



Investment Analysis:

Regulation D 506(c) Offering

Minimum Investment: \$100,000

Accredited Investors Only

Executive Summary

This offering offers accredited investors an opportunity to benefit from strong cash flow and demographic trends with the acquisition of two high-performing senior living communities in Texas. This investment combines attractive financial returns with the stability of a recession-resistant sector, while also addressing the growing societal need for senior housing.

Key Financial Metrics

- **Investment Period:** 5 years
 - **Projected Leveraged IRR:** 25.4%
 - **Multiple on Cash (MOC):** 2.52x (252% of initial investment)
 - **Average Annualized Cash-on-Cash (CoC) Return:** 50.4%
 - **Preferred Return:** 9.0%
 - **Profit Split:** 70/30 (LP/GP)
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Detailed Financial Performance

Projected Cash Flow

- **Net Operating Income (NOI):**
 - Year 1: \$836,090
 - Year 5: \$1,323,531

- **Annual CoC Returns:**
 - Year 1: 9.5%
 - Year 5: 15.1%
 - **Average Annualized CoC: 50.4%**

Comparison to Other Investments

Investment Type	Annual Return	5-Year Total Return
High-Yield Savings Account	~5.0%	~\$27,600
S&P 500 Index Fund	~8.0%	~\$46,900
Current Investment	~50.4% (CoC avg)	~\$252,000

Opportunities and Strengths

1. High-Demand Sector

- **Demographic Growth:**
 - Community #1 - 75+ population is expected to grow by **25.5%** over the next 5 years.
 - Community #2 - 75+ population is expected to grow by **17.6%**.

 - **Recession-Resistant Demand:** Senior living services remain essential regardless of economic conditions, providing consistent revenue streams.
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2. High-Performing Assets

- **Community #1:**
 - **Units:** 57
 - **Occupancy:** 95%+ (past 3 years)
 - **Community #2:**
 - **Units:** 60
 - **Occupancy:** 95%+ (past 3 years)
 - **Award-Winning Quality:** Both properties received the **2024 U.S. News & World Report Best of Assisted Living Award**, enhancing their marketability and stability.
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3. Strong Returns

- **Leveraged Returns:**
 - MOC: 2.52x (252% of initial investment over 5 years).
 - Leveraged IRR: 25.4%.
 - **Cash Flow Stability:** Annualized CoC returns averaging 50.4% ensure consistent income.
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Risks in Investing

1. Market and Economic Risks

- **Senior Housing Demand:** While demographic trends are favorable, market oversupply or economic shifts could impact occupancy rates and rental growth.
- **Cap Rate Sensitivity:** Assumptions about the **exit cap rate (10%)** may be challenged in a changing interest rate or economic environment, potentially affecting the sale price.

2. Operational Risks

- **Management Dependence:** The success of the investment is tied to the Operator's ability to manage the properties effectively. Operational mismanagement or staffing issues could impact NOI and returns.
- **Occupancy Fluctuations:** A drop in occupancy below 95% could weaken cash flow stability.

3. Financing and Leverage

- **Debt Assumptions:** While the 2.46% fixed-rate HUD debt is favorable, unforeseen circumstances (e.g., refinancing challenges) could impact returns.
- **Interest Rate Environment:** Rising interest rates could make alternative investments more attractive, potentially reducing demand for senior housing assets during disposition.

4. Regulatory and Policy Risks

- **Medicare/Medicaid Changes:** Any changes in funding or policy affecting residents' ability to afford assisted living services could indirectly impact demand and financial performance.
- **Zoning or Licensing:** Changes to local or state regulations could affect operational costs or restrict service delivery.

5. Illiquidity

- **Exit Strategy Risk:** As a private real estate investment, capital is tied up for the duration of the investment. LPs should be prepared for limited liquidity options.

Risk Mitigation

1. **Seasoned Operators:** Partnering with Operator ensures experienced management with a proven track record (31% IRR on past investments).
2. **Favorable Debt Terms:** The fixed-rate HUD loan reduces financing risks and ensures predictability in cash flow.
3. **Market Strength:** High occupancy rates and strong demographic trends mitigate short-term demand fluctuations.

4. **Diversification:** Investments in two markets reduce location-specific risks.
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Final Recommendation

Haven Senior Living Partners' acquisition of **these two communities** offers a rare combination of strong financial returns, market stability, and societal impact. Accredited investors seeking consistent income and robust total returns will find this a compelling opportunity. However, they should consider the illiquidity and market risks typical of private real estate investments.

Such offer or solicitation may only be made by a delivery of a confidential private offering memorandum or other appropriate disclosure that contains a description of the material terms including, without limitation, risk factors, conflicts of interest, fees, charges, and tax implications relating to such investment and only in those jurisdictions where permitted by applicable law. An investment in The Company is speculative and involves a high degree of risk. An investment in The Company should be considered only by persons who can afford to sustain a loss of their entire investment or to hold their interests indefinitely without the possibility for resale. There is no secondary market for the interests, and none is expected to.