

CASE STUDY

LUTHERAN HOME AT MOORESTOWN

Moorestown, NJ | January 2020



FINANCED RIGHT®

HJ SIMS ASSISTS IN SALE OF NEW JERSEY NURSING HOME FOR LONG-STANDING CLIENT



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Lutheran Social Ministries of New Jersey provides a broad range of programs and services at 20 locations throughout the state for more than 6,500 individuals annually, including community outreach services, hospice and home care, affordable family and senior housing, PACE programs, and senior healthcare and retirement living at two campuses in Northern New Jersey. Included in their mission statement is “to serve those who hurt, who are in need, or who have limited choices.” The organization traces its roots to 1903.

The Lutheran Home at Moorestown had historical significance in the community. Originally built in 1894 as a private residence for the inventor of the Flexible Flyer sled and later purchased by the inventor of the Victor Talking Machine, precursor to the phonograph, the site has been operating as a senior living facility since 1946. Expanded over the years, the community was licensed for 201 skilled nursing beds and 64 assisted living suites while maintaining the original home, known as the “Castle”.

HJ Sims is privileged to be a financial partner with LSMNJ since 1989 and has been a trusted advisor and investment banker on 12 financings for several communities within the LSMNJ family.

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LHM was the leader in providing quality senior care in the Moorestown NJ market for many years. The evolving skilled nursing sector and reimbursement changes made operating 201 beds at the appropriate payor mix challenging, and management made the decision to reduce the number of beds in service several years ago. HJ Sims worked with management to refinance the outstanding maturing bank debt but could not attract new capital under the changing business model.

Lutheran Home At A Glance

Partnered Right®	Structured Right®	Executed Right®	Financed Right®
<ul style="list-style-type: none"> » LSMNJ is a leading provider of care and services to over 6,500 residents throughout the state annually. » LHM had been providing skilled nursing and assisted living care on this campus since 1946. » HJ Sims has been a trusted advisor to LSMNJ since 1989. 	<ul style="list-style-type: none"> » Board and management made the difficult decision to divest of LHM after many years of changes in the skilled nursing sector. » Local resistance to approving changes on the historical site added to the operational challenges. 	<ul style="list-style-type: none"> » HJ Sims leveraged its many years of experience in New Jersey to market the community to dozens of active participants in the senior living field. » The marketing process produced numerous attractive offers. » After vetting process, management selected a for-profit buyer with a significant portfolio of existing skilled nursing properties. 	<ul style="list-style-type: none"> » After lengthy due diligence and state approval process the sale completed on January 31, 2020. » Net proceeds were used to fully repay existing bank debt and return capital to LSMNJ for future projects.

CASE STUDY

LUTHERAN HOME AT MOORESTOWN *continued*



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Compounding the situation was a need for additional funds to renovate and reposition the community to meet current consumer demands. Local resistance to approving changes to the historical site added to the challenge.

Ultimately the board and management came to the difficult but necessary decision to divest the community. HJ Sims was engaged to market the community for sale.

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HJ Sims has a long history in New Jersey, having provided over \$2.0 billion in capital in almost 150 financings since 1978 for both not-for-profit and for-profit clients via municipal bond, financings, bank loans and government programs through our Sims Mortgage Funding affiliate. This experience provided us a long list of potential purchasers for the LHM community.

We created and distributed a Confidential Information Memorandum to dozens of organizations both inside and outside New Jersey. Given the reputation of the community and depth of the Moorestown market we were able to attract numerous offers. Upon completion of a vetting process that included on site meetings, management selected a for-profit buyer with a significant portfolio of existing skilled nursing properties.

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After a lengthy due diligence and government approval period the sale was completed on January 31, 2020. The purchase price, net of expenses was sufficient to fully repay the outstanding bank debt and return capital to LSMNJ for future projects.

“Lutheran Home at Moorestown (LHM) has been a part of the Lutheran Social Ministries of NJ (LSMNJ) portfolio for over seventy years. When the time came for LSMNJ to assess the future of LHM, we naturally turned to our long-term partner, HJ Sims, who has been involved with the community since 1989. Working closely with the Sims team over several years, we evaluated a number of financing scenarios, but ultimately determined that it was in the best interests of both the community and LSMNJ to consider divestiture, given changing market conditions, reduced reimbursement and ongoing talent shortages. Continuing our partnership with Sims, we relied on their expertise in marketing the community for sale, assessing potential purchasers and bids, and providing guidance and support through completion of the transaction. While divestiture of such a long-standing community was not our preferred choice, we greatly appreciated the understanding and support of the Sims team, who recognized the importance of LHM in the LSMNJ history and worked so closely with us to identify the right choice for the future of the community.”

— Jennifer Cripps, Chief Financial Officer

For more detailed information on how Lutheran Home at Moorestown was Financed Right® by HJ Sims, please call or email:

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HJ Sims is a member of FINRA, SIPC and is not affiliated with Lutheran Home at Moorestown.