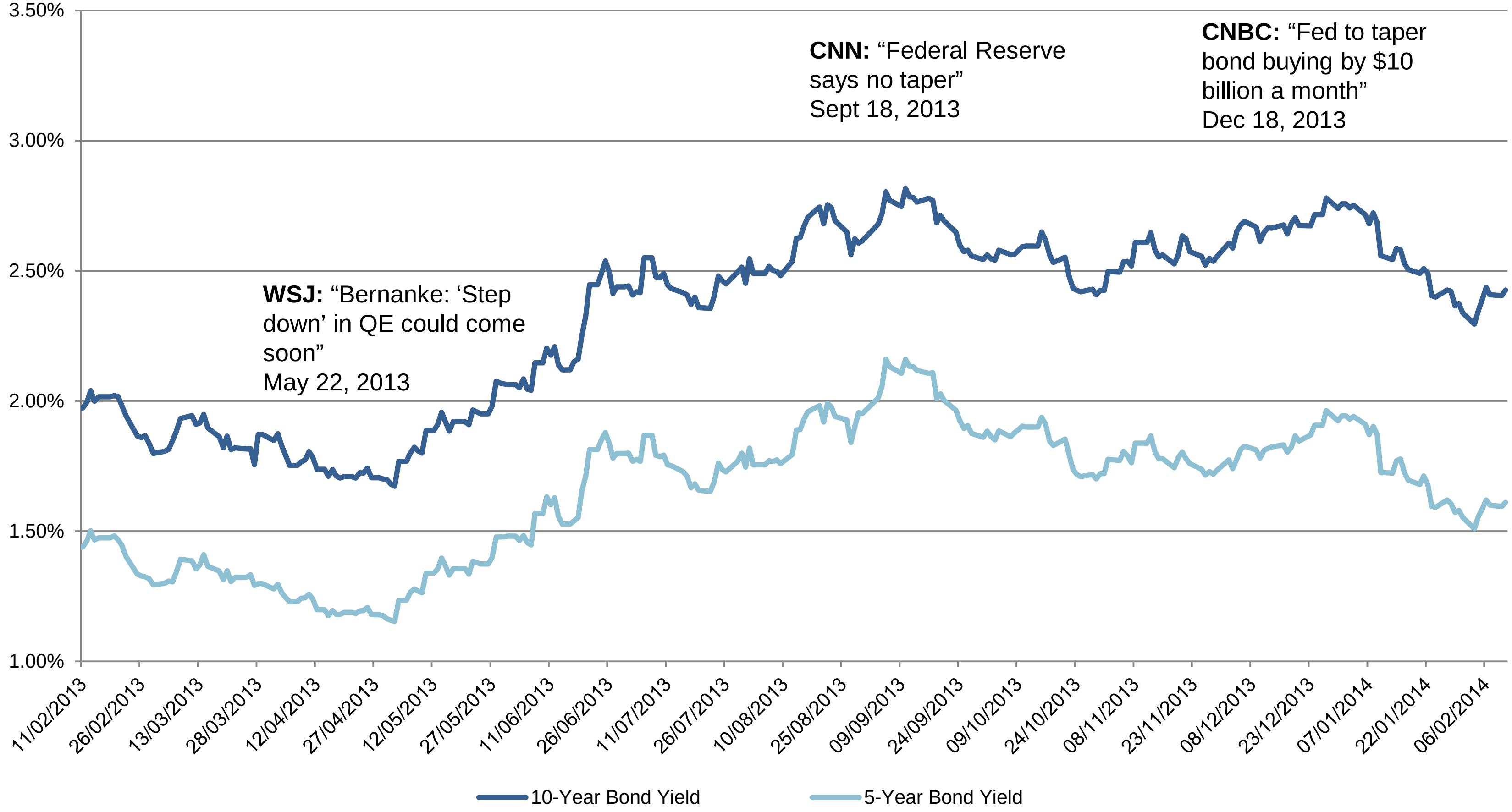
CAP RATES VS BOND RATES

- Cap rates have mirrored the movement of the 10-year bond rate with the exception of the “crisis” years (2008 and 2009)
- Spread differential was narrowest in 2007
- Current spreads are approaching a negative carry situation should “all-in” rates rise
    - Headline-driven market can quickly ripple through bond market



Source: Bloomberg and Colliers

HEADLINE-DRIVEN MARKET?



Source: Bloomberg

SENIORS' HOUSING PORTFOLIO FINANCING

A CMHC Story: 2009 - 2011

Transaction Overview

- $330 million of CMHC insured loans on 34 retirement and long-term care properties
- 3 lenders with an average interest rate of approximately 3.5%

Challenges

- Funding differences for multi-jurisdictional portfolio
- Timely underwriting process given the size of the portfolio
- LTC properties harder to finance in some provinces

A Conventional Approach: Current

Transaction Overview

- $100 million financing on a portfolio of 20 Long-Term Care facilities located in Ontario (funding Q1 2014)
- Conventional blanket financing with a single lender
- Competitive spread

Challenges

- Self-amortizing loan required due the expiry period of the licenses on the portfolio
- Limited number of lenders with appetite for Long-Term Care facilities provinces