DISTRESSED SENIOR LIVING INVESTMENT AMID COVID-19 PANDEMIC

McFARLIN GROUP
OPPORTUNISTIC SENIOR LIVING INVESTMENTS

Distressed investing in senior living credit and equity has become more attractive with COVID-19. Our deal flow is real and we are raising capital to satisfy our current pipeline.

Fund Overview

McFarlin Opportunistic Senior Living Fund I, LP (the "Fund") is formed to acquire distressed and non-performing senior living properties across the U.S. Leveraging over 56 years of collective senior living management experience, the team specializes in identifying and acquiring distressed assets in a market segment that is experiencing temporary disruption from supply-demand imbalance and COVID-19. The Fund will seek distressed credit and equity positions in senior living properties where ownership is created with wide margins of safety due to the low acquisition cost.

Why is distressed/opportunistic senior living investment attractive today? We have unpacked some of the less obvious opportunities.

- COVID-19 distress is expanding distressed credit and value-add acquisition deal flow.
- Distress was already evident due to supply-demand imbalance. With the addition of COVID-19, senior communities have declining occupancies. This creates liquidity and debt servicing issues for owners.
- An attractive credit and/or equity purchase price provides wide margins of safety for investors due to the low cost.
- Senior living distressed credit is an attractive source of return for yield-oriented investors willing to trade lower liquidity for higher absolute yield and performance
- Dual utility of attractive risk-adjusted return and enhanced portfolio risk management
- Long-term favorable demographic tailwinds
- Limited buyers in the short term as asset-level due diligence is restricted due to quarantine and visitation restrictions. This creates opportunities to buy at lower values.

Deal Flow

- We need this capital to satisfy the current deal flow we are seeing.
- Distress has occurred. We are capitalizing on an actual opportunity set now.
- There are no Fund and ramp-up considerations.
- We have a unique position as we were prepared for distress investing in senior living due to supply-demand imbalance. COVID-19 has offered us even more deal flow. It's here now and we are able to capitalize on actual investment opportunities.
- Private equity, public REIT and other traditional buyers are not currently buying assets. They are dropping contracts. Focus has shifted to managing their existing portfolios. As a first-time fund, we aren't distracted by legacy portfolios or funds.
- We may also anticipate public companies like Capital Senior Living (NYSE: CSU) and Brookdale (NYSE: BKD) will be selling assets quickly to raise cash for liquidity.
- Investment activity is also constrained for PE and REIT buyers as asset-level due diligence is restricted. You can't gain access a senior living facility for traditional due diligence.
- We are able to create wide margins of safety due to low costs of acquisition.

Click here to download our tear sheet.