

## Doc 014 | Oakview Senior Living – Acquisition Proposal (Long / Underwriting Narrative)

Oakview Senior Living is a 72-bed assisted living facility in Birmingham, AL, built 2001. Seller asking **\$11.7 MM**, cap rate quoted 7.0 %, though trailing NOI only **\$770 k**, implying 6.6 %.

Buyer proposes **\$8.8 MM** loan (~75 % LTV) from a regional bank, fixed 7.2 %, 5-yr term.

### Table – Key Metrics

| Metric     | Value  | Comment                |
|------------|--------|------------------------|
| NOI (TTM)  | 770 k  | occupancy 88 %         |
| Target NOI | 870 k  | assumes 95 % occupancy |
| DSCR Yr 1  | 1.03×  | thin                   |
| IRR (5 yr) | 10.5 % | base case              |
| Exit Cap   | 7.25 % | slightly wider         |
| LTC        | 78 %   | moderate               |

### Narrative

The sponsor assumes per-bed revenue +6 % post-renovation (new dining wing). Historical growth 2–3 %. Payroll line item repeated from prior year—no inflation included. Adjusting costs lowers IRR to 9.2 % and DSCR to 0.97×

Operator has 3 other facilities, each sub-90 % occupancy. Appraisal assumes 2.0 % cap compression vs current market—unlikely.

However, proximity to two hospitals supports steady referral flow.

Recommendation: proceed only if price reduced  $\leq$  \$11.0 MM and new operator guarantee in place.