



BRIDGEVIEW
DEVELOPMENT GROUP

*Full Investment & Development
Management Services
for the Senior's Housing
& Healthcare Industries*

469.607.4400

Presents:

THE VILLAGES OF HOLLY LAKE

HOLLY LAKE, TEXAS

A Luxury Retirement Community



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EXECUTIVE SUMMARY

To Whom It May Concern:

May 17, 2016

BridgeView Realty Capital, LLC (the “Company”) has entered into a joint venture agreement with AMZ Holly Lake, LLC to develop a state-of-the-art, private-pay, senior’s housing development to be known as The Villages of Holly Lake (the “Project”). The project location is extraordinary in that it is located adjacent to Holly Lake Ranch, a 40-year old family-oriented upscale resort development in East Texas approximately 30 miles due north of Tyler, Texas. During the past four decades, approximately 2,000 homes have been built in this 4,500-acre master-planned development; currently there are 3,000 permanent residents. The population is rapidly aging with an average age of over 60 years. <http://www.hollylakeranch.com/>

A comprehensive survey was conducted in May of 2010 by Mr. James Wilson, the original developer of Holly Lake Ranch, which indicated that there was a significant interest in The Villages of Holly Lake from existing residents of Holly Lake Ranch. Of over 1,600 surveys delivered, 152 existing Holly Lake Ranch residents indicated they would be interested in living in the planned facility when completed; several respondents were interested in investing in the project.

In November 2014, a second third-party independent study was completed by PMD Advisory Services, a consulting firm that deals exclusively in this industry. The report indicates a strong demand based on age, income and area disability demographics. Additionally, a lack of comparable product in the primary market area is emphasized. Select findings are included in this summary; the full reports are available upon request.

PMD is one of the consultants BridgeView has assembled on the team. Relevant credentials of our consultants are included in this package. Each of the selected team members are what we believe to be the very best, most of which we have worked with before on other similar projects. An updated report is underway.

Respectfully,



John Lanier, Team Leader and Manager
BridgeView Realty Capital, LLC

INVESTMENT FACTS

Subject Facility: All of the buildings will be constructed to exceed all local, state and international building codes. The facility design will blend in with the local motif with a “lodge-like” design and will be fully furnished with comfortable amenities to create an “at-home, East Texas” country atmosphere.

A state-of-the art 124-unit seniors housing community to contain:

- 60 Active Adult, Service-Enriched Independent Living Units
- 40 Assisted Living Units –TDADS Type B Licensure
- 24 Memory Care Units – TDADS Type B Licensure

The improved area will be designed to segregate the levels of resident frailty.

- Approximately 100,000 square feet
- 5-acre heavily wooded lot located at the hard corner of State Highways 49 and 2869, one-mile north of the main entrance to Holly Lake Ranch

Development Timing: Construction start: Late Summer of 2016.
Construction completion and licensing: 4th quarter of 2017

Total Estimated Budget: Total Estimated Development Budget: \$28.1 million
To include all lease-up and financing carry costs to a positive cash flow.
(See the development budget detail on page 5)

Capital Stack: Based on a 70% LTC

Villages of Holly Lake - 124 units	
Status:	Pre Development
Closing Date:	6/1/16
Capital Sources	Capital Stack
Debt:	\$ 19,541,202
Sponsor Equity:	\$ 1,658,293
Senior Equity:	\$ 6,716,508
Total Capital Sources	\$ 27,916,002

(See Source & Use on page 3)

Exit Strategy: Sale or refinance by the end of the 5th year of operations.

Financial Forecast: (See Financial Forecast on page 4)

SOURCE & USE OF FUNDS

Sources	
Debt	\$ 19,541,202
Senior Equity (LP)	\$ 6,716,508
Sponsor Equity (GP)	\$ 1,658,293
Total Sources	\$ 27,916,002

Uses	
Land	\$ 1,032,200
Hard Costs	\$ 19,108,776
Hard Costs Contingency	\$ 573,263
Soft Costs	\$ 4,800,487
Working Capital	\$ 1,116,374
Financing fees	\$ 1,031,996
Construction Interest	\$ 252,906
Total Uses	\$ 27,916,002

DEVELOPMENT BUDGET



Timbers of Holly Lake - Master
 Bridgeview Realty Capital, LLC
 Preliminary Development Budget

Description of Expenses	Total Budget	Per Buildable Square Foot	Per Unit
LAND COSTS			
PSF Costs Reflect PSF of Land Only			
Acquisition Cost (Primary Site) 4.98 Acres 216,929 SF	\$ 239,000	\$ 1.10	\$ 1,927.42
Gravity Sanitary Line and Treatment \$ 2.00	\$433,858	\$ 2.00	\$ 3,499
Gravity Contingency 3.00%	\$13,016	\$ 0.12	\$ 105
Potable Water Facility and Treatment Plant Upgrade \$ 1.55	336,240	\$ 1.55	\$ 2,712
Potable Water Contingency 3.00%	10,087	\$ 0.09	\$ 81
Total Land Costs:	\$ 1,032,200	\$ 4.86	\$ 8,324
CONSTRUCTION COSTS			
62,100 60 Units (Unlicensed AD)	\$10,060,200	\$162.00	\$ 167,670
47,128 64 Units (Licensed Type "B")	\$9,048,576	\$192.00	\$ 141,384
Base Building (Includes Site Work) 109,228 SF 124 Units	\$ 19,108,776	\$174.94	\$ 154,103.03
Construction Contingency 3.00%	573,263	5.25	4,623
Total Construction Costs	\$ 19,682,039	\$ 180.19	\$ 158,726
PROJECT DEVELOPMENT COSTS			
Architectural and Engineering (MEPS) 5.00%	\$ 955,000	\$ 8.74	\$ 7,702
Interior and Kitchen Design	33,000	\$ 0.30	\$ 266
Civil Engineering 0.81%	153,855	\$ 1.41	\$ 1,241
Taxes During Construction \$ 6.55	126,617	\$ 1.16	\$ 1,021
Owner General Liability	20,000	\$ 0.18	\$ 161
Environmental Site Assessment (Level-1 ESA)	2,850	\$ 0.03	\$ 23
Geotechnical Analysis	16,000	\$ 0.15	\$ 129
State and Local Permits	8,140	\$ 0.07	\$ 66
Market Study	17,293	\$ 0.16	\$ 139
Appraisals	6,000	\$ 0.05	\$ 48
Boundary ALTA and Topographical Surveys	5,275	\$ 0.05	\$ 43
Additional Permits	8,140	\$ 0.07	\$ 66
Furniture, Fixtures and Equipment \$6,500 Per Unit	806,000	\$ 7.38	\$ 6,500
Marketing	0	\$ -	\$ -
Marketing Consultation (Incl Design and Pre-Marketing Effort)	47,000	\$ 0.43	\$ 379
Reimbursable (All Disciplines)	75,000	\$ 0.69	\$ 605
Working Capital for Ramp-up 100.00% of Projected	1,116,374	\$ 10.22	\$ 9,003
Legal Fees	100,000	\$ 0.92	\$ 806
Development Contingency 0.65% of Eligible Dev Costs	139,588	\$ 1.28	\$ 1,126
Construction Management 1.00% of Total Hard Costs	191,088	\$ 1.75	\$ 1,541
General Overhead 2.00% of Eligible Dev Costs	429,503	\$ 3.93	\$ 3,464
Other Consultant Fees 1.67% of Total Development Costs	99,000	\$ 0.91	\$ 798
Program Management Fee 4.00% Of Eligible Dev Costs	859,006	\$ 7.86	\$ 6,927
Pre-Opening Expenses	517,802	\$ 4.74	\$ 4,176
Acron Equity Fee	134,330	\$ 1.23	\$ 1,083
Acron Legal Fee	50,000	\$ 0.46	\$ 403
TOTAL PROJECT DEVELOPMENT COSTS	\$ 5,916,861	\$ 54.17	\$ 47,717
SUB TOTAL COSTS	\$ 26,631,100	\$ 243.81	\$ 214,767
PROJECT FINANCING COSTS			
Lender Fees 1.00%	\$ 195,412	\$ 1.79	\$ 1,576
Closing Costs 1.00%	\$ 195,412	\$ 1.79	\$ 1,576
Placement Fees - Equity 30% Equity \$8,374,801 2.41%	\$ 201,495	\$ 1.84	\$ 1,625
Placement Fees - Debt 70% Debt \$19,541,202 2.25%	\$ 439,677	\$ 4.03	\$ 3,546
Construction Interest \$27,916,002	\$ 252,906	\$ 2.32	\$ 2,040
TOTAL FINANCING COSTS	\$ 1,284,902	\$ 11.76	\$ 10,362
TOTAL DEVELOPMENT BUDGET	\$ 27,916,002	\$ 255.58	\$ 225,129

FINANCIAL PROJECTIONS

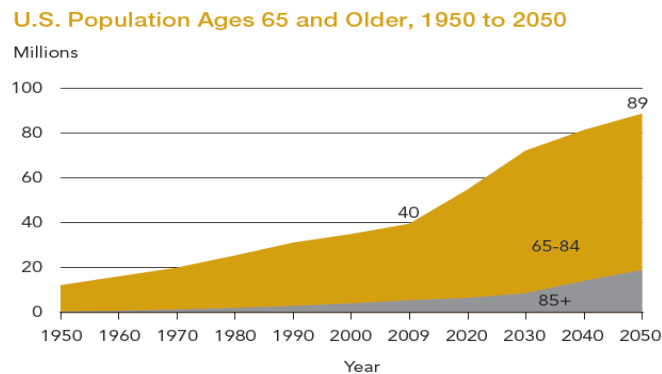


Timbers of Holly Lake - Master Bridgeview Realty Capital, LLC 5 Year Operating Cash Flow Statement							
Census:							
Independent Living	60	24	55	56	56	56	
Assisted Living	40	15	37	37	37	37	
Memory Care	24	7	21	22	22	22	
Total Units	124	46	113	115	115	115	
% Occuancy		37%	91%	93%	93%	93%	
Year		1	2	3	4	5	
		Year 1 (2016)	Year 2 (2017)	Year 3 (2018)	Year 4 (2019)	Year 5 (2020)	TOTAL
Revenues:							
Rent							
Independent Living		\$ 821,634	\$ 2,005,642	\$ 2,157,478	\$ 2,265,352	\$ 2,378,619	\$ 9,628,725
Assisted Living		\$ 689,827	\$ 1,739,149	\$ 1,830,229	\$ 1,921,740	\$ 2,017,827	\$ 8,198,773
Memory Care		\$ 422,450	\$ 1,283,751	\$ 1,446,568	\$ 1,518,897	\$ 1,594,841	\$ 6,266,507
Total Rent		\$1,933,911	\$ 5,028,542	\$ 5,434,275	\$ 5,705,989	\$ 5,991,288	\$ 24,094,005
							\$ -
Move In Fee		\$ 339,500	\$ 167,249	\$ 205,976	\$ 216,275	\$ 227,089	\$ 1,156,089
Care Charges		\$ 103,320	\$ 279,090	\$ 293,706	\$ 308,391	\$ 323,811	\$ 1,308,318
Incontinence Charges		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Concierge Service		\$ 4,176	\$ 10,760	\$ 11,761	\$ 12,350	\$ 12,967	\$ 52,014
Working Capital		\$1,116,374	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues		\$3,497,281	\$5,485,641	\$5,945,719	\$6,243,005	\$6,555,155	\$26,610,426
Operating Expenses:							
Total G&A		(863,421)	(1,065,495)	(1,091,044)	(1,121,895)	(1,153,671)	(5,295,527)
Total Dietary		(371,973)	(765,236)	(814,161)	(838,585)	(863,743)	(3,653,697)
Total Housekeeping / Laundry		(69,575)	(123,331)	(130,553)	(134,470)	(138,504)	(596,433)
Total Maintenance		(217,194)	(267,608)	(278,907)	(287,275)	(295,893)	(1,346,877)
Total Healthcare		(606,410)	(840,520)	(883,072)	(909,564)	(936,851)	(4,176,418)
Total Activities & Social Services		(115,946)	(137,633)	(141,222)	(144,919)	(148,726)	(688,446)
Total Operating Expenses		(2,244,519)	(3,199,823)	(3,338,960)	(3,436,708)	(3,537,388)	(15,757,398)
Net Operating Income (Loss)		1,252,762	2,285,818	2,606,759	2,806,297	3,017,767	11,969,403
		35.8%	41.7%	43.8%	45.0%	46.0%	45.0%
Other (Income) Expense:							
Debt Service (total)		(830,501)	(830,501)	(1,452,070)	(1,452,070)	(1,452,070)	(6,017,213)
Real Estate Taxes		(106,000)	(109,180)	(112,455)	(115,829)	(119,304)	(562,768)
Management Fees		(120,000)	(274,282)	(297,286)	(312,150)	(327,758)	(1,331,476)
Replacements and CapEx Reserves		(12,253)	(60,809)	(95,720)	(98,591)	(135,399)	(402,771)
Asset Management Fee		(139,580)	(139,580)	(139,580)	(139,580)	(139,580)	(697,900)
Annual Cashflow		44,427	871,467	509,648	688,076	843,656	2,957,274
Debt Service Coverage (total):							
Senior Debt		1.51	2.75	1.80	1.93	2.08	
LTV			59.8%	52.5%	48.7%	45.3%	
YTC		4.5%	8.2%	9.3%	10.1%	10.8%	

DEMOGRAPHICS

Fact 1:

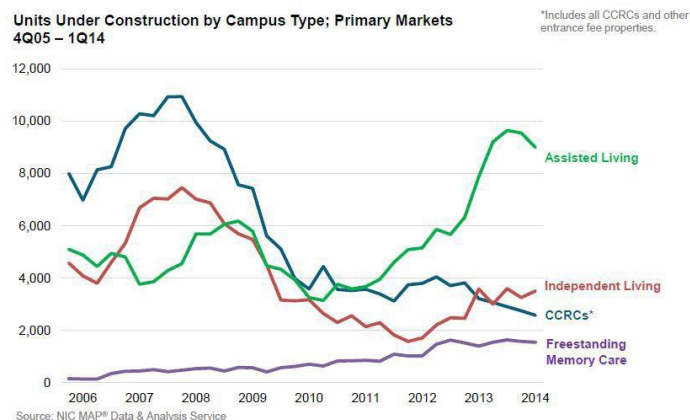
According to the US Census Bureau the oldest baby boomers, Americans born between 1946 and 1964, started turning 65 in 2011. Over 10,000 people a day are turning 65 years of age. This trend will continue and is projected to grow to a total of eighty-nine (89) million by 2050.



Source: PRB analysis of data from U.S. Census Bureau.

Fact 2:

The fallout in the Capital Markets from 2008 to 2013 resulted in fewer units being delivered to the market. Alan Plush, a senior partner with the valuation firm HealthTrust, LLC, is quoted by the Senior Housing News as saying “It’s time to build. There are a number of markets that warrant building, thanks to fewer opportunities on the acquisition side, favorable supply/demand ratios and increasing occupancy and rate growth.”



THE TEAM



SPONSOR/DEVELOPER: BridgeView Development Group, LLC



OPERATING PARTNER: Solvere Senior Living



PROJECT ARCHITECT: REES Associates Inc.,



CIVIL ENGINEER: Adams Engineering



OUTSIDE LEGAL: Dodson Legal Group



GENERAL CONTRACTOR: ICI Construction INC.



THE TEAM

SPONSOR/DEVELOPER: Bridgeview



John Lanier

President, CEO

As the CEO and President of BridgeView Development Group, John oversees all development and financing initiatives as well as strategy and planning.

- A total of 35 years of diversified experience in Commercial Real Estate; 25 years exclusively focused on Healthcare (Senior Housing, Assisted and Independent Living, Skilled Nursing, Medical Office and Acute Care Hospitals)
- Financed and developed over \$850mm during his career; \$350mm exclusively in Healthcare properties
- Studied Business Finance at the University of Texas at Arlington
- Texas Licensed Real Estate Broker



David Daniel

Director of Construction Services

As Director of Construction Services at BridgeView Development Group, David oversees all pre-construction related tasks as well as on-going project management responsibilities throughout construction.

- Co-founder and CBO/CEO of Constructors and Associates, Inc., with more than 25 years of experience in the commercial construction industry
- Responsible for the construction of over 65 million square feet of construction in over 5,500 projects
- Major projects include the renovation of the Texas State Capital in Austin, Texas along with Two Shell Plaza in Houston, Texas

THE TEAM

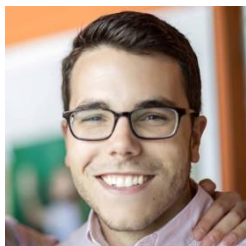
SPONSOR/DEVELOPER: Bridgeview



Jonathan Campbell *Director of Project Analytics*

Jonathan assists John with all contract negotiations and identifying strategic and creative methods for project capital structuring. Jonathan also develops and oversees all of the project financial models and the creation and consideration of all proposed markets.

- Over 10 years of Data Management and Financial Analytics expertise across multiple industries including Real Estate Development where he has created robust custom financial modules.
- Undergraduate in Business Finance & Entrepreneurship from Baylor University
- Owner of a patent-pending Module that collects, manages, and analyzes \$100M+ in payments for merchants nationally



Glenn Lanier *Associate Developer*

Glenn assists the team in efforts that relate to pre-development, site selection, due diligence, marketing collateral, and the third party market feasibility studies.

- Undergraduate in Business Administration & Marketing from the University of North Texas
- Previous experience in market analytics, project management, and strategic consulting for three fortune 500 companies



Marie Jackson *Project Accountant and Administrator*

Marie serves as John Lanier's assistant while also overseeing all administrative and construction draw responsibilities.

- Provides 20 years' of experience in Accounting and Business Management within the Retail, Office and Healthcare vertices.
- Undergraduate degree in Accounting from MTI College Post Bachelorrete studies in Business Management and Comm

REPRESENTATIVE PROJECTS

BRIDGEVIEW – DEVELOPER; OWNER; MANAGING PARTNER



KINGSLEY PLACE ASSISTED LIVING (7)

Kingsley Place Assisted Living Facility is an 80,000 sf, single-story, fully licensed assisted living and memory care facility. Integrated Living Communities (NYSE), owner, completed a \$200MM IPO spinoff in early 2000. John Lanier secured this \$100MM contract and was the principal in charge at Aguirre Corporation, Dallas, Texas. Aguirre was selected to perform comprehensive site selection, due diligence, design and construction management of seven facilities located in Texas and Louisiana.

EMERITUS SENIOR LIVING (2)

As President of Partners Group, LLC, John developed two facilities and sold to Emeritus Senior Living. One, Meadowlands Terrace is situated on eleven wooded acres conveniently located on the beautiful banks of the Brazos River in Waco. The second facility is located on Highway 259 and just south of Loop 281, in the heart of Longview, Texas.

BROOKDALE SENIOR LIVING (3)

Also while with Partners Group, John Lanier located land, designed and built three assisted living facilities for Torch Healthcare, LLC. The facilities were later sold to Horizon Bay Senior Living, a wholly owned subsidiary for Brookdale Senior Living, the nation's largest owner and operator of senior living communities. Horizon Bay communities offer a special combination of apartment living, personalized supportive services and health care designed to help their residents maintain their independence, health and well-being.

PACIFIC PLAZA

In November of 2011, John Lanier delivered a fully licensed emergency, acute care hospital and medical office building in Latin America. As the Owner's Representative, John negotiated a NNN build-to-suit long-term lease and oversaw the complete construction and licensure process.

OPERATOR

SOLVERE— KEY PERSONNEL



Kristin Kutac Ward

President/CEO

- Kristin has more than 20 years of management experience in the senior living industry
- Began her career as a nursing home administrator
- As a founder of Solutions Advisors, she has also managed sales and marketing re-positioning's, turnarounds and training in more than 50 communities.
- She has worked in operations, sales and marketing positions in both regional and corporate roles, as well as consulting roles, in 21 different states.



John Ralosky

Chief Operating Officer

- John brings to Solutions Advisors more than 27 years of experience in operations.
- He has served as Senior Vice President of Operations for SeniorBridge Home Health Care, Benchmark Assisted Living and Atria Senior Living.



David Canavan

Chief Investment Officer

- David is a leading professional in healthcare and corporate finance with nearly 30 years of expertise.
- Over his banking career David has managed and arranged more than \$10 billion in financings for his clients
- David has extensive contacts with capital market participants



Bonita Patteson

Executive Vice President

- Bonita has more than 23 years of experience in senior living, primarily in development, marketing and sales.
- Most recently as Director of Marketing for Haskell Senior Living Solutions, Bonita oversaw business development and was responsible for all client marketing campaigns and sales program.

OPERATOR

SOLVERE – REPRESENTATIVE PROJECTS

Solvere Senior Living is shaped from the know-how and expertise of Solutions Advisors, consultants to the senior living industry since 2009. Rooted in Latin meaning “to solve,” Solvere taps into the talents of an exceptional team of professionals with backgrounds in business, finance, operations and marketing.

Team members bring professional experience from:

- Horizon Bay
- Senior Lifestyle Corporation
- Benchmark
- Atria
- Sunrise Senior Living
- Manor Care



Solvere Senior Living has developed a powerful process that provides clients with a unique perspective on their specific challenges and strategies that enable them to excel:



- Accumulate - We drill deep. We gather data, ask questions, listen to the answers, and compile the collected information.
- Analyze - We find meaning in the data. By seeking trends and patterns, we identify opportunities, strengths, and threats.
- Adapt - We select and apply the right tactics. By making informed decisions based on data and trends, as well as our extensive experience, we continuously adapt our approach based on results.

As managers, we understand that profitability and ROI are essential to delivering a high level of customer service and staff satisfaction. At Solvere Senior Living we measure success three ways:

1. Through high satisfaction among staff, residents and families
2. Consistently high occupancy rates
3. Low staff turnover

OPERATOR

SOLVERE SENIOR LIVING - MANAGED COMMUNITIES

Prior Contracts:

<u>Community Name</u>	<u>Location</u>	Unit Mix		
		IL	AL	ALZ
Princeton Windrows (2009-2014)	Princeton, NJ	278		
The Gables at Fitchburg (2012-2014)	Fitchburg, MA		47	

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Current Contracts:

<u>Community Name</u>	<u>Location</u>	Unit Mix		
		IL	AL	ALZ
Spring Meadows of Lansdale	Lansdale, PA	0	59	55
WMD - Gull Creek	Berlin, MD	38	38	10
WMD – Cedar Grove	Parkersburg, WV	0	102	0
WMD – Summers Pointe (August 2015)	Winchester, IN	0	32	15
Sub-Total Units		38	231	80

Development Projects:

<u>Community Name</u>	<u>Location</u>	Unit Mix		
		IL	AL	ALZ
Symphony at Eagles Landing	Stockbridge, GA	144	24	27
Homestead at Hamilton	Hamilton, NJ	96	75	24
Keswick Senior Living at Lewis Square	Limerick, PA	233	50	48
Sozo Center	Gainesville, TX		46	33
Villages of Holly Lake	Hawkins, TX	60	40	12
Championsgate	Orlando, FL	160	46	33
Sub-Total Units		693	281	177
Total Current Units:		731	512	257

ARCHITECT

REES – REPRESENTATIVE PROJECTS

REES Associates, Inc will be serving as the project master planner and architect. All project architectural and engineering (MEP) activities fall under their direction. The architectural effort is in full development with a “schematic design” complete.

- Successfully completed over 300 senior living projects representing more than \$1 Billion in construction
- Serve national and international clients across 10 N. American corporate locations



REES Associates, Inc, an architectural, planning, and interior design firm, was established in 1975. Internationally recognized as a leading senior living design and facility planning firm, REES has the in-house expertise to design, manage and deliver capital improvement programs, complex renovations, and new construction projects.

Beginning as a planning firm, REES has become recognized for it’s strength in assisting organizations develop facilities that support operating requirements and strategies.

Throughout their history, REES has designed more than:

- 7,500 Independent Living Units
- 5,000 Assisted Living Units
- 6,000 Skilled Nursing Units

Recipient of multiple national recognitions from professional organizations in the markets served as well from their peers.

- Promise House, a new facility in Dallas, Texas received an Award for Excellence in Architectural Design from Texas Construction Magazine
- Recognized as both an “Interior Design Giant” and as a member of “Modern Healthcare’s Top 100”



ARCHITECT

REES – KEY PERSONNEL



Dr. Frank Rees

Founder and Chairman

Dr. Frank W. Rees, Jr. serves as Chairman of REES (REES®), an international Architecture, Interior Design and Planning firm.

- Served as Principal Architect/Planner on over 200 projects in 31 states and 12 foreign countries.
- Licensed to practice architecture in 39 states
- LEED accredited
- Registered Interior Designer and NCARB Certified
- Author of 1 book and over 60 professional publications.
- Bachelor Degree in Architecture from the University of Oklahoma
- Graduate degree from the Harvard Business School
- Architectural Doctorate from the University of Hawaii



Robert Genter

VP; Dir. of Texas Operations

Robert W. Genter AIA, RID, LEED AP has been with REES since 1995. He serves as a Vice President and Director of Texas Operations. He has managed, produced, and performed construction administration services on a wide variety of project types.

Mr. Genter's resume includes many years of experience with technical and broadcast projects with REES.

- Bachelor of Interior Architecture from Kansas State University
- Registered Interior Designer
- LEED Accredited Professional
- Recipient of the J.B. Chenoweth Award 6 times



Bill Howell, AIA, ASLA, LEED AP *Sr. Project Designer*

William David Howell, AIA, LEED AP Serves as a Vice President and Practice Leader of Land Planning for REES for over 37 years of experience as a project designer and landscape architect.

GENERAL CONTRACTOR

ICI Construction, INC. – REPRESENTATIVE PROJECTS

For over twenty years, ICI Construction, Inc. Has been providing superior commercial General Construction services. Their expertise includes construction and interior finish of office buildings, retail centers, multi-family communities, tilt-wall buildings, healthcare facilities, restaurants and hotels. ICI has the experience and the professionals to build your projects nationwide. The reputation of ICI rests on millions of square feet and hundreds of success stories.



ICI's Multi-Family Division is comprised of industry professionals that have extensive experience working throughout the United States on all types of housing projects from garden apartments to senior living centers. They provide a complete range of services to the developer from preliminary budgeting to value engineering that insures your project stays within budget. ICI is accustomed to working with all types of financing programs including conventional, tax credit, housing bonds and HUD.

Areas of Specialty include:

- Assisted Living
- Senior Independent Living
- Churches
- Hotels/Motels
- Industrial Warehouse / Office
- Medical
- Restaurants
- Retail Shopping Centers
- Banks
- Town Homes
- Office Buildings
- Mixed-Use Projects

MARKET ANALYSIS

DEMOGRAPHIC OVERVIEW

Texas



PMA IL

Household Income 65+ in 2015	
Income	65+
Less than \$10,000	2,549
\$10,000 to \$14,999	3,422
\$15,000 to \$19,999	3,670
\$20,000 to \$24,999	3,631
\$25,000 to \$29,999	2,151
\$30,000 to \$34,999	3,100
\$35,000 to \$39,999	2,757
\$40,000 to \$44,999	2,294
\$45,000 to \$49,999	2,155
\$50,000 to \$59,999	2,711
\$60,000 to \$74,999	2,859
\$75,000 to \$99,999	2,667
\$100,000 to \$124,999	1,199
\$125,000 to \$149,999	608
\$150,000 to \$199,999	790
\$200,000 or more	621
Total	37,185
Total qualified income individuals in 2010	18,661

PMA AL/MC

Household Income 75+ in 2015	
Income	75+
Less than \$10,000	852
\$10,000 to \$14,999	1,150
\$15,000 to \$19,999	1,229
\$20,000 to \$24,999	1,224
\$25,000 to \$29,999	727
\$30,000 to \$34,999	1,037
\$35,000 to \$39,999	936
\$40,000 to \$44,999	778
\$45,000 to \$49,999	737
\$50,000 to \$59,999	914
\$60,000 to \$74,999	964
\$75,000 to \$99,999	898
\$100,000 to \$124,999	404
\$125,000 to \$149,999	207
\$150,000 to \$199,999	261
\$200,000 or more	213
Total	12,528
Total qualified income individuals in 2014	6,310

PMA AL/MC		
Senior	Existing Unit	Penetration
37,185	704	1.89%
Acceptable Penetration Rate:		10%
Pent-up Unit Demand:		3,014

#1 County in Texas that meets our market criteria:

- Population: >=30,000, <=250,000
- HHI: >=\$40,000
- Home Value: >=\$90,000
- Median Age: >=45
- Elderly % of Population: >=20%
- Elderly Growth Rate: >=3%

Quick Facts							
	Wood County, Texas	Upshur County, Texas	Hopkins County, Texas	Van Zandt County, Texas	Rains County, Texas	Camp County, Texas	Texas Average
Total Population	42,431	39,851	35,478	52,605	10,988	12,463	
Median Age	48	40	39	43	47	38	34
Median HH Income	41,277	44,403	41,642	43,074	42,491	36,029	51,000
Median House Value	94,800	86,100	95,300	95,900	82,000	93,700	132,000
Unemployment	8%	8%	8%	6%	8%	11%	6%
Percent w/ Bachelors degree or higher	18%	14%	15%	15%	11%	14%	24%
Growth rate (65+ cohort)	4%	4%	6%	4%	5%	-1%	3%

MARKET ANALYSIS

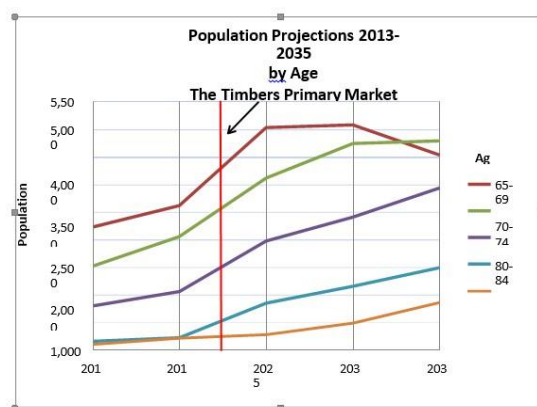
DEMOGRAPHIC OVERVIEW

Why retire there? The first answer is simply lifestyle. Most of the residents that move to Holly Lake Ranch come from Dallas and are interested in a much less complicated life. The lifestyle in Holly Lake Ranch is simply perfect for the retiree tired of “big-city” living.

- The stunning beauty of the area. The lifestyle at Holly Lake Ranch is “laid back” country living, but with many activities that keep people connected and highly social.



- For the independent resident, golf is probably the most active social activity. We like the independent resident, because he or she is our future assisted living / memory care resident.
- I would highly recommend that you take less than 5 minutes to get an aerial tour of Holly Lake Ranch. It does a good job of conveying this point. [Click Here](#)
- Secondly, the demographics and projected senior growth of the area are compelling. The average age of the Holly Lake Ranch resident is well over 65 years of age. You will notice this in the video. The income level of the average resident is also above national averages, not to mention that over 80% of their homes are debt free.

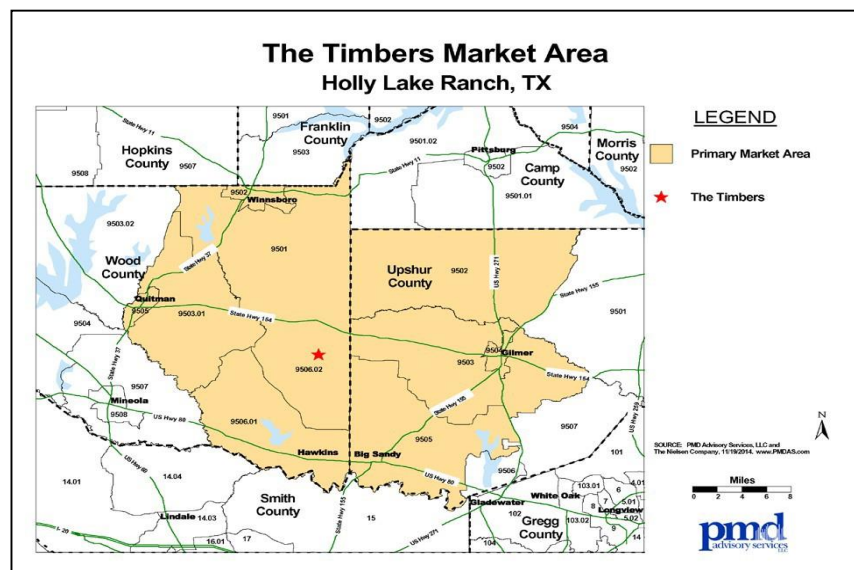


Source: Texas 2013 State Profile, State and County Projections to 2040, Woods and Poole Economics, Inc., 2013 Senior Market Profile, and PMD Advisory Services, LLC.

MARKET ANALYSIS

DEMOGRAPHIC OVERVIEW

- 8% of existing Wood County residents are over 75. (Estimated 3,440)
- 25% of Wood County residents 75 years and older require assistance with daily living. (Estimated 825 Assisted Living Residents)
- Our overall Primary Market Area (PMA), Wood County has an existing senior housing penetration rate of 3.8%, and the PMA has indicated continued growth and depth in the age 75 and older population as high as 6.4% per year between 2018-2035.
- Below is what our independent market study suggests is our PMA:

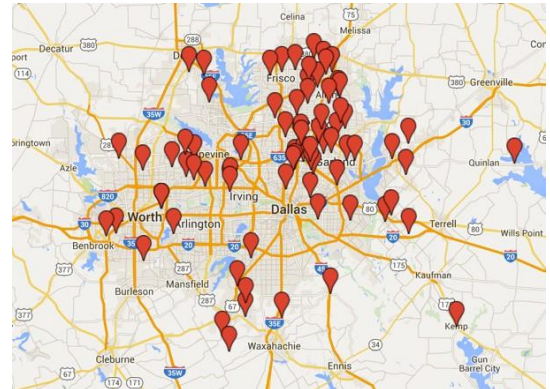


- Another indicator of the true market area can be derived from the people that rent homes in Holly Lake Ranch (as opposed to Silverleaf members). This, in many cases, is the beginning of converting vacationers to home owners within the resort itself.
- Below is a visual of over 160 renters across many states that have vacationed at Holly Lake Ranch in 2009 and 2010, alone.



MARKET ANALYSIS

DEMOGRAPHIC OVERVIEW



- Although many people in the Dallas market move to Holly Lake Ranch upon retirement, or already have a second home there, Dallas is not our only draw. See above.

HLR - Dallas, TX	1 hour 50 minutes	108 miles
HLR - Shreveport	1 hour	102 miles
HLR - Little Rock	3 hours, 45 minutes	253 miles
HLR - Tyler	45 minutes	38 miles
HLR - Lindale I-20	41 minutes	33 miles

As you can see, we are a reasonable drive from many markets. Our advertising campaign will include marketing to these areas, as well.

- Holly Lake Ranch is one of the resort timeshare communities owned by Silverleaf Resorts, which is a company structured around four defining qualities: Value, variety, convenience and flexibility. Their goal is to provide you a fun and memorable vacation experience with every visit. They do this by placing a strong emphasis on each of these qualities. And through their commitment to bring a network of great resorts with country club-style amenities within reach of families just like you (see attached brochure).
- Holly Lake Ranch is one of five existing resort communities in Texas and Missouri
 - Holly Lake, Texas
 - Lake o' The Woods, Texas
- Wood County was ranked the 9th best place in Texas to retire by Smart Asset. Tyler was listed as #2 (25 miles South of Holly Lake Ranch) for those still interested in working while retired.

MARKET ANALYSIS

DEMOGRAPHIC OVERVIEW

- Our site is thirty minutes from the largest rose garden in the nation, a fun van ride for our residents.
- East Texas is known throughout the state to be one of the most esteemed healthcare centers in the state.
 - 12 hospitals, 40 clinics
 - The new, \$35mm, 25-bed East Texas Medical Community Hospital opened in July 2013, just 15 miles away from our site.
- Holly Lake Ranch sprawls over 4,500 acres of beautiful terrain (65 miles of winding roads). The chief of security recently stated that there are **1,739** active water meters inside Holly Lake Ranch. That number does not count commercial meters and condominiums. If you take that number and multiply it by the conservative average of 2.5 you get a population for Holly Lake at **4,347**. He goes on to state that there are **5,308** gate cards issued to individual members and that there were **76,531** gate accesses granted in the month of May.
- Furthermore, the current land owner mailed out a survey to 1650 at Holly Lake Ranch residents in 2010. Over 20% returned completed the survey, of which 43% (152) indicated a strong interest (just in the independent living component of our project).
- Holly Lake Ranch provides premier country club amenities within the project.



I hope this helps you in your analysis of this project. We are always available to answer any additional questions that you may have.

MARKET ANALYSIS

SITE MAP & CONCEPTUALS DRAWINGS



THE TIMBERS AT HOLLY LAKE
CONCEPTUAL DESIGN : EXTERIOR RENDERINGS

WOOD COUNTY, TEXAS 03/19/14



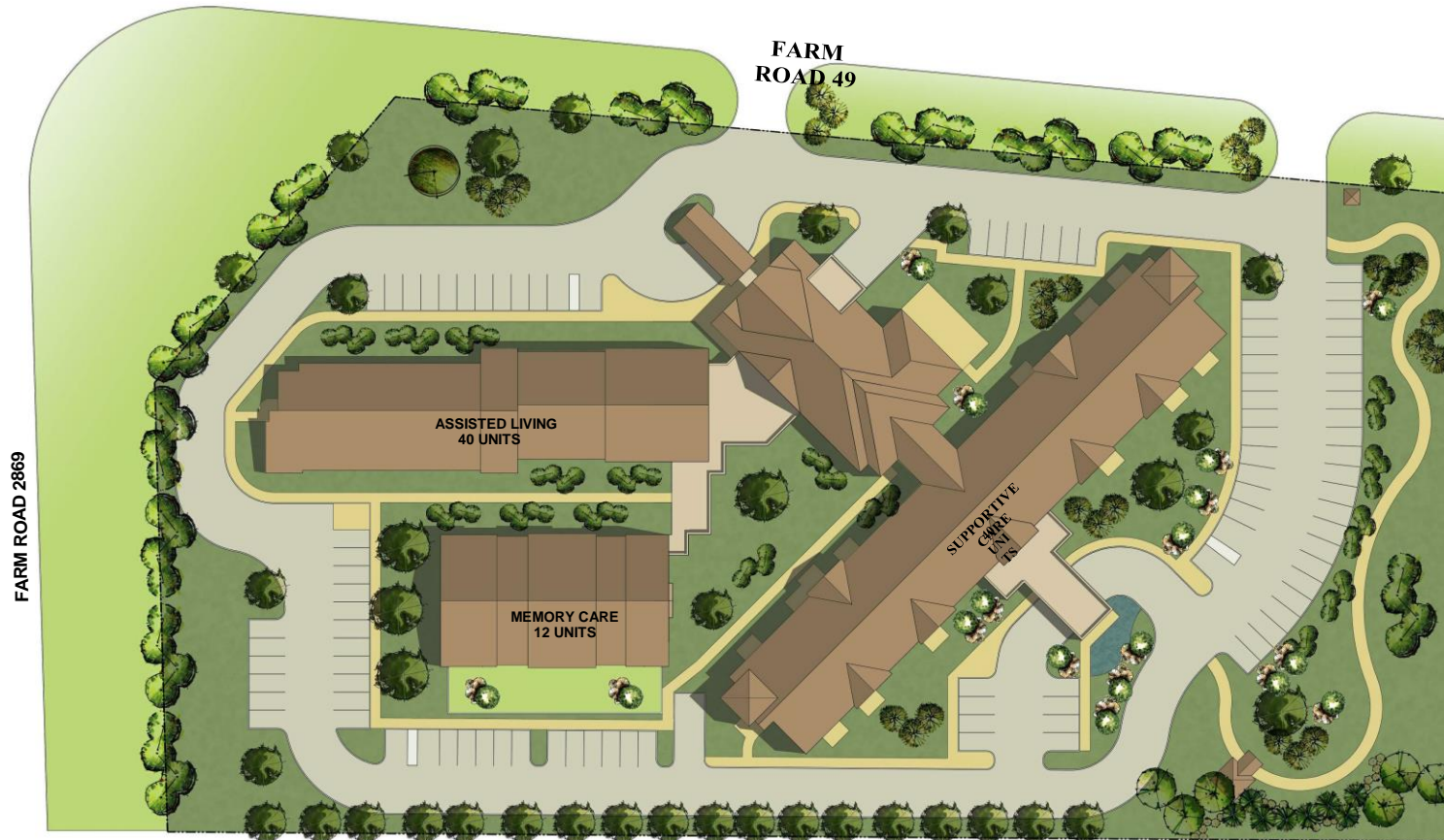


The Timbers at Holly Lake
Preliminary Design Partial Elevations

Wood County, TX Nov. 5, 2013

REES

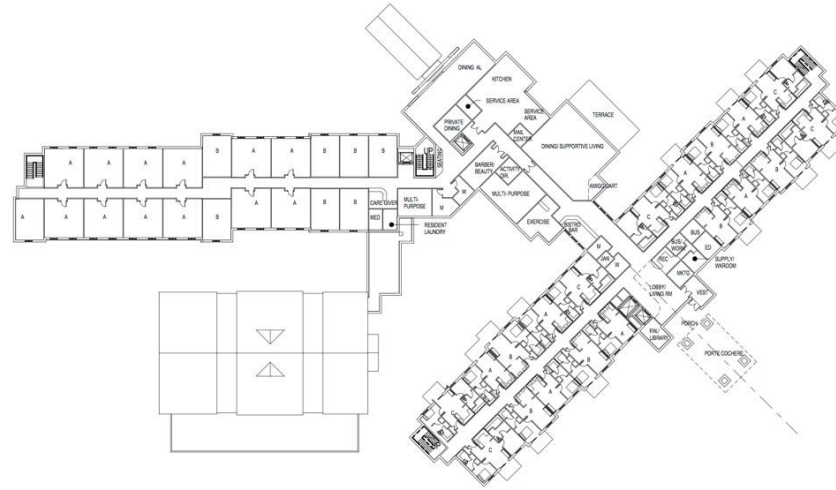
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THE TIMBERS AT HOLLY LAKE
CONCEPTUAL DESIGN : SITE PLAN

WOOD COUNTY, TEXAS 03/19/14





**Assisted Living
Unit Mix**
Unit A: 12
Unit B: 8
Total: 20 units

**Supportive Care
Unit Mix**
Unit A: 7
Unit B: 6
Unit C: 6
Total: 19 units



**Assisted Living
Unit Mix**
Unit A: 9
Unit B: 6
Unit C: 6
Total: 21 units

MARKET FEASIBILITY

MARKET STUDY CONSULTANT

PMD Advisory Services, LLC is a national market research and consulting firm that provides strategic planning services, operation/sales/marketing consulting, project feasibility studies, market analyses, and detailed demographic data products for the senior living and health care industry. PMD has evolved through successful mergers and expansions to focus on the senior living industry, drawing on the experiences gained since its founding of Public Demographics, Inc. and its time as Project Market Decisions in the 1990's, both of which had a broader research focus.

Through the years, they have supplied proprietary data on more than 300 market regions for owners, developers, lenders and operators of active adult communities, affordable housing, continuing care retirement communities (CCRC's), independent living communities, assisted living communities, dementia care communities, nursing homes, hospital health systems and local governments. Working with proprietary market segmentation tools and research methods that have been in use for more than 20 years, PMD understands the unique research and management challenges faced by our industry. They are committed to providing the market intelligence and interpretation necessary for each of their clients to enable them to effectively serve consumers of senior housing and healthcare services.

Since 1981, PMD's proprietary Senior Market Report demographics have been used to define and refine new retirement products as well as expand existing communities. PMD's market analysis services have led to successful business decisions for clients in over 400 different geographic markets in the U.S., Canada, Puerto Rico and Australia. For-profit and not-for-profit organizations looking for senior housing consultants with experience in all areas of mature market housing and services have turned to PMD for advice and guidance. Clients include providers of active adult age-restricted and age-targeted developments, continuing care retirement communities, independent living with and without congregate facilities, assisted living projects, Alzheimer's units, nursing home care, adult day programs and community-based services.

MARKET FEASIBILITY

MARKET STUDY OVERVIEW

PMD Advisory Services has completed a comprehensive market assessment of a proposed senior care facility (Villages of Holly Lake) (THL). An “on-the-ground” inspection was completed in November 2014. The THL site abuts the NE corner of the existing Holly Lake Ranch (HLR) community in Holly Lake, Texas.

THL will be a 112 unit facility comprised of 60 service-enriched independent living units, 40 assisted living units and 12 memory impaired units. Services which are included in the monthly fee for the service-enriched apartments are:

Service-Enriched Independent Living (Inclusive of the monthly base rental)

- 2 meals per day plus snacks
- Social activity programs
- Scheduled transportation
- Weekly housekeeping services
- Weekly laundry service
- Staff oversight and observation
- Valet/concierge services as needed

Assisted Living and Memory Care (inclusive of base rental)

- 3 meals per day plus snacks
- All other services provided in the Service-Enriched Independent Living apartments
- Assistance with Activities of Daily Living will be offered on a tiered basis for an additional cost depending on individual resident need.

Given its proximity to Holly Lake Ranch, it could easily be viewed as part of the existing retirement community. Holly Lake Ranch offers its residents a variety of amenities to include fitness center, tennis courts, 3 swimming pools, meeting and party rooms, 2 putt-putt golf courses, boating, a gun range and a myriad of other amenities. A 24-hour emergency medical service is on contract for the residents, as well as a heliport for emergency medical transport. Within 10 minutes of the site there is Trinity Mother Frances Clinic associated with HealthSouth Healthcare system with over 350 physicians and mid-level providers representing 40 specialties in 36 clinic locations serving East Texas.

MARKET FEASIBILITY

FACILITY OVERVIEW

Demand Summary and Recommendations:

Unit Type	Planned	Max. Potential
Independent / Active Adult Living	60	201
Assisted Living	40	198
Memory Care	12	197
Totals:	112	596

THL Residency Summary:

Type	Residence Count	Square Footage	Base Monthly Rent
Independent Living Service			
Regular 1 BR	16	547	\$ 2,000
Large 1 BR	22	593	\$ 2,200
Standard 2 BR	22	816	\$ 2,500
Sub-Total	60		
Assisted Living			
Studio	16	420	\$2,700
1 BR	24	547	\$3,100
Sub-Total	40		
Dementia Care			
Studio	12	320	\$ 4,300
Sub-Total	12		
TOTAL	112		

TDADS regulations require that any resident considering relocating to an assisted living community be assessed to determine the resident's level of personal needs for assistance.

Additional Monthly Service Charges (Assisted and Memory Care Units Only):

Assisted Living Monthly Service Charges (Additional Service Packages):

- Level 1: \$250
- Level 2: \$500
- Level 3: \$750

Dementia Care Assisted Living Monthly Service Charges (Additional Service Packages):

- Level 1: \$250
- Level 2: \$500
- Level 3: \$750

MARKET FEASIBILITY

COMPETITIVE OVERVIEW

There is a significant shortage of quality senior care facilities in the market area. There are only four market rate assisted living communities in the PMA totaling at 216 beds maintaining a 93% average occupancy; there are no independent serviced enriched or supportive care units and a limited number of facilities able to serve the mentally frail. A fifth, the Gardens at Hawkins, a combination of nearby 16-unit facilities in Hawkins is mostly below market rate and is not included in the analysis.

The competitive analysis within the Primary Market Area follows:

- Independent Living-Service Enriched Apartments:
 - There are no existing Independent Living-Service Enriched Apartments as planned in the Primary Market Area.
- Assisted Living Apartments:

Facility	Location	Units	Type	Occupancy	Inclusive Monthly Fees
THL (Subject)	Holly Lakes	40	AL	Planned	Studio: \$2,700 Suite: \$3,100
Autumn Wind	Willsboro	63	AL	100%	Studio: \$2,979 Suite: \$3,466
Bradford House	Gilmer	50	AL	86%	Studio: \$1,900 Suite: \$2,275
Wesley House	Quitman	42	AL	90%	Studio: \$2,432 Extra Levels of Care Charge 13 units subsidized
Wesley House	Gilmer	60	AL	To be added	To be added

A review of the competitive facilities in the comprehensive market study will reveal a notably institutional design. The THL “lodge-design,” as well as the natural aesthetic beauty of the site will ensure it to be the facility of choice.

- THL Memory Impaired Apartments:

There are only 26 Dementia Care beds in service in the area, none of which are within the Primary Market Area evaluated. Currently they are only 58% occupied, however indications are that this is due to mismanagement and uncompetitive pricing.

MARKET FEASIBILITY

MARKET STUDY CONCLUSION AND RECOMMENDATIONS

Based upon the data and information gathered during this engagement PMD concluded that THL is a feasible undertaking. Undeniably, Holly Lake Ranch is a significant factor in determining the potential success of the Timbers and will be the primary marketing focus. Holly Lake Ranch is highly successful in its own right and adds panache and a ready market.

Although there is potential demand in excess of the proposed mix, it is recommended that the total unit count remain close to the 112 units proposed without any change in the unit mix. There are no supportive care, independent living, memory care or skilled nursing homes in the Primary Marketing Area defined. This creates added opportunity for care that is more acute and for rehabilitation.

PMD Conclusions

- The site scored as a good location for the development of senior living and care.
- The Timbers market area expects steady growth over the next five years. PMD expects the PMA to add 428 persons age 75 and older between 2013 and 2018 for a projected annual increase of 2.1% which while slower than Texas at 3.1% is faster than the 1.8% U.S. growth rate between 2010 and 2013.
- The long-term population projections for the Timbers PMA indicate continued growth and depth in the age 75 and older population within the PMA with annual growth rates as high as 6.4% reflecting aging Baby Boomers between 2018 and 2035.
- A relatively high 84 percent of the age 75 and older households in The Timbers PMA were Owner households in 2013.
- Age 75 and older households within The Timbers market area have had, and will continue to have, above average incomes as reflected in the incomes of similar age households at the state and national levels.
- Median home values in the PMA for age 75 and older households have increased slightly since the recession of 2008, and are projected to increase at a 2.5% rate through 2018.
- The Timbers site is located in close proximity to some of the highest concentrations of age 75 and older households with incomes of \$50,000 or more, while adult children age 45 to 64 households with \$100,000 minimum income will be concentrated outside the PMA based upon projections for 2018.
- The Timbers market area currently contains the following existing number of senior living residences:
 - Independent Living – 0 residences
 - Assisted Living – 216 beds in service – 93% occupied
 - Dementia Care – 26 beds in service – 58% occupied

MARKET FEASIBILITY

MARKET STUDY CONCLUSION AND RECOMMENDATIONS

- There are currently no planned communities in the market area besides The Timbers.
- One comparable community opened in 2013 and is located outside the market area. It contains the following number of existing senior living residences:
 - 64 assisted living beds in service – 84% occupied
- While it is important to note that Holly Lake Ranch is a naturally occurring retirement community and as such it offers floor plans and maintenance services which can allow an aging household to age in place – based on the results of a 2010 survey conducted by The Villages of Holly Lake, 152 households of the 352 households which responded indicated an interest in residing at The Timbers. It appears from the results of that survey that there is pent-up demand in the Holly Lake Ranch community for an independent living-service enriched project as proposed at The Timbers.

It is also suggested that the design of the Timbers be similar to the rustic ambiance of Holly Lake Ranch. The “country-living” nature of the area is not conducive to a high-rise facility or a typical urban assisted living design. The developer is directing the architect to design a facility that is compatible to the area with a more a rustic lodge “feel,” rather than a box oftentimes found in more urban settings.



BRIDGEVIEW DEVELOPMENT GROUP

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Management Services
for the Senior's Housing
& Healthcare Industries*

469.607.4400

Contact Information



John Lanier

President and CEO

Bridgeview Development Group

A subsidiary of Bridgeview Realty Capital, LLC

16200 Dallas Parkway, Suite 245

Dallas, TX 75248

(469) 607-4400 Main

(214) 432-2992 Direct

(214) 364-6375 Cell

(214) 261-5154 Fax

ilanier@bridgecap.us

www.bridgeviewdevelopmentgroup.com/

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APPENDIX 1a

Bridgeview Bio's

John Lanier

President, CEO



John Lanier contributes over 35 years of diversified experience in Commercial Real Estate and has been involved in the financing and development of over \$850MM in commercial real estate during his career; \$350MM exclusively in Healthcare properties. John is a Texas Licensed Real Estate Broker and Studied Business Finance at the University of Texas at Arlington.

The past 25 years of his career have been focused on Healthcare related real estate, to include Senior Housing, Assisted Living, Independent Living, Skilled Nursing, Medical Office and Acute Care Hospitals.

Most recently, John was the Senior Development Manager for The Beck Group headquartered in Dallas, Texas. The Beck Group, established in 1912 is a full-service general contracting, architectural and real estate development services company with an annual production volume of near \$1B. Here John secured financing for a 250,000 sf, \$100MM luxury hotel condominium project in Asheville, North Carolina and a \$100MM private, Acute Care Hospital in Houston, Texas. He also represented a Midwest hotel operator to secure and permit sites for a rollout of a line of Select Service Hotels flagged by one of the largest hotel franchise companies in the world.

David Daniel

Director of Construction Services



As co-founder and CBO/CEO of Constructors and Associates, Inc., David has accumulated more than 25 years of experience in the commercial construction industry. He has been responsible for the construction of over 65 million square feet of construction in over 5,500 projects.

Under his leadership, Constructors won construction quality awards for such Dallas based projects as Stanley Korshak Store and the Crescent Club at the Crescent, Keith Wood Insurance Agency, Apple Computer, Inc. at the Infomart, the Market Center, and Raymond D. Nasher Company.

Major projects include the renovation of the Texas State Capital in Austin, Texas along with Two Shell Plaza in Houston, Texas.



Jonathan Campbell
Analytics

Director of Project

Jonathan graduated from Baylor University with Majors in Business Finance, & Entrepreneurship. Jonathan comes to Bridgeview with over 10 years of Data Management and Financial Analytics expertise across multiple industries and has worked in the Dallas area for the past 8 years.

Over the past 2 years, Jonathan has consulted with firms in the Real Estate Development Industry, providing his expertise and creating Custom Financial Modules that manage projects.



Glenn Lanier

Associate Developer

Glenn graduated from the University of North Texas with an undergraduate degree in Business Administration and Marketing. Prior to working for BridgeView, Glenn worked for The Richards Group, the largest private branding agency in the United States. Glenn advised multiple fortune 500 clients on their competitive landscape through deep quantitative analytics and empirical research.

Glenn provides a highly analytical and objective perspective to development, delving deep into the quantitative and qualitative market attributes to vet potential sites.



Marie Jackson

Project Accountant and Administrator

Marie comes to Bridgeview with 20 years of experience in Accounting and Business Management and has been working in Project Accounting for the last five years with a background in Retail, Office and Healthcare projects. Marie has an Accounting Degree from MTI College in Sacramento, CA. and she studied Business Management and Communications at Collin College in Texas.

Marie is highly experienced in tracking project expense and revenue through AP, AR, expense and bank reconciliation, Budgeting, payroll and taxes, plus monthly, quarterly and annual financial statements.

APPENDIX 2a

MARKET FEASIBILITY METHODOLOGY

COMPETITIVE REVIEW

Field work and analysis for this engagement was completed in September, 2013 with an update in process now; therefore, the analysis and conclusions contained herein reflect market conditions as of this time frame. MDS conducts an analysis in which the estimated required qualifying household income criteria is calculated for each of the competitive Senior housing communities. MDS takes the average monthly service fee for each of the area IL and AL communities and then applies the appropriate factor of percent of household incomes that would be allocated to each type of living arrangement.

There are currently no relevant state-of-the-art Senior living communities within the PMA similar to that being proposed.

RATIONAL FOR INCOME QUALIFIED CRITERIA

The 2000 edition of Survey Consumer Expenditures published by the Bureau of Labor Statistics and the 11th edition of Household Spending Reports published by New Strategist Publications report that Senior's typically spend 65%-70% of their annual cash flow on income on market rate monthly service fees or rental rates for IL; 75%-80% for AL; 85%-90% for MI.

OCCUPANCY SENSITIVITY OF COMPETITIVE PROJECTS

When factoring the existing competition in the detailed capture rate/demand models, MDS considers (subtracts out) all households residing in communities that are comparably or higher priced than the proposed new units. It is assumed that households residing in lower priced communities have already been factored out of the pool of qualified prospects via the income screening. To mitigate and avoid the inadvertent use of inappropriate occupancy data, MDS's policy is to treat occupancy in the demand/capture rate model as follows:

- Subtract all households estimated to reside in occupied units
- Subtract qualified households necessary to bring all vacant units to 93% occupancy
- Subtract qualified households sufficient to ring all planned/announced projects to 93% occupancy
- Subtract sufficient qualified households to address 45% in assisted living

