Grand Senior Living at Vergennes
Project Tear Sheet
October 25, 2021

Project Characteristics

Existing 200 year old property, operating as a residential care home for past fifty-five years. Acquired on 01/10/2019.
Grand Senior Living plans to re-develop it into an 83-bed (55 unit) assisted living and memory care community.
Located in Qualified Opportunity Zone (2017 federal tax law capital gains benefits).
Located in a Designated Downtown, one of twenty-four in Vermont (eligible for a variety of local, state and federal benefits).
Feasibility study (updated in May 2021) indicates strong demand for planned project.
Will be organized to partially transition to an employee owned company (EOC) at time of Y5 refinance.
Staffing increases from 18 FTEs to 48 FTEs

Summary

The project presently consists of 18 Residential Care (RC) units/beds, in an older facility in operation for fifty-five years.
The goal is to acquire (presently under option) adjacent land and build a new Assisted Living & Memory Care of up to 83 beds (55 units).
The design calls for "flex" units that can be occupied as private units or shared to accommodate residents of all financial abilities.
It will also continue to participate in Vermont's Medicaid waiver program for up to 30% of the occupancy.

This will be Grand Senior Living's (GSL) first "in the village" community. It has been the goal of GSL to develop senior living communities within walking distance of downtown, city or village centers. This is where the interaction is between community residents, staff and visitors that creates a more vibrant and social environment. Besides the services available inside the project, just outside the front door are a myriad of other retail and community services that invites residents and families to be more engaged and involved with the community.
The program will focus on what the industry refers to as "the forgotten middle", those seniors of little or modest financial means.
It will be organized as an EOC to address the longterm labor challenges, providing employees the opportunity to own and share profits.

The adjacent building will be demolished and original building substantially renovated. Once the new expansion is opened, current residents will be moved over into the new residence. The original building will then be redeveloped as part of the overall project and will house important support spaces such as administrative offices, common areas and the administrators accommodations and a few IL Units.

SOURCES		
Investor Equity	$ 2,000,000	9.46%
GSL Equity	$ 411,000	1.94%
VT Sales Tax Reallocation, Historic Tax Credits	$ 168,000	0.79%
Debt: Mezzanine	$ 2,000,000	9.46%
Debt: Primary	$ 16,611,835	78.35%
Total Project Sources	**$ 21,190,835**	**100.00%**

Year 5 Operating Summary	**Totals**
Annual Revenue	$ 6,382,069
Annual Operating Expenses	$ 4,214,710
Net Operating Income	$ 2,167,359
Interest Expense	$ 1,195,736
Depreciation	$ 244,400
Principal Reduction	$ 292,026
Replacement Reserves	$ 57,910
Net (taxable) Income	**$ 621,687**

USES	
Land/Acquisition Costs	$ 1,895,000
Hard Costs	$ 13,206,939
Soft Costs	$ 5,241,402
Working Capital	$ 847,494
Total Project Uses	**$ 21,190,835**

Projected Investor Cash Flows (Y1 - Y5)	
Investor Returns	$ 1,613,320

Liquidation Event - EOY 10	
Projected Market Value - EOY 10 (EBITDA x 7.70 Cap. Rate)	$ 27,965,925
Available for Distribution at Refi of 80% of Project Value	$ 22,372,740
Less Remaining Loan Balance - EOY 5 & Return of Capital	$ (17,073,691)
Projected Equity After Return of Capital	$ 5,299,049
Investor Share	$ 4,239,239
Managing Member Share	$ 1,059,810

ROI Analysis - Investor	
Annual Sales Proceeds Averaged Over 5 Years	$ 322,664
Internal Rate of Return	23.2%
TOTAL 5YR CASH RETURN	$ 5,852,559
TOTAL RATE OF RETURN	**192.6%**

Key Financial Performance Indicators of Operations

	Y1	*Y2*	*Y3*	*Y4*	*Y5*
DSCR	0.13	1.09	1.21	1.24	1.70
LTV	1809.45%	72.62%	65.53%	63.53%	59.24%
Gross Margin	2.20%	30.94%	32.27%	32.50%	33.96%
Net Margin	-25.15%	-0.02%	3.53%	4.80%	11.39%

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Vergennes Residential Care Expansion
Site Study- Original

Grand Senior Living
Vergennes, VT
4/19/2019

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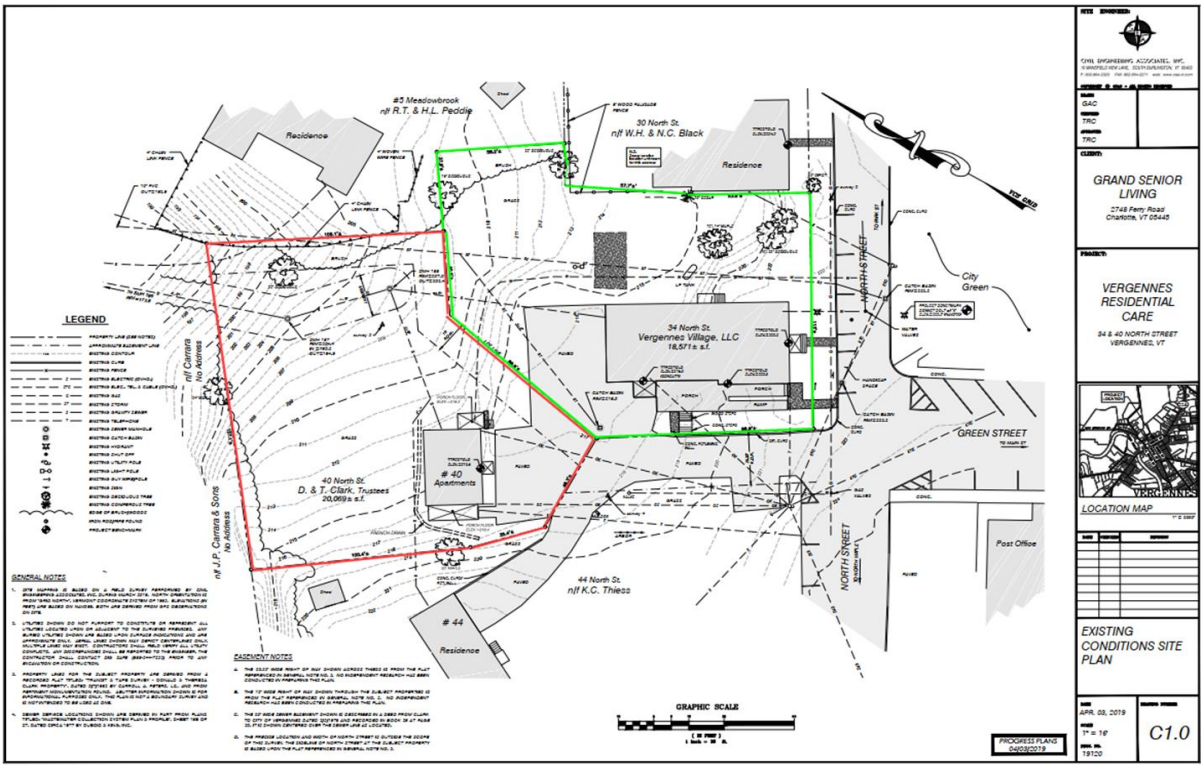
Vergennes Residential Care Expansion
Perspective 1

Grand Senior Living
Vergennes, VT
12/17/2020

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