# Assisted Living Facility: Financial Projections & Operational Strategy

Navigating the roadmap from initial capital outlay to Year 2 profitability.

# The Business Case: Surviving the Dip to Secure the Scale

The Assisted Living Facility model presents a binary financial reality. Year 1 requires strict cash preservation to manage a projected -£35,000 EBITDA loss. However, disciplined operations allow for rapid scaling, with projections hitting £127 million EBITDA by Year 2 driven by high gross margins.

**YEAR 1 REALITY**

**-£35,000**

EBITDA Loss

- Cash Flow Volatile
- Focus: Survival

Driver: Scale Residency Unit Months (RUMs) from 360 to 900

**YEAR 2 TARGET**

**£127,000,000**

EBITDA Profit

- Margins Stabilised
- Focus: Scale

# The Critical Path to Break-Even and Payback

Time is the enemy. Payback is contingent on the modeled occupancy ramp. Any delays in resident intake directly extend the timeline beyond the 26-month target.

**Launch Day**

Initial CapEx: £104m

Growth Sage

The Turnaround Point

**Month 13 (Jan 2027)**

Operational Break-Even

**Charcoal Navy**

Recovering £104m Investment

**Month 26**

Full Capital Payback

[!] CRITICAL RISK PERIOD

# Cash Reality: The Liquidity Crunch of December 2026

Working capital is projected to hit its absolute floor in December 2026, dropping to a minimum of £117,000. This is the most dangerous point in the facility's lifecycle.

| | |
|---|---|
| Minimum Cash Floor (Dec 2026) | **£117,000** |
| Required Staffing Buffer (+20%) | **+£23,400** |

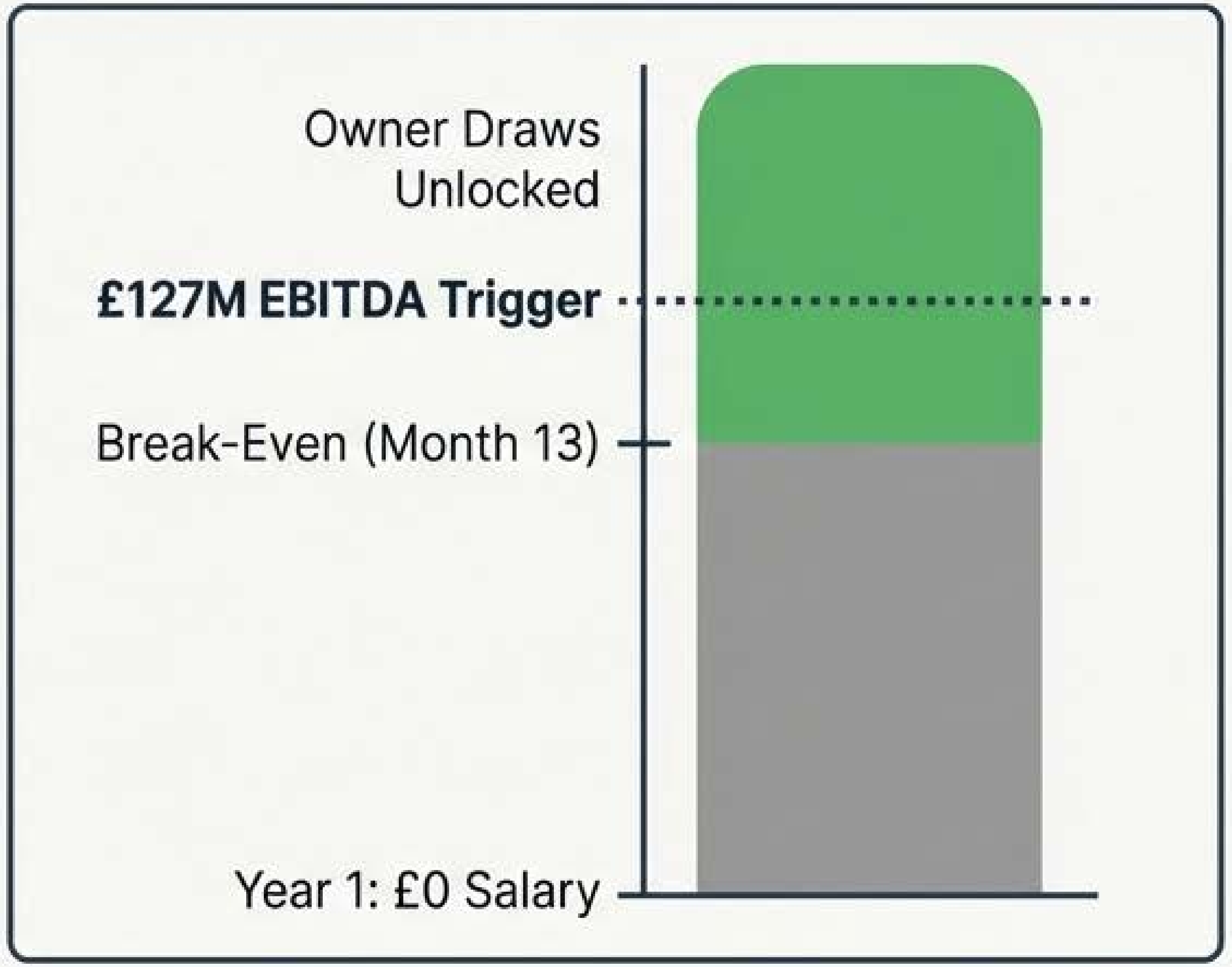
**TOTAL LIQUIDITY REQUIRED: £140,400**

**Action:** Owners must secure this specific capital amount to fund operations through the stabilisation phase.

# Founder Compensation and Runway Requirements

There is no capacity for owner salary in Year 1. Cash flow is too tight and must be preserved for operational volatility. Owner draws are strictly deferred until the business demonstrates true operational strength.

Founder Obligation: Secure personal financial runway for 12+ months.



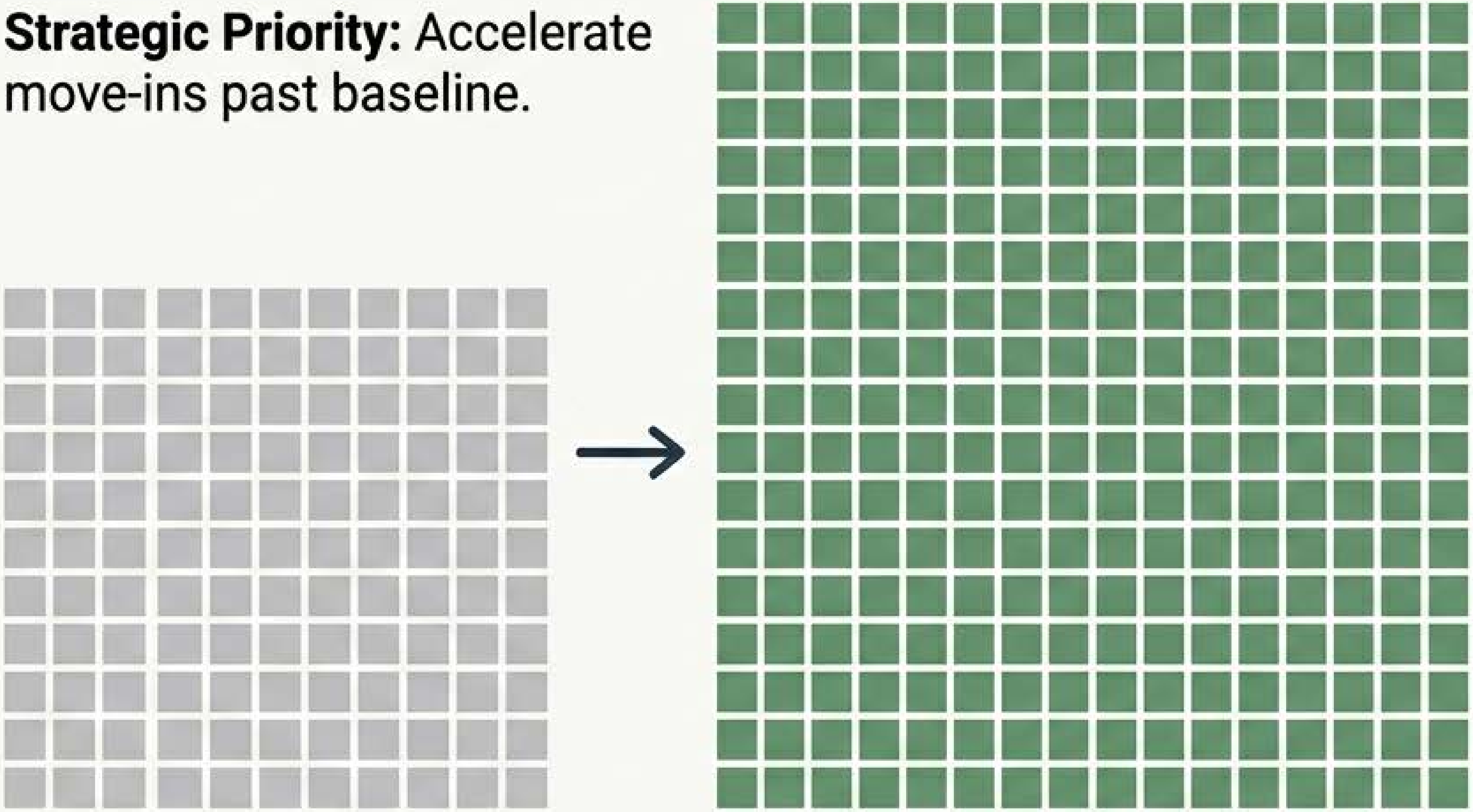

**Key Insight Box:** The break-even at Month 13 is for the BUSINESS, not the OWNER.

# Factor 1: Leveraging Occupancy to Dilute Fixed Costs

Volume is the primary cure for Year 1 losses.

**Strategic Priority:** Accelerate move-ins past baseline.

Unit Month



Current: 360 RUMs

Target: 900 RUMs

**The 10% Rule:** Every 10% shift in occupancy significantly alters fixed cost allocation.

**Analysis:** Current -£35k EBITDA loss is a result of poor absorption. Filling beds is the only mechanism to swing positive.

# Factor 2: Absorbing the £1.29M Annual Fixed Overhead

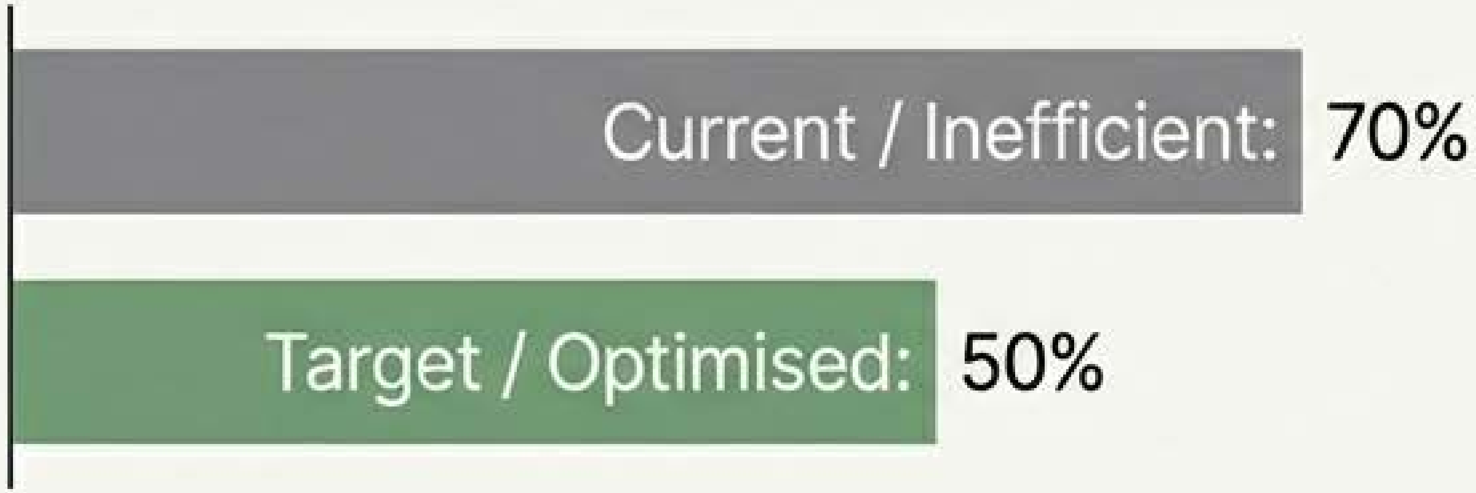

- **The Risk:** This cost is static. Whether the facility has one resident or fifty, the £1.29M must be paid.
- **Impact:** Low uptake guarantees losses. The break-even threshold is high; sales cycles must be reduced to spread this overhead across more reviue immediately.

# Factor 3: Protecting the 90% Gross Margin

Aggressive supply chain discipline is required to maintain margins.

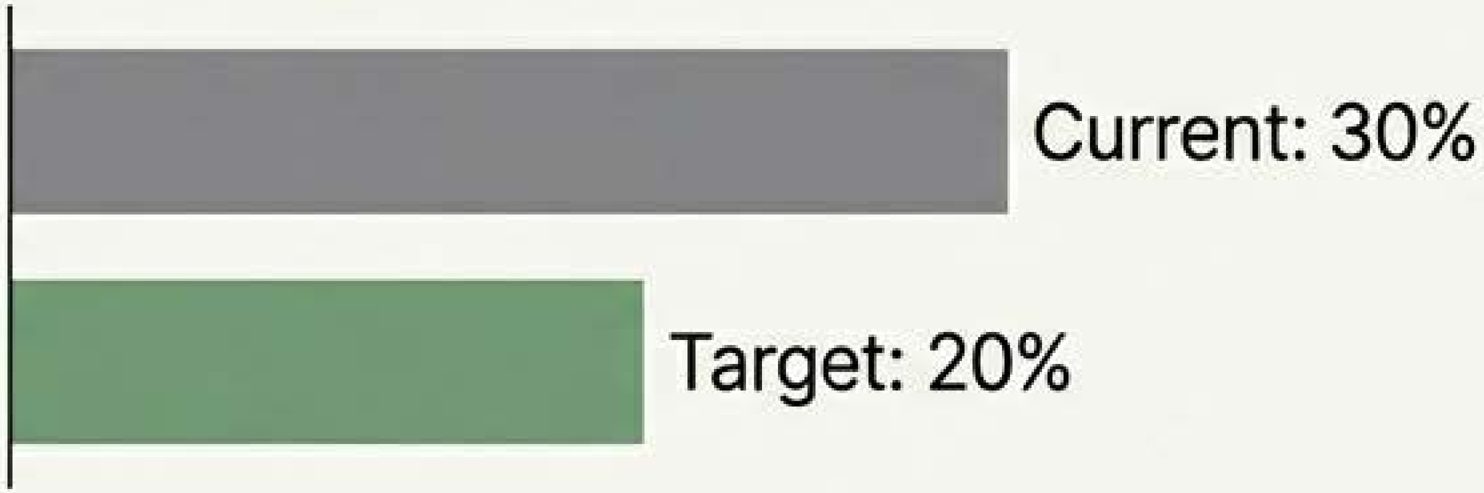
## Variable Cost Efficiency Targets

**Food Costs** (% of Revenue)




Action: Centralise procurement, farm-to-table optimisation.

**Direct Care Supplies** (% of Revenue)




Action: Bulk discounts, reduce waste.

**Avoid overstocking perishables. Operational discipline protects the margin.**

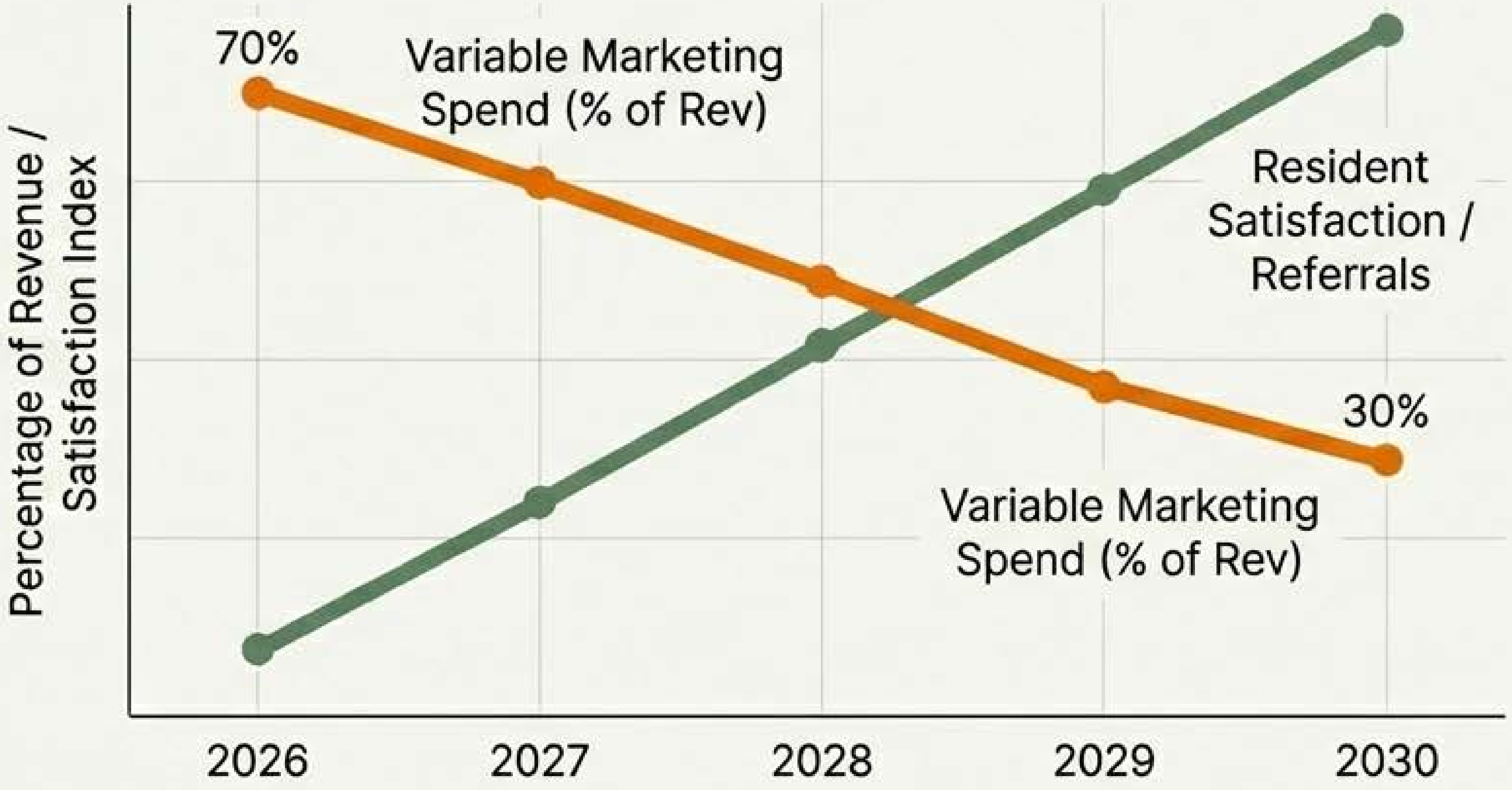
# Factor 4: Managing Labour, The Primary Variable Risk

Labour is the largest variable expense. Management must strictly control RN/Caregiver ratios. Overstaffing destroys margins; understaffing risks regulatory fines.

**Risk Warning:** If onboarding takes 14+ days, churn risk rises, creating service gaps.

# Factor 5: Optimising Acquisition Costs Over Time

Moving from ‘buying growth’ to organic reputation.




2026 Acquisition Spend: £170,000

**Context:** High Cost of Acquisition (CAC) is normal for launch. Future efficiency relies on reputation replacing ad spend.

# Factor 6: Debt Service and Real Cash Flow

**Theoretical Metric: 1005% Return on Equity (ROE)**

↓

- LESS: Monthly Principal Payments
- LESS: Monthly Interest Payments

↓

**EQUALS: Real Distributable Cash Flow**

**Context:**

Pre-debt metrics are accounting artifacts. Founders should push for interest-only periods or shorter amortisation schedules to ensure coverage ratios stay above 1.5x.

# Factor 7: Maximising Ancillary Revenue Streams

The hidden margin boosters. Tn: The hidden margin boosters.

Menu Item

## Care Packages

Growth Sage

£1,500 – £1,700 / month

Based on support levels.

Growth Sage

Menu Item

## Guest Nights

Growth Sage

£150 – £170 / night

For visiting families.

Growth Sage

Menu Item

## Strategy

Growth Sage

Bundle with residency tiers. Maximise uptake speed to boost contribution margin.

Growth Sage

# Strategic Outlook: The Path to £34M EBITDA

## Year 5 Goal: £34,000,000 EBITDA

### ~~PRICING LEVER~~

Not Viable. Gross margins already maxed at 90%+. Cannot price-hike to growth.

### VOLUME LEVER

Critical Path. The £129m fixed cost base must be relentlessly diluted by occupancy and cost cost control.

# Operational Priorities for Launch

Immediate next steps for the founding team.

- [ ] **LIQUIDITY:** Secure £140,400 working capital to survive Dec 2026 low.
- [ ] **RUNWAY:** Ensure 12+ months personal living expenses covered.
- [ ] **FOCUS:** Direct all Year 1 efforts to Resident Intake (360 -> 900 RUMs).
- [ ] **STAFFING:** Monitor onboarding; keep under 14 days to prevent churn.
- [ ] **EXPECTATION:** Plan for zero salary until Year 2 / £127M EBITDA.