



Chancery Monthly

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INDUSTRY TREND

Ventas CEO Interviewed on Mad Money, Reinforces Chancery's Approach to Seniors Market

by Jimmy Suske

On Tuesday, March 12, the popular business television show, Mad Money with Jim Cramer, hosted Ventas Chairman and CEO (NYSE: VTR), Debra Cafaro, to talk about health-care REIT's in the United States.

Ventas is an American health-care REIT that owns seniors housing facilities, medical offices, hospitals and research labs across North America and the United Kingdom.

Debra Cafaro went into detail about the four-pronged 'pivot to growth' strategy that Ventas is utilizing to maintain their consistent returns as well as stimulate more growth.

- The management team at Ventas strongly believes that seniors housing is going to have 'powerful upside' in the future that will add to other asset growth.
- Ventas intends to use its strong balance sheet to acquire external properties and/or companies.
- This leads into the third point that Ventas will become an external growth machine.
- Finally, Ventas is directing many of its resources to new research and innovation businesses. Recently, VTR approved a development pipeline in its research and innovation arm that will exceed \$1.5 billion in new investments. Ventas has partnered with Arizona State University in this endeavor with the long-term goal of developing cures for illnesses and chronic conditions.



Cafaro went on to clarify that Ventas is in the private-pay business, thus indicating that her company has a natural buffer from the unpredictable changes imposed on health care by the state and federal governments. In the United States, the average net worth of an individual over 80 years of age is approximately \$1,000,000.

The private-pay business model allows Ventas to capitalize on the wealth of American seniors without needing to rely on the support of government funded initiatives. Suske Capital is also heavily invested in the private-pay sector with its pipeline of senior housing developments across Canada.

Cafaro also brought up many valid points regarding how the changing demographics in the United States has been a key factor in the success of Ventas. She states that the fastest growing population cohort in the U.S. is the 75-81 age range. This population cohort is expected to grow by 4% per year for the next five years. To further reinforce her point, Cafaro claims that the 82-86 age range is growing by 3% per year starting in 2020. Cafaro indicates that the aging American population will need more health care buildings and seniors' residences than ever before.

Recent reports further suggest that Canada is experiencing changing demographics very similar to the United States. Suske Capital, like Ventas, is taking advantage of the favourable demographic trends in Canada and the U.S., with a focus in Alberta, Ontario and British Columbia. The need for seniors housing is expected to grow by 600 residences or by 78,000 suites by 2028, and Suske Capital is poised to capitalize on this demand.

The strategy implemented by Ventas, paired with great demographic demand has enabled Ventas to outperform the market. In this past year, VTR is up 25.7%, posting an annual dividend yield of 5% and a 23% compound annual return.



SPECIAL REPORT

Dragon Ball Gala

On Saturday, February 9, Chancery Seniors Housing Investments sponsored a table at the Yee Hong Dragon Ball, celebrating its 30th anniversary. Chancery Chair Steve Suske, and his wife Ewa, were pleased to attend, along with Chancery President Jessica Zhang, her husband Frank, and a number of Chancery investors.

Dragon Ball is the signature annual benefit gala for Yee Hong Foundation and is one of Toronto's premier gala events and the largest fundraising gala in North America celebrating Chinese New Year. Proceeds from the event go to support the culturally and language appropriate care and services provided by Yee Hong Centre for Geriatric Care to seniors of various ethnic backgrounds in the GTA.

In 1987, with a vision of a culturally-appropriate LTC home catering to the Asian Canadian community, Dr. Wang formed a group of volunteers from the basement of his house and started planning to build the first Yee Hong home. Fundraising was held through the inaugural Dragon Ball and the first Yee Hong residence was constructed in Scarborough in 1994. From there, Yee Hong has grown to be the largest non-profit LTC in the country, with four facilities totaling 805 beds. The government has just issued Yee Hong two more licenses, totaling 544 beds altogether for new facilities in Mississauga and Scarborough.

Yee Hong is a true continuum of care and starts taking care of seniors in the community well before they need to live in the residences. Every year, Yee Hong serves 20,000 seniors in their own homes and promotes independence, helping them to stay at home for longer.

It was a true pleasure for Chancery to learn more about Yee Hong and the care they provide to their residents. To care for the seniors and to give back to the community are the core values of Chancery as well. Chancery hopes to tour the Yee Hong residences in the near future and explore the opportunity to work with Yee Hong to see if our Chancery model can alleviate some of the LTC wait times and meet the demand for Asian Canadian seniors and their families.



From left Yee Hong Board Member Melody Lo; Melody's daughter, Waverly; Melody's husband & Chartwell's VP of Real Estate Finance and Investments, Jonathan Wen; Steve and Ewa Suske; Yee Hong Founder, Dr. Joseph Wong; and Chancery's CEO, Jessica Zhang



Front row from left: Chancery investor, Wendy Liu; Jessica Zhang; Ewa and Steve Suske; Chancery investor, Riyong Lin. Back: Chancery investor, Frank Gao; Jessica's husband, Frank Zhang; Yee Hong's Melody Lo and Dr. Joseph Wong; Chancery investors Quinny Yin and her husband Roger Wan; and Leon Zheng, CEO of Tyche Global Financial, Chancery's strategic partner.

SPECIAL REPORT

Chancery Arizona Tour

Last week, Chair of Chancery Seniors Housing Investments, Steve Suske; his wife Ewa; and Chancery's President and CEO, Jessica Zhang travelled to Arizona with a group of Chancery investors to tour several seniors housing facilities developed by Chancery's strategic partner – Avenir Senior Living.

The team arrived in Arizona on Wednesday, February 27 and kicked off the two-day tour, led by Avenir's Principal Les Craik. The first stop is Andara Independent Living, which is surrounded by the stunning McDowell Mountains to the northeast and the sparkling city lights to the southwest. The facility is beautifully decorated and well-equipped. Its design details take into account the unique needs of the elderly. The staff are patient and thoughtful, committed to providing the best service for its senior residents. One of Chancery investors said, it's like "Four Seasons" in seniors housing.





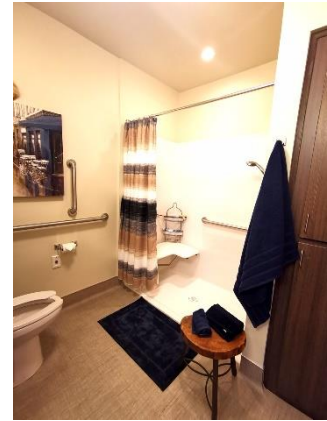
The following day, the group travelled to Surprise to visit Surprise Memory Care, and the brand-new Surprise Behavioral Health Center co-developed by Chancery and Avenir.

This 32-bed geriatric behavioral health center is built to address a number of behavioral problems that can accompany Alzheimer’s disease and other forms of dementia. It is carefully and lovingly designed to feel homey and inviting, reduce anxiety from disorientation, and promote the highest level of independence possible. The decoration, lighting, and outdoor landscaping are thoughtfully curated to be welcoming and consistent to reduce decision fatigue and feel more comfortable, just like at home.

The Surprise Behavioral Health Center will benefit from its proximity to Surprise Memory Care, creating synergies to achieve business success. Surprise Memory Care community will provide referrals to the hospital, and the hospital will allow for higher level of care for the existing residents of Surprise Memory Care.



With ground-breaking in November 2017, the construction of Surprise Behavioral Health Center was completed in December 2018. The built facility submitted its Certificate of Occupancy application in January and intends to open in March.



Chancery Investors said, they were very pleased to see that the projects in the business plan turned into reality in such a short period of time, and impressed by the professionalism and capability of the development team. Senior housing industry is picking up rapidly, and they hope Chancery will continues to present solid investment opportunities.

The group wrapped up the two-day visit with a cocktail reception hosted by Les and Violet Craik at their beautiful home, before heading out to a dinner for the evening.



Chancery Team with Avenir Team



UPCOMING PROJECT

The Middleton Seniors Apartments, Bradford, ON

Project Summary

- Located in downtown Bradford, Ontario, in vicinity of a large retail plaza and the Bradford Community Center, only 5 minutes drive to Bradford Medical Center
- Designed to provide seniors with accommodation in a secure environment with access to a host of services
- 2.07 acres of development land, a 122-suite seniors apartment building with a geriatric emergency clinic on the first floor
- Construction expected to start in Q2 2019, and Opening in Q1 2021



Chancery Seniors Housing Investments Inc. is a private real-estate investment firm with a focus on seniors housing. Powered by its two strong founding partners, Suske Capital Inc. and LD Capital Corp., Chancery creates a team with the expertise and experience of over 55 years in real estate and seniors housing developments with an estimated completion value of over \$5 billion.

For more information about our company and projects, please visit www.chanceryseniors.com