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Introduction

Senior Consulting, LLC (SC) and its affiliates are owned by Timothy B. Cassidy, who has over 35 years of history in ownership, operations, management, development, and advisory for hospitals to Skilled Nursing Facilities to Senior Living to retirement communities to affordable/ moderate-income senior housing, and more. Currently, we serve in multiple roles, including various developer roles in senior housing and mixed use developments, serving as an owner's rep for developers that are new to senior housing and advisory roles for lenders, buyers, and sellers as detailed below.

Co-Development/Lead Developer

We often work in a co-development capacity, typically as the lead developer before identifying a co-developer with our company. The exception to this is when the Co-Development Partner is an Owner or Developer who introduces the Subject Property to us. Typically, we identify a viable property in a compelling major market and then conduct substantial due diligence and negotiations with the owners to obtain some level of site control before proceeding to identify a co-development partner.

Sites are sometimes introduced to us; however, the majority of the time, as Lead Developer, we identify high-barrier-to-entry sites in compelling markets to reduce risks of smaller markets, limiting new competition and otherwise. We evaluate a market first that is compelling and then find an appropriate site if available, unless a compelling site is presented to us by realistic owners or developers. As an example, we targeted Broward and Palm Beach counties starting in early 2024, proceeding with purchase/entitlement for a compelling 200-unit Independent Living, Assisted Living and Memory Care combined project.

It is critically important to approach the processes of due diligence in the appropriate order and manner. This process should start with a high-quality market analysis that goes way beyond demand alone and includes physically mystery shopping the competitors. This not only provides a much clearer picture of occupancy rates but also helps to understand the unit mix, unit sizes, and the amenities and common areas of competitors. We must conduct physical mystery shopping personally to avoid the "Starting as" approach to marketing, where the same unit might start at \$4,200 per month but, depending on the location in the building (e.g., a first-floor unit with a patio or a unit with certain views), the rent can range from \$4,200 to \$5,600, as was the case with one Independent Living project our CEO visited in the last few years.

Armed with the market analysis that includes a physical plant review of all key competitors, and based on our experience in development, we are well-positioned to suggest a viable development plan. This plan will detail the appropriate unit size and mix and provide an itemized breakdown of every common area amenity and other usable spaces in a proposed design. This will give clear instructions

to an architect based on a thorough first-hand review of the competition. Only after this added process can we complete proformas and forecasting develop an appropriate valuation and complete a business plan.

As Tim, our CEO has to remind so many landowners, dirt has one value, while entitled sites where industry-specific developers take risks, incur costs, and often rezone properties have a much higher value. Our Development Partner(s) invests a predetermined entitlement budget in phases. Phase I includes obtaining use or zoning approval, if not already in hand, before proceeding to Phase II, which involves obtaining Final Site Plan Approval as well as full design to builder permits if our development partner is a worthy sponsor to own a to-be-completed project.

We are developers and not sponsors/guarantors, and typically sell the fully entitled site for a profit or may remain as a limited partner. Nonetheless, at Closing, we are paid a predetermined fee(s). Understanding most projects range from \$60-90M in total costs, our fee is somewhat lower than what is usually expected by lenders and investors in the Senior Housing industry, and part of the appraisal for a fully entitled site in the market.

Owner's Representative

At times, we serve as an Owner's Representative for substantial developers, sponsors, and owners, often those with portfolios in other asset classes such as multifamily, retail, or commercial, who are looking to diversify into Senior Housing.

For example, one of our current clients has a significant portfolio of retail, commercial, and medical assets. They developed a Master-Planned community anchored by a hospital. This development includes 35 existing restaurants, retail and commercial properties, medical offices, multifamily residences, hotels, and Senior Housing.

On this project, we recently completed a five-month process for the owner to select the appropriate manager for this project. With the manager on board, we are continuing the design process to obtain building permits within the next months. We have strong relationships with well over a hundred C-level executives in management companies nationwide, in addition to a comparable number of equity and debt sources in Senior Housing.

In an Owner's Representative role such as this, we are compensated on a monthly basis, beginning with full due diligence (Market Analysis far beyond demand, site and development plan assessment and much more) to develop a Business Plan that we can stand behind when approaching the market on debt and potentially equity. Our involvement includes working as part of the design team to create an appropriate Concept Plan, developing preliminary specifications, obtaining reliable estimates from experienced Senior Housing builders, and producing a fully vetted Business Plan to secure equity and/or debt financing.

Our Owner's Rep roles can include, but are not limited to, the following substantial step in the processes:

- (i) Extensive Due Diligence

- (ii) Conducting an RFQ/RFP process to secure a manager
- (iii) Providing support or oversight of design team through the building permit approval process.
- (iv) Facilitating the closing of debt financing and equity investment when required
- (v) Supporting the project through the grand opening, including levels of oversight for contractor, management, architect, and other members of the team.

Reach out to Tim@SeniorLivingDeveloper.com for more information.

Advisory Roles

In some cases, we can work in an advisory capacity based on hourly rates, or preferably hourly rates against a success fee. These types of engagements can be for buyers, sellers, and bankers.

Because development projects have much ebb and flow, we only take on advisory work based on the hourly rates of my team members and my rates ranging from \$50.00 per hour up to my rate of \$150.00 per hour for our SVP of finance, to \$400.00 per hour for our CEO. These fees are applied against a retainer, which is replenished monthly.

If a project comes to us and the potential client provides substantial information upfront—such as realistic valuation expectations, entitlement status, due diligence, evidence of ownership or shared control, and clear goals for property valuation—we may consider deferring a portion of our hourly rates as success fees based on various benchmarks, such as manager selection, obtaining a building permit, securing debt and/or equity financing, and otherwise.

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Buy/Sell Representation

Our CEO Tim is a former owner, operator, and manager in the industry, with over 35 years of experience in senior housing and Long Term Care. With this extensive background, he has worked across the continuum, including Hospitals, Skilled Nursing Facilities, Senior Living, Senior Housing, and many niches from medical wellness centers to rehab to subacute to adult day care and more. Additionally, while we typically work on market-rate projects and are involved in many Best-of-Class developments, our experience also includes moderate and affordable income housing, for both for-profit and nonprofit ownership entities.

We have represented clients in the sale or purchase of facilities and have acted as advisors over the years, bringing on board a talented team of professionals as needed. This includes a former CEO of 45 facilities, who was also SVP of finance for a company that managed over 100 retirement community assets.

Examples of Buy/Sell Representation include:

- In 2016, we served as an advisor for a Chinese life insurance company that purchased 28 skilled nursing facilities from Welltower, one of the two largest REITs in ownership of Senior Housing and Skilled Care assets. These facilities were spread across 10 states. We were engaged to conduct much of the due diligence, which included analyzing the Medicaid systems in those 10 states, which were evolving into managed care, assessing Medicare audit risks after Medicare billing review by type, reviewing all compliance matters and more, and providing recommendations. Our accepted recommendations included not proceeding with several acquisitions and swapping them out with others, ultimately completing the \$600M+ transaction.
- We represented two separate families who owned 11 and 6 skilled nursing facilities and were retiring. After conducting substantial due diligence on these facilities individually and collectively, including eventual financial analyses to set the bar on the asking price, both were sold. In one of these transactions, we approached the market and obtained 45 confidentiality agreements that led to the sale of the portfolio.
- Over the years, we have represented many bankers, owners, sellers, and buyers in due diligence for existing Senior Living projects, typically individual projects, although some involved two to three facilities.
- We've also represented many investment firms that have purchased Senior Housing assets after coming from multifamily, student housing, or other asset types. These owners realized they made mistakes by accepting market studies that led to the development of the wrong product or misjudging the market and were now realistic exit strategies.
- Additionally, we've represented lenders who placed debt on sites planned for development, including one case where a private lender placed debt on a property based on an appraisal from one of the top five Senior Housing appraisal firms by volume in the United States. Unfortunately, the appraisal was based on 200 units in a 10-story building in a middle-income market at best. This market could not support the high construction costs of such a building, let alone the density or valuation. The site, in a market best described as middle-income, was only viable for 120 units in a more cost-effective four-story building at a value of \$20K per unit (or \$2.4M), versus the appraisal based on 200 units at \$30K per unit (\$6M). Due to the wide gap, it took time to unwind the mistake despite our expert opinion/case in bankruptcy court on behalf of the borrower with an inexperienced developer. It took a couple of years to resolve this situation.

In conclusion, we can help get many things done...and done well! Reach out to Tim@SeniorLivingDeveloper.com for more information.