

Chancery Monthly – June 2018

June 13th and 14th, Steve Suske (Chairman of Chancery), Jessica Zhang (CEO) and Sarah Cathrae (Managing Director) attended SenbridGe Spring conference, which is the largest health and aging event in Canada. The Spring 2018 conference focused on North America’s top deal makers, strategies for growth and development and emerging trends in North American seniors’ living and healthcare delivery markets.

SenbridGe Sees is a bi-annual leading industry newsletter. The latest issue (as attached) features 13 recent transactions shaping the sector, including Surprise Behavioral Hospital in Arizona, a development project of Chancery and its partner Avenir Senior Living Inc. Also highlighted a new adventure of our Chairman Steve: Family Retirement Residences (“Family”).



Chancery Seniors Housing Investments/Avenir Senior Living

Chancery Seniors Housing Investments partnered with Avenir Senior Living in the development of a geriatric behavioral hospital in Surprise, Arizona. To finance this development, Chancery completed a US\$3,000,000 capital raise which closed on November 10, 2017. The capital raise consisted of subordinated unsecured notes and non-cumulative preferred limited partnership units.




Suske Capital: A New Adventure

Sarah Cathrae
Suske Capital



Notable Canadian seniors housing market consolidator and public company promoter, Steve Suske (president and CEO of Suske Capital Inc.) announced his latest venture earlier this spring: Family Retirement Residences (“Family”).

Steve Suske has plenty of experience founding public seniors housing companies, being a founder and the former CEO of Chartwell Retirement Residences (TSX: CSH.UN), as well as the founder of Regal Lifestyle Communities Inc., which was privatized by Revera Inc. and Welltower Inc. (formerly Health Care REIT, Inc.) in 2015.

long-term care in Ontario and minimal exposure elsewhere.

Family will be managed by internalized management with a local community focus that will be supplemented by management contracts. Third-party managers will be brought in where specialized experience is appropriate. A seasoned Executive Management team with extensive seniors housing operations, development, and capital markets experience will oversee both the internal management team and our management partners.



Suske Capital believes in the opportunities present in the seniors housing market due to the demographics that we are all familiar with, as well as the growing gap between the need for, and the government’s ability to finance, seniors care.

Family is excited about bringing increasingly innovative private-pay seniors housing options to market to meet the needs of a greater percentage of the growing number of seniors in the years to come. Steve Suske and his team have been active in the promotion of more affordable housing options for seniors through a number of innovative offerings, including stand-alone seniors apartments in Oshawa, Ontario, and Red Deer, Alberta and an innovative approach to active senior living in Ottawa, Ontario where the focus is on amenities, programming, and active involvement in community living.

Suske Capital will roll its equity interest in several development projects, consisting of retirement residences and memory care communities in Canada and the United States, into Family. The remainder of its developments projects will constitute a significant off-book development pipeline.

The qualifying transaction will take the form of a reverse-takeover of ONEnergy Inc. ONEnergy is an energy management firm serving commercial, industrial, multi-

We'd like to share with you a summary notes of the SenbriGe Spring Conference by our special guest Paul Marsh, hoping it would shed some lights on the emerging industry trend.

2018 Seniors Housing Symposium – Wrap-up Notes (part I)

Paul Marsh – Senior Director, Seniors Housing & Healthcare, Valuation & Advisory Services, CBRE

Day 1 – Tech Show

If you were not able to attend the Symposium, I would encourage you to attend it next year. In addition to the special Coke (“Coca-Cola Plus” which contains a laxative) that Michelle Roth mentioned, I liked the senior friendly “chewability” ratings that they are putting on some foods in Japan. There was a lot of cool tech there too including a belt with air-bags that automatically deploy in the event of a fall preventing seniors from breaking their hips.

Day 2 – 2018 Senbridge Spring Symposium

View from the Top

Consensus that the CEO's were “cautiously optimistic” about the new Provincial government specifically with respect to stopping the next round of minimum wage increases and other regulations.

General agreement that payment systems need to change. There is a changing mindset amongst seniors and their families that they will need to pay for their care needs themselves.

A voucher system where seniors could select where and with whom they obtain any required care was again promoted to be far more efficient than the current LTC and LHIN mechanisms.

The urban problem with the LTC rebuilds continues. The need for LTC beds (and the ability to pay for preferred beds) is in urban areas but the funding to rebuild doesn't work in urban area (high land costs).

A need to make staffing for seniors' housing sexy was stressed given the competition for employees.

Development

Several approaches on affordability were discussed including pre-fab construction, simplifying design, building around community amenities, and including community interaction.

High land costs were driving increased building efficiencies as well as driving larger project sizes.

Several speakers talked about the issues they were experiencing fitting their modern retirement communities / campuses (seniors apartments through to care) projects into the existing (dated) zoning and planning requirements. The experience in Texas must seem like a dream to them.

Sharing information with competitors was stressed as being beneficial for everyone and good for the industry as a whole.

Feasibility studies were also stressed as being very important!

To be continued...