

CASE STUDY

MERRILL GARDENS

Series II \$3,335,000 February 10, 2020 | Series III \$2,290,000 May 29, 2020



FINANCED RIGHT®

HJ SIMS RAISES ADDITIONAL CAPITAL FOR INVESTMENT IN DEVELOPMENT FUND



PARTNERED RIGHT®

Based in Seattle Washington, R.D. Merrill Company (“Merrill”) was founded in 1890 by Richard Dwight Merrill initially as a timberland business, later diversifying into real estate investment, development, and management of senior housing, mixed-use, and multi-family properties. To date, Merrill and its affiliates have been the principal in more than 100 communities.

Founded in 1996, Merrill’s senior housing affiliate Merrill Gardens, currently operates 30 senior housing communities in seven states. Over the course of its history, Merrill Gardens has served over 60,000 senior residents and the company has owned or managed over 120 communities in 17 states. Merrill Gardens is consistently recognized for setting a high standard for quality and innovation in the senior housing industry.

Founded in 2007, Merrill’s affiliate Pillar, operates approximately 1,650 apartment units and 178,781 square feet of commercial space. Additionally, Pillar has developed approximately six million square feet of senior housing, multi-family housing and real estate space in more than 30 development projects over the past 12 years, with a combined total cost in excess of \$1.5 billion. Pillar focuses on developing senior housing, mixed-use, and multi-family properties.

STRUCTURED RIGHT®

In 2019, HJ Sims committed to investing \$20 million in RDM Housing Strategies VI, LLC (“RDM VI” or the “Fund”) through the purchase of Class A Interests. RDM VI was formed by Merrill to develop and acquire multi-family and senior housing communities, primarily in urban infill locations in the south and on the west coast.

Merrill Gardens At A Glance

Partnered Right®	Structured Right®	Executed Right®	Financed Right®
<ul style="list-style-type: none">» Merrill and its affiliates have been the principal in the acquisition or development of more than 100 senior housing, mixed-use, and multi-family properties.» HJ Sims has invested in three prior funds raised by Merrill dating back to 2006.	<ul style="list-style-type: none">» HJ Sims committed to investing \$20 million in RDM Housing Strategies VI, LLC.» The investment needed to be structured to fund future capital calls as needed.	<ul style="list-style-type: none">» An investment company was formed to issue multiple Series of bonds.» In November 2019, HJ Sims issued \$4.395 million securities through its Private Client Group to fund initial capital calls in connection with its \$20.0 million equity investment in the fund.» To meet additional capital calls, HJ Sims issued \$3.335 million of Series II securities in February 2020 and \$2.290 million of Series III securities in May 2020.	<ul style="list-style-type: none">» HJ Sims underwrote and implemented an efficient investment structure meeting the capital objectives and needs of Merrill and its affiliates.

At the time of the first capital call, RDM VI had plans for initial investments in four senior housing properties and identified several additional properties as potential future investments for the Fund. In order to participate in the Fund, the HJ Sims investment needed to be structured with the flexibility to fund future capital calls as needed by the Fund.

EXECUTED RIGHT®

An HJ Sims controlled investment company, Sims Merrill Gardens VI, LLC (“Sims Issuer”), was formed to invest in RDM VI, with plans to issue multiple series of securities to capitalize HJ Sims’ investment in the fund. Through its Private Client Group, HJ Sims sold \$4.395 million of Series I securities in October 2019 to its high net worth investors to fund its commitment for the initial capital call for RDM VI. To meet additional capital calls from the Fund, HJ Sims issued \$3.335 million of Series II securities in February 2020 and \$2.290 million of Series III securities in May 2020.

FINANCED RIGHT®

Utilizing its extensive investor base and industry expertise, HJ Sims was successfully able to underwrite and implement an efficient investment structure meeting the capital objectives and needs of Merrill and its affiliates. Through its Private Client Group, HJ Sims secured capital for the Series III securities in a turbulent market amidst concerns of COVID-19 to fulfill its investment, meeting the timing needs of the Fund.

HJ Sims excels in providing customized debt and equity capital for senior living providers utilizing a variety of direct financing solutions, including equity, preferred equity, mezzanine debt, and high leverage first mortgage loans, tailored to meet the unique financing needs of valued partners like Merrill.

**For more detailed information
on how Merrill Gardens
was Financed Right® by HJ Sims,
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