



## Senior Living Fund V USA, LLC Offering of Fixed Rate Notes

### Frequently Asked Questions



*SLF Community Residents*

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# OFFERING FAQs



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## 1 Why should I consider this opportunity?

For existing Fund investors, this Offering provides a unique opportunity to achieve a higher projected rate of return on their investment, by supporting and enhancing the value of assets already owned by the Fund. It also reduces the Fund's reliance on often more costly third-party private equity sources. Additionally, this Offering allows SLF to avoid selling assets in a weak market, and to position assets for sale when market conditions are more favorable, potentially commanding higher prices, all while further minimizing the need for potentially more expensive outside capital.

For new investors not currently associated with this Fund, this opportunity offers a reliable fixed rate of return, where the proceeds are invested in the same assets that will be liquidated to generate that return, and with the repayment priority and other favorable terms that are typically reserved for exclusive private equity and hedge funds.

## 2 Can anyone invest in this Offering?

Anyone who meets the accredited investor requirements may invest in this Offering.

That said, existing members of Senior Living Fund V USA, LLC will have a 30-day exclusive window to invest in this Offering, before this investment will be made available to new investors not already associated with this Offering.

## 3 How is my capital protected?

Your investment in the Fixed Rate Notes, and your right to repayment, is backed and supported by the equity or “net worth” of the Offering, which is derived from the total value of the tangible real estate assets and security interests held by the Offering (over the value of any secured liabilities). In virtually all situations, the Offering's investments in various senior housing-related assets are evidenced by the Offering's equity ownership of the asset (fee title) or are loans secured by mortgages, deeds of trust and/or pledges of membership interests or other assets in favor of the Offering.



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The Fixed Rate Notes will have priority over equity investors within the Fund. When a Fund asset is liquidated and sold, the net sales proceeds will be distributed to the Fund. After fund expenses and any senior or secured (mortgage) creditors are paid, the Fixed Rate Notes will be repaid in full before any distributions or dividends are paid to Fund equity investors. Please review the PPM to fully understand the distribution priorities.

#### **4** When will I begin receiving my payments after I have invested?

The Offering will provide monthly payments to investors on or about the 15th of each month. Once your investment has been completed and all related paperwork executed and accepted, the first payment will be made within approximately 45 days. Please see the PPM for more detailed information on the timing of the first payment.

#### **5** How long will my capital be invested in the Fund?

Notes signed with the Offering will typically mature in three (3 ) years. Three years covers or exceeds the amount of time we project will be required to stabilize and improve the market

value of the Offering's assets. The Fund Manager does have the right to prepay the Note before its stated maturity date.

An investor may request their Note to be redeemed prior to its stated maturity date. The Fund Manager is under no obligation to approve such request. Should the Fund Manager approve such request, we will make the best efforts to satisfy the early redemption request within 90 days.

#### **6** How will the capital raised through this investment offering be used?

Funds raised through this Offering will be applied by SLF to continue to financially support the Fund's existing assets, working to cover operating deficiencies and improve market value while allowing time for the capital markets to rebound from the current economic challenges posed by high interest rates, inflation and effects of the COVID pandemic. The invested capital will also assist in building reserves for any future unforeseen asset needs.

#### **7** What is the note rate? Is it determined by how much is invested?

Fixed Rate Notes will provide a 15% annual interest rate of return to all noteholders. An 8% annualized

return will be paid currently on a monthly basis, with the balance of the interest (i.e., an additional 7% annualized return) paid upon the maturity of the Note.

## 8 How can I be confident that the Offering will be able to make the monthly payments on my investment?

Adequate reserves will be set aside that will strictly be used to support investor payments for two years, which the Manager anticipates will be more than sufficient time for SLF to generate positive cash flow from the Offering's operating assets and to begin the process of liquidating the Offering through the sale of Offering assets.

## 9 What are some of the risks involved in this investment?

This is a speculative investment.

- Although the Offering will attempt to redeem Fixed Rate Notes upon or prior to maturity, there is no public market for the Fixed Rate Notes and none is expected to develop in the future.
- The Fixed Rate Notes offered hereby are

non-equity and non-voting interests.

- Noteholders will not have the ability to participate in any of the decisions made by the Manager or vote in any matters related to the Offering.
- The Offering has not made an attempt to consider the favorability or suitability of such terms for any prospective investors.
- Delays in making cash distributions could result from the inability of the Offering to make or acquire profitable assets.
- The financial success of the Offering may be sensitive to adverse changes in general economic conditions in the U.S., such as recession, inflation, unemployment, and interest rates.
- Numerous variables are utilized to project future values of Offering assets; SLF has little to no control over many of such variables, and relies on outside opinion of economists and industry specialists. The actual value of such variables very well could be different than the value used in SLF's projections.

There are many other risk factors that should

NOTE HOLDERS WILL HAVE  
PAYMENT PRIORITY OVER  
EQUITY INVESTORS IN THE  
FUND.



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be understood and considered before you decide to invest. They are located in the Private Placement Memorandum (PPM) for the Offering.

## 10 **Can I invest through an IRA? A Trust? An Entity?**

We accept investments through an IRA (Traditional, SEP, or ROTH), a Trust, an Entity, and individuals. The Offering can accommodate investment capital from multiple sources. However, these funds cannot be co-mingled into one account. A separate investment account will be established for each unique source of capital.

## 11 **What tax form will I receive?**

Noteholders will receive a 1099 tax form for their tax return.

## 12 **What documents will I hold for this loan to SLF?**

The investment will take the form of a Promissory Note executed by the Offering, as borrower, in favor of the investor, as lender. In addition, the terms of every investment are governed by the PPM, the investor's respective Subscription Agreement and the SLF V Operating Agreement.

## 13 **Is there an investment sum you're trying to reach?**

The current maximum offering is \$3.85M. This amount has been determined by the Manager based on the current and anticipated capital needs of the Offering and the Offering's assets, taking into consideration capital or anticipated capital raised by concurrent offerings by other SLF Funds (which in certain circumstances may have co-investments in the Fund's assets) and by other third-party sources of private equity. The Manager reserves the right to increase or decrease the maximum amount of this Offering, based on capital acquired from other sources and changes in Offering asset needs, among other factors.



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Forward Looking Statements. The Fund is including the following cautionary statement in this informational summary to make applicable and take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 for any forward-looking statements made by, or on behalf of, the Fund. Forward-looking statements include statements concerning plans, objectives, goals, projections, strategies, future events or performance, and underlying assumptions and other statements which are other than statements of historical facts. All such subsequent forward-looking statements, whether written or oral and whether made by or on behalf of the Fund, are also expressly qualified by these cautionary statements. Certain statements contained herein, including, without limitation, those that are identified by the use of the words "anticipates," "estimates," "expects," "forecasts," "intends," "plans," "predicts," "projects," "believes," "seeks," "will," "may" and similar expressions, are "forward-looking statements" as defined by the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve risks and uncertainties, which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. The Fund's expectations, beliefs and projections are expressed in good faith and are believed by the Fund to have a reasonable basis, but there can be no assurance that management's expectations, beliefs or projections will result or be achieved or accomplished.