

# SALE ANNOUNCEMENT

**\$17,326,751 SUB-PERFORMING LOAN RELATIONSHIP SALE**

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**MEMORY CARE FACILITIES  
STOCKBRIDGE, GA AND SAN ANTONIO, TX**

INDICATIVE BID DATE: THURSDAY, FEBRUARY 14, 2019

FINAL BID DATE: TUESDAY, MARCH 12, 2019



<b>Sale:</b>	<b>\$17,326,751 Sub-Performing Loan Relationship Sale</b>
<b>Collateral:</b>	<b>Memory Care Facilities</b>
<b>Location:</b>	<b>Stockbridge, GA &amp; San Antonio, TX</b>
<b>Performance:</b>	<b>Sub-Performing</b>

## Overview Summary

This Sale Announcement presents the sale of a sub-performing two loan relationship secured by a memory care facility in Stockbridge, GA and a sub-performing loan secured by a memory care facility in San Antonio, TX (the “Loan Sale” or “Asset Sale”) conducted exclusively by Mission Capital Advisors, LLC (“Mission” or “Loan Sale Advisor”) on behalf of an undisclosed seller (“Seller”).

## Sale Structure

Mission has been retained as the exclusive Loan Sale Advisor to a community bank with a footprint in the southeastern United States for the sale of three loans to a common borrower as follows: (i) two loans with unpaid principal balances of \$9,814,688 and \$283,490 and (ii) a loan with an unpaid principal balance of \$7,228,874 (the “Loans” “Assets” or “Loan Relationship”). The Loans are secured by two memory care facilities located in San Antonio, TX and Stockbridge, GA, respectively, (the “Properties”). The Loans are being offered on a sealed bid basis.

On behalf of the Seller, Mission is initially soliciting indicative bids from prospective bidders (the “Prospective Bidders”) for the purchase of (I) the Loans securing either property individually, or (II) the entire Loan Relationship pursuant to the Loan Sale timeline attached below.

Mission, in conjunction with the Seller, and at the sole and absolute discretion of the Seller, will then invite multiple bidders (the “Final Bidders”) to complete due diligence and submit non-contingent final bids for the Loans.

## Sale Highlights

The Loan Sale offers Prospective Bidders the opportunity to acquire sub-performing Loans secured by two memory care facilities located in Stockbridge, GA and San Antonio, TX.

- The subject loans were originated to construct two assisted living facilities located in Stockbridge, GA and San Antonio, TX and to provide mini-perm financing during the lease up of the Properties.
- The Loans share a common borrower and sponsor who is an established developer and operator of over 40 senior living facilities throughout the United States.
- The Loans were modified and placed under Forbearance Agreements in recent years due to payment and covenant defaults. Construction delays and slow lease up of the properties contributed to inadequate funds to cover debt service. TX-1a was modified in 2017 with an additional loan (TX-1b) funded at this time to cover the payment of delinquent property taxes.
- The Borrower is currently covering debt service shortfall out of pocket and has shown a commitment to the lease-up of the collateral.
- The Loans are secured by two 100% private pay memory care facilities located in San Antonio, TX and Stockbridge, GA.
- Performance of both facilities has improved significantly in the past two years. Since hiring a new marketing director in 2017, occupancy at the Stockbridge facility increased 10% and rent per occupied unit has grown by 16% since YE 2016. Occupancy improved 26% and rent per occupied unit has increased 32% at the San Antonio facility since YE 2017. The Properties have experienced in-place rent growth in the past 2 years and reported increases in NOI of \$517,640 and \$234,522 respectively, since YE 2016.
- The newly constructed facilities feature outdoor areas including two walking paths and a secured central courtyard. Other property and unit amenities include a central community dining room, private dining room, library/computer center, activities rooms, laundry facilities, lounge areas, and a salon.

### Asset Summaries

Loan	UPB	Rate	Maturity	Collateral City, State	# Beds	Occ %
TX - 1a	\$9,814,688	5.76%	7/16/19	San Antonio, TX	54	76.0%
TX - 1b	\$283,490	5.50%	7/16/19	San Antonio, TX	54	76.0%
GA - 1	\$7,228,574	6.50%	2/7/19	Stockbridge, GA	46	93.2%

Loan Information							
Loan	Original Loan Amount	UPB	UPB Per Unit	Interest Rate	Maturity	Payment Type	Monthly P&I Payments
TX - 1a	\$10,261,217.00	\$9,814,687.71	\$196,293.75	5.757%	7/16/19	P&I	\$53,846.20
TX - 1b	\$289,965.00	\$283,490.21	\$5,669.80	5.50%	7/16/19	P&I	\$1,819.83
GA - 1	\$7,653,513.00	\$7,228,573.57	\$195,366.85	6.50%	2/7/19	P&I	\$48,957.75

Collateral Information							
Loan	Property Type	City, State	Year Built/Renovated	SF (GBA)	# Units	# of Buildings	Occupancy
TX - 1a & b	Memory Care Facility	San Antonio, TX	2015	35,837	50	1	76.0%
GA - 1	Memory Care Facility	Stockbridge, GA	2014	30,178	37	1	93.2%

## Loan Sale Process

Prospective Bidders are subject to qualification by Mission and/or Seller (qualification process will be initiated by Mission as deemed necessary). Access to the Due Diligence Materials will be provided to Prospective Bidders solely at the discretion of Mission and/or the Seller and may be withheld for any reason.

The Seller, in conjunction with Mission, have prepared a comprehensive array of due diligence data (the "Due Diligence Materials"), which will be made available to Prospective Bidders that have executed, and are subject to the terms of, the Confidentiality Agreement (the "Confidentiality Agreement"), which can be accessed on the transaction offering email or by visiting [market.missioncap.com](http://market.missioncap.com). Included in the Due Diligence Materials will be an Offering Memorandum for the Asset (the "Offering Memorandum") prepared by Mission, comprehensive bidding instructions, the terms of sale and the Seller's required form of Agreement for Sale and Purchase of the Loan (the "Loan Sale Agreement").

Mission is soliciting non-contingent final bids for the Loans. Prospective Bidders are encouraged to complete final due diligence before submitting **non-contingent offers on the Final Bid Date (the acceptance of which by Seller will require immediate execution of pre-negotiated Loan Sale Agreement by Prospective Bidder accompanied by a 10% non-refundable wire funds deposit).**

Additional information will be provided to Bidders via Mission's online due diligence site. Such information may include detailed loan documents, pay histories, environmental reports, litigation documents (if applicable), and financial statements, in both computer file and imaged formats.

**Please e-sign or return an executed Confidentiality Agreement to [nda@missioncap.com](mailto:nda@missioncap.com)**

**All inquiries should be directed through Mission Capital. Neither the Seller, Borrower, Borrower affiliates or Guarantors are to be contacted. Investors are required to strictly adhere to the terms of the Confidentiality Agreement.**

## Loan Sale Agreement

**The Seller will make its required form of Loan Sale Agreement available for review to Bidders. Pursuant to the Loan Sale Agreement, the Seller is selling its Loans subject only to those representations and warranties explicitly stated in the Loan Sale Agreement. No other representations or warranties, either expressed or implied, shall apply.**

## Contact Information

### MISSION CAPITAL ADVISORS, LLC

**Daniel O'Donnell**  
Managing Director

[dodonnell@missioncap.com](mailto:dodonnell@missioncap.com)  
214-912-6567

**Kyle Kaminski**  
Director

[kkaminski@missioncap.com](mailto:kkaminski@missioncap.com)  
212 925 6692

**Michael Britvan**  
Managing Director

[mbritvan@missioncap.com](mailto:mbritvan@missioncap.com)  
212 925 6692

**Anna Baumeistser**  
Analyst

[abaumeister@missioncap.com](mailto:abaumeister@missioncap.com)  
212-925-6692

## Loan Sale Timeline

The transaction contemplated herein has been scheduled as follows:

Event	Date
Sale Announcement Distributed	Wednesday, January 23, 2019
Initial Data Distribution	Thursday, January 24, 2019
Indicative Bid Date	Thursday, February 14, 2019
Acceptance of or Comments to LSA Due	Friday, March 8, 2019
Final Bid Date	Tuesday, March 12, 2019
Winning Bidder Selected	Wednesday, March 13, 2019
10% Non-Refundable Deposit Due	Friday, March 15, 2019
Closing Date on or Before	Friday, March 22, 2019

Due diligence information can be found in the data room at [market.missioncap.com](http://market.missioncap.com)

### Disclaimer:

NO OBLIGATION TO SELL SHALL BE BINDING ON SELLER UNLESS AND UNTIL A WRITTEN CONTRACT OF SALE OR PURCHASE AND SALE AGREEMENT IS SIGNED AND DELIVERED BY SELLER. THE SELLER RESERVES THE RIGHT, AT ITS SOLE AND ABSOLUTE DISCRETION, TO WITHDRAW THE ASSETS FROM THE ASSET SALE, AT ANY TIME. THIS SALE ANNOUNCEMENT HAS BEEN PREPARED TO ASSIST THE RECIPIENT IN DECIDING WHETHER TO PROCEED WITH FURTHER INVESTIGATION OF THE ASSETS. WHILE THE INFORMATION INCLUDED HEREIN IS BELIEVED TO BE ACCURATE AND RELIABLE, SELLER, MISSION AND THEIR RESPECTIVE SUBSIDIARIES, AFFILIATES, AGENTS, ASSIGNEES, OFFICERS, TRUSTEES, DIRECTORS, SERVICERS AND EMPLOYEES MAKE NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION, INCLUDING BUT NOT LIMITED TO THE VALIDITY OR PRIORITY OF ANY LIENS AND THE VALUE OF ANY COLLATERAL. ONLY THOSE REPRESENTATIONS AND WARRANTIES THAT ARE MADE BY THE APPLICABLE SELLER TO A PROSPECTIVE BIDDER IN A DEFINITIVE, EXECUTED ASSET SALE AGREEMENT SHALL HAVE ANY LEGAL EFFECT.

**NEW YORK**  
41 Madison Avenue  
35th Floor  
New York, NY 10010  
Tel: 212-925-6692  
Fax: 646-607-8132

**CALIFORNIA**  
620 Newport Center Dr  
Suite 680  
Newport Beach, CA 92660  
Tel: 949-706-3001  
Fax: 646-607-8132

**ALABAMA**  
118 North Royal Street  
7th Floor  
Mobile, AL 36602  
Tel: 212-941-2269  
Fax: 646-607-8132

**FLORIDA**  
4741 Military Trail  
Suite 202  
Jupiter, FL 33458  
Tel: 561-622-7022  
Fax: 561-622-9959

**TEXAS**  
1920 McKinney Avenue  
7th Floor  
Dallas, TX 75201  
Tel: 469-333-8004  
Fax: 512-327-0112