



Senior Living Fund

August 2024

Senior Living Fund (SLF) is a private equity fund with 20+ assets under management that generated over \$25 million (\$100 million annualized) in revenues during Q2 2024. SLF is actively involved in the oversight of underwriting, development, construction and ultimately operations for every asset under fund management. A critical component to the operational performance is partnering with the appropriate operator based upon the location and services provided by the individual asset.

SLF is deeply involved in the oversight of our 3rd party operators and their continued focus on expense management. This last year saw additional pressure on staff wages and the increasing cost of goods and services but overall, our operators performed very well in spite of these issues. One metric that SLF follows very closely on a monthly basis is the average expense per occupied unit (AEPOU) for each and every asset.

The ultimate goal is to continually reduce the AEPOU by reducing cost as a result of improving employee turnover, proper staffing and monitoring hours on a daily along with identifying and improving upon departmental inefficiencies. The chart below illustrates the performance by our operating partners at twenty (20) separate assets within SLF's portfolio providing independent living, assisted living and memory care services.



As a whole SLF's portfolio has reduced the AEPOU by \$442 or *8.3%.

*We have excluded the transitional rehabilitation facilities (TRF) from the asset count above as well as AEPOU calculations as will no longer pursue TRF assets in our portfolio.

Market Update

Senior Housing Now Included in NPI

The National Council of Real Estate Investment Fiduciaries (NCREIF) publishes the most widely used private real estate investment benchmark in the U.S., the “NPI” (NCREIF Property Index), which tracks investment returns of more than 12,000 properties that are held by institutional investors totaling just under \$900 billion in market value. Traditionally, the NPI has included data for property subtypes: apartment, hotel, industrial, office, retail and other. With the “other” property subtype consisting of senior housing, student housing and self-storage. However, during the first half of 2024, the NCREIF announced that senior housing would be [included as a standalone property type](#).

This is exciting news for the senior housing sector and participating investors as it will increase visibility to the asset class, improve data transparency and ultimately drive more capital for growth. “It helps investors make the cast to invest – why lenders should lend,” said Caroline Clapp, a senior principal at the National Investment Center for Seniors Housing & Care, “It’s a very good story, showing if you are an investor and you need to diversify your holdings, senior housing should be considered”.

The objective of the NPI is to provide a historical measurement of property-level returns to increase the understanding of, and lend credibility to, real estate as an institutional investment asset class. It has done so since 1978, when apartments weren't even listed on the index. Due to growing popularity of the apartment asset type amongst investors, they were added in 1984 as the first leveraged properties on the index. Similarly, the NCREIF began tracking senior housing data in 2003 as it noticed investors were more heavily participating in the asset type Unable to ignore the potential of the sector, senior housing was added to “NPI-Plus” in 2013 with the NCREIF stating “these product types are no longer considered opportunistic or value-add. They are working their way towards core investment strategies. But before a product type can make the final leap into core it needs an index to be

benchmarked against and it must also be included in a broader index”. This was somewhat of a “pre-launch” to senior housing being added to the NPI as a core asset class in 2024.

The new NCREIF senior housing property index will include senior housing data dating back to 2003, when NCREIF began collecting investment return information on 56 properties. Today, it tracks investment returns across 217 long-term care properties, with the number growing each year.

SLF Community & Operator Highlights

SLF continually monitors and ranks the performance of our 3rd party operators to ensure that every asset is provided the best opportunity for success. At the same time, SLF likes to recognize both the assets and operators that perform well and make sure that we celebrate those successes. Below is a list of the top five asset/operator performance as it relates to occupancy growth, expense improvements and NOI improvements from Q2 2023 thru the end of Q2 2024.

Greatest unit growth since Q2 2023

- Wildcat Senior Living operated by Atlas Senior Living

+53 units



• Senior Living at The Greens operated by Frontier Senior Living

+52 units



• Overland Park Memory Care operated by Silverado

+22 units



• Carriage Crossing Senior Living- Rochester

+11 units



• Carriage Crossing Senior Living- Taylorville

+10 units



Most improved average expense per occupied unit since Q2 2023

- Wildcat Senior Living operated by Atlas Senior Living **-44%**
- Senior Living at The Greens operated by Frontier Senior Living **-28%**
- La Sonora Senior Living operated by Frontier Senior Living **-18%**
- Grand Montecito Memory Care operated by Frontier Senior Living **-18%**
- Overland Park Memory Care operated by Silverado **-17%**

Most improved average net operating income since Q2 2023

- Mount Prospect Senior Living by Integral Senior Living **+122,000**
- Wildcat Senior Living operated by Atlas Senior Living **+118,000**
- Overland Park Memory Care operated by Silverado **+110,000**
- La Sonora Senior Living operated by Frontier Senior Living **+107,000**
- Senior Living at The Greens operated by Frontier Senior Living **+98,000**

Senior Living Fund Performance

Total revenue for the entire portfolio grew by 2.8% in Q2 2024 as compared to Q1 2024. During that same period net operating income grew by 34% which is attributed mostly to a reduction in overall expenses. SLF has focused heavily in Q3 on both minimizing resident attrition and improving the number monthly move ins for each community. We feel there is a true opportunity to improve the marketing spend return on investment at most all of our communities leading to improved occupancy and revenue growth. We are projecting that the increased revenue and net operating income trend will continue into Q3 and Q4 2024.

SLF Team



Chief Fund Manager - Dan Brewer

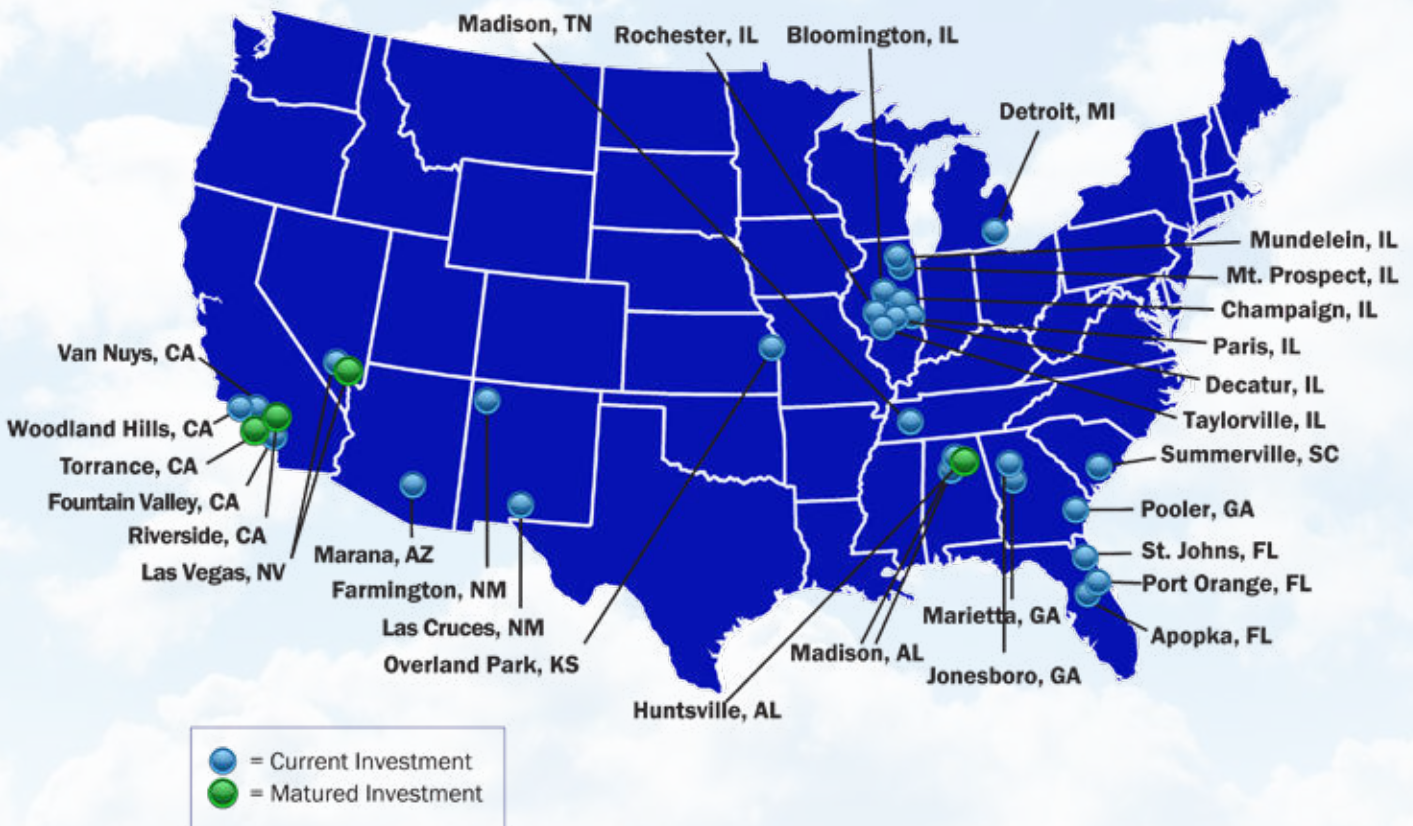
Dan is the owner of Bridge Capital Management and is the founder and Chief Fund Manager of the Senior Living Fund. Dan has 35+ years of business experience, including 25+ years of experience in real estate investing, asset allocation, and management.



Chief Operations Officer - Mark Shader

Mark brings strong operational skills to the SLF team through his 30+ years of experience in business consulting, real estate investment and development, financial analysis and management.

SLF Portfolio





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