

# CASE STUDY

## INSPIRIT VENUE FUNDING

\$25,025,000 | August 21, 2018 | Multiple Locations, OH



FINANCED RIGHT®

### HIGH-LEVERAGE, FIRST-MORTGAGE LOAN FUNDS ACQUISITION OF OHIO PORTFOLIO



#### **PARTNERED RIGHT®**

A Joint Venture between Venue Capital and Inspirit Senior Living (the “Borrower”) reached an agreement to acquire a portfolio of two assisted living and memory care communities located in Ohio (the “Portfolio”). The Portfolio consists of the 130-unit Gardens of Cuyahoga Falls and the 120-unit Gardens of Liberty Park, with both communities offering assisted living and memory care services.

Venue Capital is a New York City-based real estate and asset management firm founded in early 2018 by Michael Goldberg, former Chief Investment Officer of Care Investment Trust. Based in Virginia, Inspirit Senior Living was founded in 2015 by senior living veteran David McHarg after retiring as President and Chief Operating Officer of Greenfield Senior Living.

#### **STRUCTURED RIGHT®**

HJ Sims partnered with a national bank (the “Partner”) to propose a high-leverage, unitranche first-mortgage loan to fund the acquisition of the Portfolio. The proposed first-mortgage loan combined two tranches of debt into a single debt instrument with the Partner providing “Tranche A” of the loan on a priority basis and Sims providing “Tranche B” of the loan on a subordinate basis. From the perspective of the Borrower, the loan functions as a single debt obligation under a single loan agreement and security package.

#### **EXECUTED RIGHT®**

The Borrower found the first-mortgage financing attractive for the acquisition as it provided higher leverage compared to a conventional bank loan, allowing the Borrower to avoid obtaining unsecured subordinate debt at a higher cost of capital or diluting its ownership in the Portfolio from taking on additional equity partners. The first-mortgage loan was structured with a two-year, interest-only period, followed by a 25-year amortization schedule, limiting debt expense as the new owner assumes operational control at the Portfolio and performs planned capital improvements.

#### *Inspirit A Glance*

| Partnered Right®  | Structured Right®   | Executed Right®   | Financed Right®  |
|---|---|---|--|
| <ul style="list-style-type: none"><li>» A joint venture between Venue Capital and Inspirit Senior Living is acquiring a portfolio of two senior living communities in Ohio.</li><li>» Both Venue Capital and Inspirit Senior Living are led by experienced senior living professionals.</li></ul> | <ul style="list-style-type: none"><li>» Sims partners with a national bank to propose unitranche financing (or “A/B Loan”) for the acquisition.</li><li>» The A/B Loan functions as a single loan with a single servicer.</li></ul> | <ul style="list-style-type: none"><li>» The loan provides high leverage financing limiting the need to raise additional capital.</li><li>» A 2-year, interest-only period reduces debt expense as the new ownership team assumes management and makes planned capital improvements.</li></ul> | <ul style="list-style-type: none"><li>» In combination with its banking Partner, HJ Sims provided a \$25.25 million first-mortgage loan.</li></ul> |

### FINANCED RIGHT®

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In combination with its banking Partner, HJ Sims provided a \$25.25 million first-mortgage loan to fund (i) the acquisition of the Portfolio, (ii) certain capital improvements, and (iii) other costs and fees associated with the financing. HJ Sims formed a new single purpose entity (the “Sims Issuer”) and issued bonds through its Private Client Group to fund its portion of the loan.

**For more detailed information  
on how Inspirit Venue Funding  
was Financed Right® by HJ Sims,  
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*HJ Sims is a member of FINRA, SIPC  
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