

Senior Consulting, LLC
www.seniorlivingdeveloper.com www.churchseniorliving.com
www.seniorlivingmarketanalysis.com www.assistedlivingmarketanalysis.com
823 West Park Avenue #256 Ocean, NJ 07712
Telephone: 732-233-4625 Fax: 631-498-0026

**Senior Housing and Senior Living
Southeastern US Development Plan**

Senior Consulting, LLC (SC) serves as developer, co-developer or owner's representative for senior living and Senior Housing projects. Tim Cassidy is the CEO and Principal. Recent completed projects include Independent Living/Assisted Living/Memory Care in Connecticut and Assisted Living/Memory Care with concurrent support for a new church in a small Master Plan in Tennessee. SC has entitled sites in New York and the Midwest and is entertaining partners or a sale.

SC seeks a multi-family or mixed use developer and potential owner/operator who wants to seize an opportunity to expand their portfolio in, or into, Senior Housing. With our support as outlined to follow, the realistic and minimum goal should be 1,000 units completed in five years, and potentially 2,000 units in seven years.

Independent Living (IL) is our focus, which typically means an unlicensed facility (unlike Assisted Living [AL] and/or Memory Care [MC]) where one to two meals/day, as well as weekly or bi-weekly housekeeping/laundry are included in monthly rental rates. Other services and amenities can include a pool, spa, exercise facilities, Lifelong Learning Programs and/or a wellness center, theater, art and activities room, game room, store, tech center with conference room, bistro and restaurant. In our modeling with somewhat larger apartments, we will have all or most of these amenities/services, with the meals, housekeeping and laundry optional.

For over 18 months, the National Investment Conference on Seniors Housing (www.NIC.org) has warned operators and investors alike of overbuilding and the saturation of AL/MC in most major metros. SC has seen this first hand. We prefer sites that are walkable to both shopping and restaurants. As such, we are able to attract the emerging older baby boomers and target younger residents with an average age of 75 versus 80.8 years old as the average age in new IL as per industry studies. Please see our January 24, 2018 white paper on Senior Housing Trends below:

<http://seniorlivingdeveloper.com/wp-content/uploads/2018/01/Senior-Housing-Trends-Emerging-Models-1-24-18.pdf> Key conclusions are as follows:

- More and more IL facilities only offer meals and services from housekeeping to laundry to transportation on an optional basis or in bundled packages.
- Concierge services are becoming more common and comprehensive in larger facilities.
- Technology continues to play an increasing role with business centers that have conferencing capabilities within the facility or resident units equipped with the ability to regularly interact with family, friends and health care professionals.

- Several floors or wings have smaller full apartments surrounding common areas, like an AL facility with sitting areas, a large kitchen and wellness center staffed with an on-site home health agency to allow residents to age in place.
- Walkability is more and more important to baby boomers soon to become senior living residents. Hence, sites in urban neighborhoods and Master Planned communities should be targeted in markets for the next generation of SH.
- Adult children continue to play an important role in their parent's move to SH with many seniors becoming more and more open to relocating close to family. Hence, there are added benefits in developing within fast growing metros.

Therefore, our preferred model is a minimum of 150 units up to 200 units that looks and feels like a Best of Class, forward thinking IL. It is different in that meals, housekeeping, laundry and other services are optional, with concierge units and wings that are an alternative to AL, or potentially licensed as such with small apartments to further differentiate the facility from the competition with added layers of programming and amenities. The community will offer a fiscal and care alternative to aging in place, with wellness centers staffed with a home health agency(ies) and interactive technologies for communicating with medical professionals.

Design and operational planning will not only reflect the wave of upcoming baby boomers, but also provide flexibility for markets that evolve and expand or may be affected by swings in the economy. This was the case during the Great Recession from December 2007 through February 2010, when Continuing Care Retirement Communities (CCRC's) saw lower occupancy rates than IL that again had lower occupancy rates than AL/MC. Therefore, we see the merit in IL facilities that are at least partially built to AL codes, and potentially licensed as AL even if not operating as such to a large extent or at all in the early years of operations.

Please see the below chart on the fastest growing major metros in the Southeast:

Growth of Major Population Areas in the Southeast¹			
MSA	Rank¹	Population	Growth percentage²
Raleigh, NC	43	1,302,946	15.25%
Charleston, North Charleston, SC	74	761,155	14.53%
Orlando, Kissimmee, Sanford, FL	23	2,441,257	14.38%
North Port, Sarasota, Bradenton, FL	73	788,457	12.27%
Charlotte, Concord, Gastonia, NC-SC	22	2,474,314	11.61%
Jacksonville, FL	40	1,478,212	9.86%
Atlanta, Sandy Springs, Roswell GA	9	5,789,700	9.51%
Miami, Ft Lauderdale, West Palm Beach	8	6,966,387	9.02%
Tampa, St. Petersburg, Clearwater	18	3,032,171	8.84%
Washington, Arlington, Alexandria	6	6,131,977	8.80%

¹ Rank among all Top 75 Metropolitan Statistical Areas (MSAs) in the U.S.
² The MSAs in this chart are ordered by growth percentage between the years 2010 and 2016, according to data from the U.S. Census Bureau.
Additional notes:
- Additional markets with at least 10% growth that are between the top 75-100 MSA's include: Cape Coral, Ft. Meyers, FL, 16.74% (#78); Lakeland, Winter Haven, FL, 10.64% (#82) and Durham, Chapel Hill, NC, 10.94% (#97).

Many southern and warm weather markets continue substantial growth trends dating back several decades and over multiple generations, primarily MSAs in Florida, Atlanta and in the Carolinas. We are seeking a platform/partnership in the Southeast to include North Carolina, Georgia and Florida (in that order of priority)

Tim and SC will be based in Asheville, NC, and initially focusing on develop in the Charlotte and Raleigh/Durham areas, the second and 11th fastest growing MSAs in the US, in addition to potential project in Asheville. After completion of those projects, we would then look to the greater Atlanta, GA, area (ranked 9th) as they are still experiencing rapid growth, and then fast growing spot markets in Florida for IL development. Funds from a partnership will allow SC to dedicate a staff member to pursue approved and to be entitled properties throughout the Carolinas, Georgia and Florida.

Initially, in Charlotte, we will be looking several fast growing suburbs, including Ballantyne, and the more affluent neighborhoods close to the downtown area, including looking for a hard to find site (likely tear down) SouthPark. In Raleigh/Durham, we look at more urban walkable locations concurrently with assessment of various areas of Cary, a town that has grown from 135K population in 2010 to an estimated 162K in 2018 with median household income of over \$91K. Chapel Hill has a far lower population of 57K with the same median household income but will be considered for UNC affiliated or themed senior housing. There is the potential to consider in Virginia, specifically the Tidewater region and greater Washington, DC area. However, Richmond, VA, is saturated with senior living development.

Conclusion

SC has demonstrated a consistent ability to assess many (sometimes overlapping) markets concurrently. Plus, with separate in-house engineering support combined with local civil engineering support, we can assess many sites in many markets concurrently.

SC expects direct expenses of entitlement, including travel expenses, to be paid by the lead development partner in a timely manner, in addition to receiving a monthly payment of \$40,000 per month based on markets referenced above for overhead and staff including Tim's commitment of 24 hours/week, a full time dedicated assistant, 32 hours/week for Market Analyst (not including costs for expected third party reports), siting support and 32 hours/week for an in-house engineer. These payments would be treated as an advance against delivery of fully approved, entitled site(s), with SC receiving \$6,000/unit on the first project and \$5,000/unit thereafter, is an estimated one third of equity typically created through our efforts, payable at Closing. At the option of the lead partner, SC can receive \$7,500/unit, with \$2,500/unit payable at Closing and \$5,000/unit invested as a 5-10% limited partner in the completed project depending on terms.

Once contracted, SC will maintain separate Dropbox business plans for each market and each project, in addition to providing memos for review of lead developer on ongoing basis on decisions/expenses that require lead partner approval, as well as summary reports. Lastly, Tim will be available to attend meetings at the lead partner's corporate office every six weeks to review project status reports.

