

**UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:

Northwest Senior Housing Corporation, *et al.*,¹
Debtors.

Chapter 11

Case No. 22-30659 (MVL)

(Jointly Administered)

**DECLARATION OF DAVID B. FIELDS
OF RBC CAPITAL MARKETS, LLC AS INVESTMENT BANKER
IN SUPPORT OF THE SALE OF SUBSTANTIALLY ALL OF THE DEBTOR'S
ASSETS² PURSUANT TO THE THIRD AMENDED PLAN OF REORGANIZATION**

I, David Fields, Managing Director at RBC Capital Markets, LLC, (“RBCCM”), being duly sworn, hereby declare:

Background of RBCCM

1. RBCCM is a leading international investment banking and financial advisory firm that is part of the Royal Bank of Canada. RBCCM’s healthcare group is led by senior-level bankers that possess significant healthcare and capital markets experience and who have been retained in over fifty-five (55) distressed transactions involving senior living communities in the last nine years.

2. I am a Managing Director at RBCCM and responsible for the senior living sector. My banking experience in the senior living industry spans over twenty-eight (28) years and encompasses over 135 financings providing over \$6.0 billion to senior living projects, including startup and existing continuing care retirement communities (“CCRC”), nursing homes, and

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors’ mailing address is 8523 Thackery Street, Dallas, Texas 75225.

² Capitalized terms not defined herein shall have the meanings ascribed to them in the *Third Amended Disclosure Statement for the Plan of Reorganization of the Plan Sponsors Dated December 19, 2022* [Docket No. 933] (the “Plan”).



assisted living facilities. In addition to financing transactions, I have been involved in numerous restructurings of distressed CCRCs and long-term care facilities across the United States, similar to Northwest Senior Housing Corporation (“**Edgemere**” or the “**Facility**”). These engagements included serving as investment banker or financial advisor to borrowers, sponsors, debtors, bondholders, banks, and trustees, totaling over \$3.0 billion of debt.

3. I am familiar with Edgemere, and my team was retained to serve as the investment banker by counsel to UMB Bank, N.A., in its capacity as successor master trustee and successor bond trustee (together, the “**Trustee**”).

4. Except as otherwise indicated, all facts set forth in this Declaration are based upon my personal knowledge, my discussions with Edgemere and its counsel, Polsinelli PC (“**Polsinelli**”) and the Trustee and its counsel, Mintz, Levin, Cohn, Ferris, Glovsky & Popeo, P.C. (“**Mintz**”), as well as my review of relevant documents, or my opinion based upon my experience and knowledge of Edgemere. If I were called to testify, I would testify competently to the facts set forth in this Declaration.

Scope of Professional Services in Relation to the Sale

5. As investment banker, RBCCM agreed to perform the following services with respect to facilitating the sale, disposition, or affiliation of the Facility:

- a) Assemble, distribute, solicit, and market the sale or disposition of the Facility to a broad audience through and including:
 - i) Development of a Confidential Information Memorandum (“**CIM**”) and Electronic Data Room;
 - ii) Interact with interested parties to generate bids;
 - iii) Facilitate a negotiation process;
 - iv) Facilitate and conduct an auction (if required); and

v) Close and consummate the sale.

Sale Process

6. RBCCM has consulted with the Debtors and the Initial Plan Sponsors and other advisors on a consistent basis regarding the marketing process, the selection of the Stalking Horse Bidder, the interest of other potential buyers, and all other aspects of the potential sale of the Debtors' assets (collectively, the "**Sale Process**")

7. Beginning November 2, 2022, RBCCM developed an outreach and marketing program to potential buyers regarding Edgemere, including, but not limited to, the collection and assembly of an electronic data room, development of a CIM, and coordination of inquiries about Edgemere from prospective interested parties.

8. The electronic data room provided prospective buyers with detailed information regarding Edgemere that included, among other documents, financial statements, Facility information, the ground lease and financing documents. The electronic data room was comprehensive and included approximately 267 specific documents related to Edgemere.

9. RBCCM also crafted a CIM, which provided a summary of information regarding Edgemere and the sale opportunity. The CIM included an overview of Edgemere, a summary of current and historical occupancy numbers, a summary of the unit pricing, a site plan of the Facility, and various competition, demographic information, and real estate market statistics relevant to the growth prospects of the Facility.

10. On December 19, 2022, RBCCM launched the marketing effort, which included telephonic, direct, and email distribution providing a general overview of the opportunity to engage parties interested in the Facility.

11. RBCCM solicited 869 groups (1,500+ individual contacts) for their interest in Edgemere. Three (3) categories of potential buyers were solicited through the marketing sale: (i)

long-term care operators; (ii) real estate investment trusts; and (iii) other market participants such as investment funds.

12. These parties were invited to submit offers that are higher or better than the offer submitted by Stalking Horse Bidder. In the event that higher or better bids were received, an auction would be held in accordance with the Bidding Procedures. This is the most efficient way to maximize the consideration to be paid for the Facility and protect the interests of the residents of the Facility.

13. Twenty-one (21) interested parties indicated a level of interest as a potential buyer and requested additional information. Fifteen (15) parties executed a confidentiality agreement and conducted due diligence with the information provided in the electronic data room.

14. RBCCM bankers solicited and negotiated with interested groups and two (2) potential bidders conducted site visits at the Facility on December 14, 2022 and January 6, 2023, respectively.

15. On January 11, 2023, RBCCM sent an updated email distribution to the 869 groups informing the investors of an approved timeline extension for the Sale Process. Again, the email encouraged parties to execute a confidentiality agreement to access the data room and submit a bid to participate in the auction for Edgemere.³

16. Despite the lengthy and robust process satisfying the requirements of Bankruptcy Code Section 363, no qualifying bids were received by the bid deadline on February 3, 2023. The Stalking Horse was deemed the Winning Bidder on February 7, 2023.

³ The Bid Deadline was originally set for January 13, 2023, at 4:00 p.m. CT and was revised to February 3, 2023, at 4:00 p.m. CT. The auction was originally set for January 17, 2023, at 10:00 am CT and was revised to February 7, 2023, at 10:00 a.m. CT. The Confirmation and Sale Hearing was scheduled for January 26, 2023, at 9:30 a.m. CT and was revised to February 21, 2023, at 9:30 a.m. CT.

17. The best indication of value is to market test the assets: determine the amount a third party is willing to pay in order to obtain a statement of value. The Sale Process was such a market test. The Sale Process was fair, extensive and robust, and resulted in the highest and best offer for the Facility.

Section 1129(a)(7) Analysis

18. I understand that, to confirm the Plan, Section 1129(a)(7) of the Bankruptcy Code requires that each holder of a claim or interest in each impaired class either (a) has accepted the Plan or (b) will receive or retain under the Plan property of value, as of the Effective Date, that is not less than the amount that such holder would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code. This confirmation requirement is commonly known as the “best interests of creditors test.”

19. To determine whether the Plan satisfies the best interest of creditors test, my team and I prepared the Liquidation Analysis (the “**Liquidation Analysis**”) attached as Exhibit 2 of the *Third Amended Disclosure Statement for the Plan of Reorganization of the Plan Sponsors Dated December 19, 2022* [Docket No. 934] (the “**Disclosure Statement**”). The Liquidation Analysis represents a good faith estimate of what creditors would receive in a hypothetical liquidation under chapter 7 of the Bankruptcy Code. The analysis, methodology, and assumptions applied as part of the Liquidation Analysis are set out in greater detail in the Disclosure Statement. Based on my experience with the Debtors, my review of their books and records, and my experience as a restructuring advisor, I believe that the methodology used to prepare the Liquidation Analysis is appropriate and the assumptions and conclusions set forth therein are fair and reasonable under the circumstances.

20. Under the Liquidation Analysis, the Debtors’ general unsecured creditors are estimated to recover approximately 15-21% under the Plan and 0% under a chapter 7 liquidation.

Further, the Liquidation Analysis demonstrates that the Plan will provide all holders of Allowed Claims with a recovery that is greater than what such holders would receive pursuant to a liquidation of the Debtors under chapter 7 of the Bankruptcy Code due to the following factors: (a) the likelihood that the Debtors' Assets would have to be sold or otherwise disposed of in an orderly fashion subject to an entirely new sale process undertaken by the chapter 7 trustee; (b) additional administrative expenses attendant to the appointment of a trustee and the trustee's employment of attorneys and other professionals; and (c) additional expenses and Claims, some of which would be entitled to priority, which would be generated during the liquidation and from the rejection of leases and other executory contracts in connection with a cessation of the Debtors' operations.

21. Accordingly, I believe the Plan satisfies the requirements of the best interests of creditors test under section 1129(a)(7) of the Bankruptcy Code.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge.

Executed this 17th day of February, 2023.



David B. Fields
Managing Director
RBC Capital Markets, LLC