

Sonida Senior Living: How Far Should Integration Go?

Internal ID: S&F-STR-510

Topic: Mergers & Acquisitions, Platform Strategy, Corporate Strategy

Industry: Health Care Facilities

Source: Strategy & Finance

Publication date: 5 October 2026

License: Not specified

Teaching case; information cutoff: August 10, 2026

A platform in transition

On August 10, 2026, Sonida Senior Living reported its first full quarter-end results since completing its acquisition of CNL Healthcare Properties (CHP) in March. It reported a broader portfolio of 164 owned, managed or invested-in communities with more than 16,500 units across 35 states, including 152 owned communities. [P1] The transaction had added 69 properties: 54 senior-housing operating-property communities, where the owner bears occupancy and operating risks, and 15 triple-net-lease properties, where tenants operate the buildings and Sonida receives rent. [P5, P6]

The integration was already changing who managed some of the acquired communities. Sonida said management had transitioned at 14 of the 54 acquired operating communities by July 1, with more transitions scheduled for late in the third and early in the fourth quarter. The transitions changed management arrangements, not ownership. [P4] The public record does not establish whether the remaining communities have comparable contracts, economics or readiness, and the company had not disclosed a property-by-property transition schedule or termination terms.

The question for a hypothetical operating review is therefore not whether Sonida has announced a company-wide integration decision. It has not. Instead, assume you advise a hypothetical leadership group considering what evidence and gates should govern the next phase: move more acquired communities to Sonida's own management platform, stage that work selectively, or retain outside managers where continuity and local knowledge may be more valuable.

Two results, two interpretations

The company's Q2 presentation reported that six communities whose management changed at the beginning of May had year-over-year NOI improvement above 60% and NOI-margin expansion of 850 basis points versus Q2 2025. Management presented this as an early integration result. It did not provide property-level baselines, a comparison group, transition costs or a decomposition of the result. The six properties were a small, selected cohort; the presentation did not establish that management conversion caused their improvement or that the other 48 would perform similarly.

The broader operating figures were positive as well, but they did not isolate the effect of transitions. Sonida's earnings release described same-store occupancy of 87.8%, resident revenue per occupied unit (RevPOR) of \$5,372 and same-store net operating income (NOI) of

\$51.5 million. Those current-quarter at-share values were compared with Q2 2025 pro forma measures as if CHP had been owned from the beginning of the prior period. The company's Q2 Form 10-Q separately reported actual same-store occupancy of 87.7%, RevPOR of \$5,350 and NOI of \$51.172 million on a consolidated basis. The two presentations use different bases and comparison cohorts; neither is a property-level estimate of integration impact.

Management also described the two sides of the service model. Its standing Operational Excellence team was intended to execute integration without disrupting the core portfolio. Sonida said third-party management relationships could preserve operating continuity and institutional knowledge, and some relationships could remain strategic partnerships. The integration question was how to combine common systems and scale with the judgment that comes from knowing a community, its residents and its labor market.

What might the benefits be worth?

Sonida's investor presentation estimated \$16 million to \$20 million in Year-One run-rate corporate synergies. The estimate included \$13 million of external investment-advisor fee elimination, which management marked completed, and \$3 million to \$7 million of net corporate general and administrative savings, described as on track for 2026. The calculation used 2026 estimates and defined the relevant cost base with exclusions and management-fee treatment. The presentation separately listed additional possible opportunities-labor optimization, operating and purchasing scale, regional infrastructure, and management internalization-as not yet modeled.

These are company estimates and status reports, not a realized-savings bridge. They do not state the full cash cost or timing of future community-by-community transitions. Sonida recorded \$4.8 million of merger-related costs in Q2 and \$30.9 million in the first half, primarily for advisory, legal, accounting, tax and transition-service arrangements. Those reported costs provide a measure of integration expense to date, not a complete cost-to-achieve figure.

The company was also pursuing acquisitions. Its presentation described about \$88 million of acquisitions under contract and additional opportunities under review. The earnings release said management's priorities were growth in the existing portfolio and disciplined pipeline development. Nothing in the disclosure establishes a fixed pool of capital or management capacity that forces Sonida to choose between integration and acquisitions.

The balance sheet likewise requires care. On August 7, Sonida drew \$372.5 million under a new Ally term loan of up to \$380 million. The proceeds repaid a prior \$122 million term loan and a \$170 million bridge facility, then paid down \$70 million of revolver borrowings. A further \$7.5 million was available only subject to specified debt-yield and coverage conditions. The transaction refinanced debt; it was not \$372.5 million of new liquidity. Sonida also reported \$27.3 million of net proceeds from post-quarter ATM share sales.

A broader operating context

The management question applies to one part of the acquired portfolio. Of the 69 acquired assets, 54 were operating communities and 15 were triple-net leased. For the NNN properties, tenant operators bear substantially all operating costs and Sonida is not involved in property management. The 54 operating properties are the relevant group for this exercise. Local-market, staffing, contract and operating-condition factors may differ; the public record provides no site-level evidence to compare them. [P1, P4, P6]

The company described its integration plan as phased: preserve continuity during the first 90 days, integrate financial systems and asset management, capture near-term corporate savings,

then use the larger platform for further growth. The presentation stated that it had retained access to CHP employees for 90 days and hired six of 17 CHP employees into permanent roles. It also said it had appointed a new Chief Operating Officer and added leadership capacity in sales, marketing, culinary, programming and facilities. The presentation cautioned that its integration milestones and timing were not guarantees.

Peer results offer context rather than a target. Brookdale Senior Living reported Q2 occupancy of 82.4% and Adjusted EBITDA of \$122 million, along with asset sales and an announced acquisition of 17 leased communities. Brookdale's size, lease structure, business mix and capital model differ from Sonida's. Its performance cannot serve as a control group for Sonida's transition cohort.

The decision

For this exercise, assume you advise a hypothetical leadership group reviewing the next phase of CHP integration. You are not being asked to estimate company value or to choose a pre-announced transaction. Propose a management-transition policy that specifies:

1. Which acquired operating communities, if any, should be evaluated first for internalization?
2. What evidence should be required before management changes, and what should be measured afterward?
3. Which operating decisions should be standardized across Sonida and which should remain local?
4. Under what conditions should Sonida retain a third-party manager, pause a proposed transition before commitment, or reverse one only where contract rights and operating feasibility permit?
5. How should management distinguish recurring savings from one-time fees, accounting effects, acquisition growth and general market improvement?

There is no disclosed company rule that determines the answer. A defensible policy must address the potential benefit of scale and the costs of disrupting community operations, while making the missing property-level information explicit.

Exhibits

Exhibit 1. Acquired portfolio and management-transition status

Item	Publicly reported status
CHP properties acquired	69
Operating communities (SHOP)	54
Triple-net lease properties (NNN)	15; property management rests with tenants
SHOP communities with management transitioned by July 1	14 of 54
Further SHOP transitions	Scheduled by management for late Q3/early Q4 2026
May transition cohort	Six communities; management reported YoY NOI improvement above 60% and margin expansion of 850 bps vs. Q2 2025
Integration support	Standing internal Operational Excellence team; company says third-party manager relationships preserve continuity and institutional knowledge

Source: Sonida Q2 2026 investor presentation, slides 7 and 34. The six-community operating result is a separate measure from the 14-of-54 transition count. Company-reported; no property-level data or control group was provided. [P4]

Exhibit 2. Reported operating measures: keep their bases separate

Measure	Q2 2026 10-Q: actual consolidated same-store	Q2 release/presentation: current at-share measure
Occupancy	87.7%	87.8%
RevPOR	\$5,350	\$5,372
Same-store NOI	\$51.172m	\$51.5m
Prior-year comparison	Actual Q2 2025 cohort	Q2 2025 pro forma, as if CHP were owned from period start

Source: Q2 2026 Form 10-Q, printed pp. 40-43; Q2 2026 results release, lines 18-19; investor presentation, slides 17-18. At-share, pro forma and consolidated figures are not interchangeable. The release/presentation's pro forma history is unaudited and not predictive. [P1, P3, P4]

Exhibit 3. Synergy estimate and integration costs

Category	Management estimate/status
External investment-advisor fee elimination	\$13m annual run-rate; marked completed
Net corporate G&A savings	\$3m-\$7m annual run-rate; described as on track for 2026
Year-One run-rate estimate	\$16m-\$20m; 70%-85% of target, according to company
Additional opportunities	Labor optimization, operating/purchasing scale, regional infrastructure and management internalization; identified as future potential, not modeled
Merger-related costs recorded	\$4.8m Q2 2026; \$30.9m H1 2026

Source: Q2 investor presentation, slides 32-33 and its methodology footnote; Form 10-Q, printed p.13. The synergy figures are management estimates/status, not realized cash savings. Q2 and H1 costs are recorded-period costs, not a full transition-cost estimate. [P1, P4]

Exhibit 4. Debt and near-term capital context

Item	Reported terms
Ally facility	Up to \$380m; \$372.5m drawn Aug. 7; \$7.5m conditional delayed draw
Use of proceeds	Repaid \$122m prior Ally term loan and \$170m bridge debt; paid down \$70m revolver
Pricing / security	SOFR + 185 bps; secured by 28 communities
ATM proceeds	\$27.3m net after quarter-end share sales
Acquisitions under contract	Approximately \$88m, per Q2 investor presentation

Source: Q2 Form 10-Q, printed p.36, subsequent events; Q2 release, lines 21-28; Q2 investor presentation, slide 7. The debt draw primarily refinanced existing borrowing and is not new liquidity. [P1, P3, P4]

Exhibit 5. Peer context, not a target

Company / Q2 2026 disclosure	Occupancy	Adjusted EBITDA	Other capital signal
Sonida	87.7% actual consolidated same-store; 87.8% current at-share	\$48.841m consolidated before at-share adjustments; \$49.995m at-share	Approximately \$88m acquisitions under contract
Brookdale	82.4%	\$122m	\$150m asset-sale proceeds YTD; announced acquisition of 17 leased communities

Source: Sonida Q2 Form 10-Q/release/presentation; Brookdale Q2 2026 results release. Portfolio definitions and ownership models differ; this is not a like-for-like performance comparison. [P1, P3, P4, C1]

Source notes

- [P1] [Sonida Q2 2026 Form 10-Q](#), filed Aug. 10, 2026, accession 0001043000-26-000032.
- [P3] [Sonida Q2 2026 results release](#), Aug. 10, 2026, Exhibit 99.1 to Form 8-K.
- [P4] [Sonida Q2 2026 investor presentation](#), Aug. 10, 2026, Exhibit 99.2 to Form 8-K.
- [P5] [Sonida completes CHP merger](#), Mar. 11, 2026.
- [P6] [Sonida FY25 Form 10-K](#), filed Mar. 12, 2026.
- [C1] [Brookdale Q2 2026 results](#), Aug. 10, 2026.