

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

In re:	)	
	)	Chapter 11
GENESIS HEALTHCARE, INC., <i>et al.</i> ,	)	
	)	Case No. 25-80185 (SGJ)
Debtors. ¹	)	
	)	(Jointly Administered)

**DECLARATION OF NARENDRA GANTI OF FTI CONSULTING, INC.,
FINANCIAL ADVISOR TO THE STATUTORY UNSECURED
CLAIMHOLDERS' COMMITTEE, IN SUPPORT OF OBJECTIONS
OF THE STATUTORY UNSECURED CLAIMHOLDERS'
COMMITTEE TO THE DEBTORS' VARIOUS REQUESTS FOR RELIEF
(Relates to Docket Nos. 17, 117)**

I, Narendra Ganti, pursuant to 28 U.S.C. § 1746, hereby declare that the follow is true to the best of my knowledge, information, and belief:

1. I am a Managing Director at FTI Consulting, Inc. ("FTI"), with offices located at, among others, 8251 Greensboro Drive, Suite 400, McLean, VA 22102. FTI has been retained as financial advisor to the Statutory Unsecured Claimholders' Committee (the "Committee") in the chapter 11 cases (these "Chapter 11 Cases") of the above-captioned debtors and debtors in possession (collectively, the "Debtors"). The Committee is represented by Proskauer Rose LLP and Stinson LLP.

2. FTI is an international consulting firm that specializes in financial, legal, operational, political, regulatory, reputational, and transactional resolutions. FTI serves chapter 11

¹ The last four digits of Genesis Healthcare, Inc.'s federal tax identification number are 4755. There are 299 Debtors in these chapter 11 cases, for which the Debtors have requested joint administration. A complete list of the Debtors and the last four digits of their federal tax identification numbers are not provided herein. A complete list of such information may be obtained on the website of the Debtors' proposed claims and noticing agent at <https://dm.epiq11.com/Genesis>. The location of Genesis Healthcare, Inc.'s corporate headquarters and the Debtors' service address is 101 East State Street, Kennett Square, PA 19348.

debtors, middle-market companies, as well as their creditors, stakeholders, and professionals in roles including financial advisor, interim manager, fiduciary, expert witness, financier, and M&A advisor. FTI consistently ranks among the top restructuring advisors in bankruptcy situations and has been involved in some of the largest and most complex chapter 11 cases in recent years. FTI has deep expertise in advising unsecured creditors' committees in many recent, high-profile bankruptcy cases across the country. I have extensive experience advising creditors' committees of businesses in the Debtors' industry, such as *In re LaVie Care Centers, LLC* (Case No. 24-55507 (PMB)), *In re CMC II, LLC (Consulate Health Care)* (Case No. 21-10461 (JTD)), *In re PNW Healthcare Holdings, LLC (Cornerstone Healthcare Services, LLC)* (Case No. 19-43754 (MJH)), *In re Senior Care Centers, LLC* (Case No. 18-33967 (SGJ)), *In re Gulf Coast Health Care, LLC* (Case No. 21-11336 (KBO)), and others.

3. Prior to joining FTI, I worked at Alvarez & Marsal Healthcare Industry Group and at Deloitte in the restructuring group. I am a Certified Public Accountant and a `Certified Turnaround Professional. I obtained my B.S. and M.B.A. from the University of Maryland.

4. I have approximately twenty-five (25) years of experience advising debtors, lenders, creditors, and other stakeholders with respect to restructuring options across many different industries, particularly focusing on the healthcare industry. I have expertise in analyzing critical strategic, operational, and financial factors, including business plan assessment, financial performance and forecast evaluation, and financing and capital structure evaluation. I have extensive experience developing, analyzing, reviewing, and advising unsecured creditors' committees on creditor recoveries, litigation scenarios, valuations, and claims analyses.

5. I submit this declaration (this "Declaration") in support of (y) the *Objection of the Statutory Unsecured Claimholders' Committee to Debtors' Emergency Motion for Entry of*

Interim and Final Orders (I) Authorizing the Debtors to (A) Obtain Postpetition Financing and (B) Utilize Cash Collateral, (II) Granting Adequate Protection to Prepetition Secured Parties, (III) Modifying the Automatic Stay, (IV) Scheduling a Final Hearing, and (V) Granting Related Relief (the “DIP Objection”), and (z) Objection of the Statutory Unsecured Claimholders’ Committee to Debtors’ Motion for Entry of an Order (I) Approving Bidding Procedures and Expense Reimbursement, (II) Approving the Debtors’ Entry Into the Stalking Horse Aps, (III) Scheduling Certain Dates and Deadlines, (IV) Approving the Form and Manner of Notice Thereof, (V) Establishing Notice and Procedures for the Assumption and Assignment of Contracts and Leases, (VI) Authorizing the Assumption and Assignment of Assumed Contracts, and (VII) Authorizing the Sale of Assets (the “Bidding Procedures Objection” and, together with the DIP Objection, the “Objections”), each of which are being filed contemporaneously herewith.² Except as otherwise indicated herein, all statements set forth in this Declaration are based upon: (a) my personal knowledge; (b) information supplied to me by Debtors’ counsel, management, or other advisors or counsel to the Committee, including my colleagues at FTI; (c) my review of relevant documents; or (d) my opinion based upon my experience and knowledge of the Debtors’ industry. If called upon to testify, I could and would testify competently to the facts set forth in this Declaration.

6. I am authorized to submit this Declaration on behalf of the Committee.

I. The Committee’s Formation and Appointment

7. On July 9, 2025 (the “Petition Date”), the Debtors filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code, initiating the above-captioned chapter 11 cases (the “Chapter 11 Cases”). The Debtors remain in possession of their property and continue to operate

² Capitalized terms used herein that are not otherwise defined shall have the meaning given to them in the Objections.

their business as debtors-in-possession in accordance with Sections 1107 and 1108 of the Bankruptcy Code.

8. On July 30, 2025, the Office of the United States Trustee (the “UST”) organized the Committee and appointed its members.³

II. The Debtors Do Not Have an Urgent Need for DIP Financing

9. The Debtors have not demonstrated a need for new money postpetition financing to operate in chapter 11 because they are generating enough cash through ongoing operations to pay expenses as they come due (i.e. are required to be paid during the chapter 11 process).

10. The Debtors entered these Chapter 11 Cases with a positive cash flow that remains positive as of the latest DIP Reporting Package dated as of August 7, 2025.

11. In the DIP Motion, the Debtors attached an eight-week DIP Budget showing that even after the initial \$12 million DIP draw, the Debtors were forecasted to have \$6.2 million by the end of week 2 (July 18, 2025), giving them an urgent need for the initial \$12 million DIP draw. However, the variance report shows that the Debtors actual cash balance at the end of week 2 (July 18, 2025) was [REDACTED] greater than the Debtors’ projection and more than twice the amount of the DIP facility they are seeking.

12. This positive variance is not an outlier, and the Debtors have consistently outperformed their projected cash flows and cash balances. By way of example, while the Debtors had projected that they would have a cash balance of \$3.9 million by the end of week 4 (August 1, 2025), the Debtors have a cash balance of [REDACTED], beating their projection by approximately [REDACTED]. My understanding is that the positive variance is a

³ On July 31, 2025, the UST filed its *Notice of Appointment of the Official Unsecured Creditors’ Committee*. See D.I. 262.

combination of timing issues and permanent variances that reflects better than anticipated receipts and a higher beginning cash balance.

13. Below is a chart comparing the Debtors' projected ending operating cash balance with its actual operating cash balance:

(\$ millions)	Wk. 1 7/11/25	Wk. 2 7/18/25	Wk. 3 7/25/25	Wk. 4 8/1/25
Projected Ending Op. Book Cash Balance	\$25.2	\$6.2	\$11.7	\$3.9
Actual Ending Op. Book Cash Balance	██████	██████	██████	██████
Delta	██████	██████	██████	██████

14. I estimate that the Debtors will have approximately ██████ in cash at the end of the 13-week period, ██████ more than projected if there is an ██████ draw under the DIP Facility or ██████ if there is not an ██████ draw under the DIP Facility.

15. Similarly, the Debtors have significantly outperformed their projected net cash flows in the first four weeks. In the DIP Budget, the Debtors were projected to have a negative net cash flow of (\$7.50 million). In reality, the Debtors had a positive net cash flow of ██████, beating the budget by ██████.

16. Below is a chart comparing the Debtors' projected net cash flow with their actual net cash flow:

(\$ millions)	Wk. 1 7/11/25	Wk. 2 7/18/25	Wk. 3 7/25/25	Wk. 4 8/1/25	4-Wk. Total
Projected Net Cash Flow	\$10.7	(\$18.9)	\$8.6	(\$7.8)	(\$7.5)
Actual Net Cash Flow	██████	██████	██████	██████	██████

⁴ While actual week 4 net cash flows appear worse than projected in the Budget, this variance is due primarily to ██████ in rent payments being paid early on Friday (8/1) instead of Monday (8/4). Absent the variance in

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17. Based on these two metrics, the Debtors did not need the first \$12 million draw under the DIP Facility to sustain operations during these Chapter 11 Cases nor do the Debtors need a subsequent \$18 million draw. The DIP Budget shows the DIP fully drawn by week five, and, accordingly, the Debtors do not even believe there will be “excess amounts” remaining undrawn under the DIP facility.

18. If the Debtors are able to sustain their current rate of cash flows, the Debtors will not need to raise postpetition financing during the course of these cases. It is my opinion that the Debtors have adequate cash flow to sustain a robust and fulsome sales process as described in the *Declaration of Andrew Turnbull in Support of the Objections of the Statutory Unsecured Claimholders’ Committee to the Debtors’ Various Requests for Relief* without the need for the DIP facility.

III. DIP Proceeds Are Being Used to Benefit Primarily DIP Lenders and Landlords

19. The Debtors have also provided FTI with a nine-month monthly DIP budget with a breakdown of payments that the Debtors project to make during the Chapter 11 Cases. Out of the projected rental payments, the Debtors project that they will make rental payments to Omega, who is also a DIP Lender, of [REDACTED] in the 13-week cash flow and [REDACTED] overall throughout these Chapter 11 Cases. The Debtors are therefore round tripping [REDACTED] out of the \$30 million DIP Facility back to Omega and the other DIP Lenders, who are also projected to receive \$3.6 million in interest and fees for providing the DIP Facility if the DIP Facility is fully

rent timing, the Debtors actual net cash flows would have exceeded the Budget projection, and I expect that there will be a positive variance in week 5 related to this early rent payment.

repaid in cash. Combined, the round-tripped amounts, interest, and fees payable to Omega and the other DIP Lenders exceed the total amount of the DIP Facility.

20. Rent to the Debtors' landlords is the third largest disbursement in the Chapter 11 Cases. The Debtors are projected to pay [REDACTED] in rental payments in the 13-week cash flow and [REDACTED] in rent payments overall throughout these Chapter 11 Cases.

21. If the Debtors are able to defer these rent payments, it will provide the Debtors with a significant source of liquidity that can be used for other purposes such as improving patient care and allowing the Debtors to have breathing room for a value maximizing restructuring for all stakeholders.

22. The Debtors are also projected to make [REDACTED] in cash payments to White Oak for adequate protection interest and fees.

23. The \$30 million DIP facility is less than 1% of the \$3.3 billion in 2024 revenue that the Debtors reported. Given the budget to actuals to-date and the proposed use of proceeds of the DIP, it is my opinion that through effective cash management, the Debtors could adequately fund these cases without the DIP facility.

24. The DIP Budget also allocates [REDACTED] for each of the Lender Professionals (DIP Lender Counsel, White Oak Counsel and Financial Advisor, Welltower Counsel, and Omega Counsel) for a total of [REDACTED]. Debtor Professionals are also allocated [REDACTED]. The Special Committee and its counsel are allocated [REDACTED]. The Committee, on the other hand, is only allocated [REDACTED]. The Committee represents the interests of unsecured claimholders holding over a billion dollars' worth of claims. To fulfill its duties, the Committee and its professionals will likely require approximately 2/3 of the Debtor Professional budget. Given the size, scope, complexity, and length of these Chapter 11 Cases, a [REDACTED] budget is inadequate.

IV. Patient Care Has Declined at the Debtors More than its Competitors Following the ReGen Restructuring

25. Since ReGen's takeover of the Debtors in 2021, patient care has declined more than its competitors as measured by the Centers for Medicare & Medicaid Services ("CMS"). CMS's Five-Star Quality Rating System is a nationally recognized benchmark for evaluating the performance of skilled nursing facilities. Ratings range from one to five stars, with one star indicating significantly below-average quality across key domains: health inspections, staffing levels, and clinical quality measures. Facilities with low ratings often exhibit chronic deficiencies in patient care, including high rates of infections, pressure injuries, and unplanned hospitalizations. The Debtors have consistently received substandard CMS ratings, reflecting systemic failures in care delivery and compliance.

26. Since 2021, when ReGen took over, the Debtors' facilities rated above average (4-5 stars) faced a significant decline from 37.8% in 2021 to 15.3% in 2025. In comparison, the proportion of all providers' facilities rated above average (4-5 stars) fell from 46.9% to 37.5% over the same period.

27. Additionally, the Debtors' average facility rating per year declined from 2.98 stars to 2.29 stars from 2021 to 2025 while the average for all providers' facilities declined from 3.22 stars to 2.92 stars over the same period, indicating the Debtors' facilities have been declining at a much faster rate than the broader industry.

V. Additional Time to Run the Sale Process Will Increase the Probability of a Higher Price and Better Patient Outcomes

28. Based on the foregoing, the Debtors have ample runway to run a robust marketing process for the Debtors' assets to maximize value for all stakeholders. Additionally, potential

competitors with a higher average CMS rating as the purchaser will likely improve patient care and lead to a more positive outcome for all of the Debtors' stakeholders.

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, information, and belief.

Dated: August 11, 2025

/s/ Narendra Ganti
Narendra Ganti

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on August 11, 2025, the foregoing document was electronically filed with the court using the CM/ECF system, which sent notification to all parties of interest participating in the CM/ECF System.

/s/ Zachary H. Hemenway
Proposed Counsel for the Committee