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**SKILLED NURSING FACILITY PRICES HIT RECORD IN 2006,
ASSISTED AND INDEPENDENT LIVING FACILITY PRICES
NEAR RECORD LEVELS IN 2006
ACCORDING TO NEW REPORT FROM IRVING LEVIN ASSOCIATES, INC.**

NORWALK, CT – March 1, 2007 – After hitting a 10-year high in 2004, the average price paid per bed for skilled nursing facilities jumped to a new record in 2006, according to a new report to be published by Irving Levin Associates, Inc., a research and publishing firm that tracks mergers and acquisitions in the seniors housing and health care markets. The skilled nursing industry began its recovery in 2004 from the deep financial problems originating at the end of the last decade, as reimbursement stabilized and the litigation environment began to improve.

The average sales price for skilled nursing facilities reached an all-time high of \$47,400 per bed in 2006, according to Levin's report, *The Senior Care Acquisition Report*, Twelfth Edition. This represents an increase of nearly 10% compared with 2005, but is 50% higher than in 2003. The median price per bed increased in 2006 by a more modest 2%. With increasing demand from more traditional real estate investors, the skilled nursing market is entering a new era from an investment perspective as institutional investors are attracted to the yield these investments provide over traditional real estate properties.

“We have been seeing a changed attitude over the past year or two about the skilled nursing facility industry, and with double-digit yields still available, investors have been taking a second

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look at the sector,” stated Stephen M. Monroe, editor of the Report. “Even though there are still a lot of older nursing facilities in the market, the better quality facilities with a strong Medicare census are driving the market right now. In addition, capital will be deployed to renovate those facilities in good markets where there is increasing demand for short-term-stay patients, usually after some sort of surgery such as hip replacement,” continued Mr. Monroe.

The assisted living market remained strong in 2006 after the per-unit average price almost doubled in 2005. With fewer high-end facilities on the market in 2006, the average price declined by about 5% to \$132,900 per unit, a level still far above all years prior to 2005; the median price per unit in 2006 declined by 3%. “The small decrease in the average price per unit is not a reflection on the state of the market, where demand has never been stronger and bidding has never been as aggressive for the high-quality properties,” stated Mr. Monroe.

After more than doubling in price in 2005, the average price per unit in the independent living market was basically unchanged in 2006 at \$145,700 per unit, while the median price increased slightly to \$131,900 per unit. “With the market as strong as it has been in the past two years, owners have continued to put their properties and portfolios up for sale to capitalize on what has been the best market ever for seniors housing, at least from the seller’s perspective.” Mr. Monroe stated. “Cap rates continue to decline, and with so much money to be invested, demand has never been so strong, especially for the high-end communities,” continued Mr. Monroe. Investor demand is one of the reasons why the largest company in the sector, Holiday Retirement Corporation, has recently agreed to sell its North American properties for nearly \$6.6 billion.

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The Senior Care Acquisition Report, Twelfth Edition, contains statistics on the skilled nursing facility, assisted living and retirement housing merger and acquisition market, including prices per bed or unit, capitalization rates and income multiples, in more than 175 pages. The statistics are based on more than \$3.8 billion of seniors housing and care asset sales in 2006, which is just below the dollar volume in 2005 but almost three times the dollar volume in 2004. It also includes transaction information on each of the publicly announced senior care, home health care and hospice acquisitions in 2006. *The Senior Care Acquisition Report*, Twelfth Edition, may be purchased for \$595. For more information, or to order the report, call 800-248-1668. Irving Levin Associates, Inc. was established in 1948 and has headquarters in Norwalk, Connecticut. The company publishes research reports and newsletters, and maintains databases on the health care and senior housing markets.

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