

## OUR APPROACH TO FINDING THE RIGHT BUYER

Once the decision has been made to hire Senior Living Investment Brokerage, Inc., our approach is unique in the industry and requires diligence and preparation before buyers are contacted. Initial contact is always done by phone where a confidential overview of the offering is discussed prior to the dissemination of a Confidentiality Agreement and materials. This approach allows Senior Living Investment Brokerage, Inc. to receive the best market feedback and communication. Are the materials distributed in a format which jeopardizes confidentiality? We go to great lengths internally, as a team, to put together our prospect list built specifically for your property. The prospect list has been built from years of dedicated service to Seniors Housing brokerage. We focus on the characteristics that will allow qualified prospects the opportunity to participate in the offering and lay the foundation for a successful transaction.

*"At Platinum Health Care we consider Senior Living Investment Brokerage, Inc. a valued partner who goes beyond the call to further our business objectives. In this environment, experience and persistence are needed more than ever, and both can be found with Senior Living," Ben Klein, President, Platinum Health Care.*



## SAMPLE OF FACILITIES SOLD IN 3Q 2011:



- |                                |                                                |
|--------------------------------|------------------------------------------------|
| <b>Arkansas &amp; Missouri</b> | - 506 Bed Skilled Nursing Portfolio            |
| <b>Iowa</b>                    | - 100 Bed Skilled Nursing Facility             |
| <b>Connecticut</b>             | - 150 Bed Skilled Nursing Portfolio            |
| <b>Tennessee</b>               | - 196 Unit Independent Living Facility         |
|                                | - 52 Unit Assisted Living/Memory Care Facility |
| <b>Florida</b>                 | - 101 Bed Skilled Nursing Facility             |
| <b>Missouri &amp; Arkansas</b> | - 357 Unit Assisted Living Portfolio           |
| <b>Iowa</b>                    | - 101 Bed Skilled Nursing Facility             |
|                                | - 30 Unit Assisted Living Facility             |
| <b>Texas</b>                   | - 198 Bed Skilled Nursing Facility             |

# SELECT TRANSACTIONS

## Buena Vista Manor – Storm Lake, Iowa

In August 2011, Senior Living Investment Brokerage, Inc. facilitated the sale of a 100-bed Skilled Nursing Facility located in Storm Lake, Iowa. Situated in the northwest region of the state, Storm Lake is one of the largest cities in northwest Iowa and has a population of over 10,000 citizens. Constructed in 1970, the one story facility is comprised of approximately 27,800 square feet and sits on 2.3 acres. At the time of the sale, occupancy was approximately 35%. The Buyer plans on investing capital in the facility for a number of improvements and hopes these improvements provide the foundation for an increase in census.



## Honey Hill Care Center – Norwalk, Connecticut

In September 2011, Senior Living Investment Brokerage, Inc. facilitated the sale of a 150-bed Skilled Nursing Facility located in Norwalk, Connecticut. Situated in the southwest region of the state, Norwalk is the sixth largest city in Connecticut and the third largest city in Fairfield County. Constructed in 1993, the three story facility is comprised of approximately 77,000 square feet and sits on 4.86 acres. At the time of the sale, occupancy was 90%. The Buyer, a regional owner/operator, owns other long term facilities in Connecticut and specializes in turn-around opportunities.



## Pinnacle Healthcare Portfolio – Arkansas & Missouri

In September 2011, Senior Living Investment Brokerage, Inc. facilitated the sale of a five facility, 506-Bed Skilled Nursing Portfolio located in the Arkansas cities of Bentonville, Rogers, Fort Smith, and Stamps, and the Missouri city of Cassville. Constructed between 1971 and 1988, the facilities together encompass approximately 163,000 square feet. At the time of the sale, occupancy was approximately 70%. The Buyer is a national provider of senior housing services based in the Ohio MSA. This transaction represents their first acquisition in the state of Arkansas; the Buyer will see an immediate improvement to the portfolio's margin by absorbing some of the significant management fee allocated.



## Genesis Senior Living Center and Regency Care Center & Assisted Living - Iowa

In September 2011, Senior Living Investment Brokerage, Inc. facilitated the sale of two facilities located in the Des Moines, Iowa area. Genesis Senior Living Center is an 80-bed Skilled Nursing Facility located in southern Des Moines. Constructed in phases (1962, 1975, and 2006), the one story facility is comprised of approximately 25,400 square feet and sits on 1.85 acres. Regency Care Center and Assisted Living, located in Norwalk, consists of two separate buildings located on the same campus – a 101-bed Skilled Nursing Facility and a 30-Unit Assisted Living Facility. The Skilled Nursing building, which was constructed in 1976 with an addition in 1983, is comprised of approximately 37,700 square feet; the Assisted Living building was constructed in 2007 and is approximately 28,000 square feet. Both facilities lie on +/- 5 acres. At the time of the sale, the overall occupancy was near 83%. The Buyer plans on building upon the strong reputation of the facilities to enhance opportunities to increase census.



# SLIB NOTES – FALL 2011

## Increased Due Diligence Requirements Calls For Planning Ahead

The clarity and consistency of financial, census, and staffing information will play an important role in the sales process. In today's world of increased due diligence over multiple levels (buyer, appraiser, lender), irregularities in documentation and inconsistency between various types of reports can raise a red flag that can heighten the scrutiny given a particular transaction. There are a few things to keep in mind when considering this part of a transaction:

- **Consistency** – data crossing multiple time periods should be consistent to allow these periods to be compared; information needs to be consistent across reports, i.e. census information on the financials should correlate to the same information in other reports.
- **Comprehensive** – the amount of information required to satisfy the various eyes performing due diligence can vary. The more complete and accessible your records, the easier it will be to compile the requested information for a prospective buyer. Request a due diligence list from a broker, lender, or other source prior to proceeding to get an idea of what may be required of you to produce.
- **Costs** – non-recurring or extraordinary costs can often be removed from the financial profile, enhancing EBITDA. For instance, legal fees associated with navigating the CON process for an expansion or the development fees associated with the project. Keep track of any expense that is unlikely to occur again in the normal course of business. It is also important to monitor how you are handling your capital costs. Be prepared to provide documentation and support to any such cost.
- **Timing** – the quicker financial data is available post the end of the reporting period the more acceptable to the market. As data becomes stale so does interest.

### *Typical Due Diligence Request List –*

*Two Years of Fiscal Year-End Financials*

*YTD Financials for Current Fiscal Year*

*Correlating Census Data for Financials*

*Current Census or Rent Roll*

*Medicaid Rate Letter (if applicable)*

*Medicare RUGs History (if applicable)*

*Debt Profile*

*Base Staffing Plan with Wage & FTE Profile*

*Recent Third-Party Reports*

*Listing of Competitive Properties*

*Real Estate Tax History*

*Survey History*

*List of Recent or Ongoing Litigation*

*Site & Floor Plans*

*Note: Financial & Census Data is preferred to be in a month-by-month format.*

This is an excerpt from an article written by Jeff Binder that was recently published by McKnight's Long-Term Care News. The full article can be found at [www.mcknights.com](http://www.mcknights.com).

# IF YOU DON'T DO ANYTHING ELSE TODAY . . .



Thank you to our friends, specifically James Berklan, at McKnight's Long Term Care for directing me to the "*The Life Care Leader WWII Special Edition*," a publication put out by Life Care Centers of America as part of its Life Care Leader series. This publication is one of the most inspiring, emotional, patriotic pieces I have ever had the privilege of reviewing. It provides a wonderful tribute to the "Greatest Generation" by profiling resident's of Life Care facilities who participated in the Second World War. The piece can be found on the Life Care Centers of America website, under Life Care News – Publications. To those at Life Care Centers of America – Thank You.



## ASHA PLATINUM CIRCLE MEMBER

American  
Seniors  
Housing  
Association



Senior Living Investment Brokerage, Inc. again shows its commitment to the senior housing sector and is selected for the fifth consecutive year as a Platinum Circle member of the American Senior Housing Association Political Action Committee (PAC). This award is presented to the 15 organizations which provide the largest contributions to the PAC. In the last five years, the company has boasted 100% employee participation and total contributions in excess of \$40,000. In 2011, Senior Living Investment Brokerage, Inc. was the second highest contributor among the non-owner/operator groups.

## SENIOR LIVING INVESTMENT BROKERAGE - THE NATIONWIDE LEADER FOR SELLING AND BUYING LONG-TERM CARE FACILITIES

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