

BCM AL Fund I, LLC

Carriage Crossing Senior Living Champaign, Illinois

Executive Summary

Opportunity

The Assisted Living industry is in great demand of high-quality modern facilities to meet overwhelming current and future demand. The demand for assisted living communities is increasing at an unprecedented rate, but the collapse of the capital markets has made it difficult for assisted living developers and operators to acquire proper financing, creating a great window of opportunity for investors to participate, work with the best developers on the best projects, and earn very significant returns.

Carriage Crossing - Champaign is a state of the art, next generation master planned Senior Living Community created to provide the oldest sector of our population (80+) an upbeat lifestyle, empower seniors and allows them to remain in control of their own lives. Carriage Crossing is committed to providing an environment that enhances the quality of life for those we serve. Our Assisted Living and Memory Care Communities are modeled after hotels and provide hospitality-oriented services in combination with personal care and well-being services. Carriage Crossing provides a safe and secure environment. We practice a philosophy of "Aging in Place" offering several types of dwelling spaces and services. Staffed with trained and courteous caregivers and medical professionals, our Personal Care Staff is available 24/7 so if any resident has a need day or night, we are there to help. Carriage Crossing – Champaign will be built on a 5.43 acre parcel, directly adjacent to Carle Clinic, a large regional health care provider.

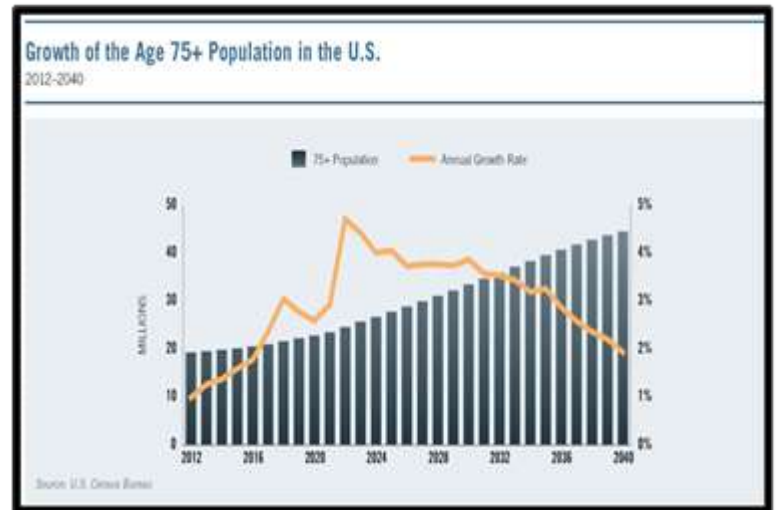
Benefits

- **High Overall Projected Return – Up to 20% Annualized Return**, comprised of
 - A **Preferred Monthly Return, up to 9% Annually**, plus
 - A **Lump Sum Profit Share** at investment maturity
- **Highly Experienced Management Company** – this is **The Key to the Success of Any Assisted Living Community** – Randall Residence is an industry-respected multi-generation management company.
- **High Growth Industry/Tight Supply** – **Outlook for Assisted Living sector is very bright** by many sector watchers and experts
- **Strong Project Letter of Recommendation by Collier's International**, by a global commercial real estate services organization
- **Great Design, Great Location** – **State-of-the-art design**, ideal location directly across from a large upscale health care clinic
- **Proven Developers** - Significant construction management experience, recently built two other assisted living communities

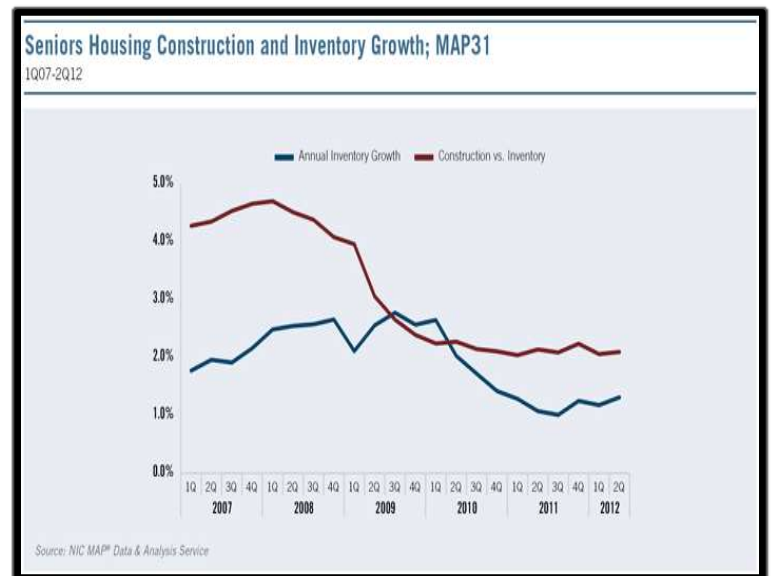
High Demand + Low Supply + Low Risk = OPPORTUNITY

Developers who are able to arrange financing for new assisted living communities will prosper, as well as the investors who have the finances to help fund these facilities.

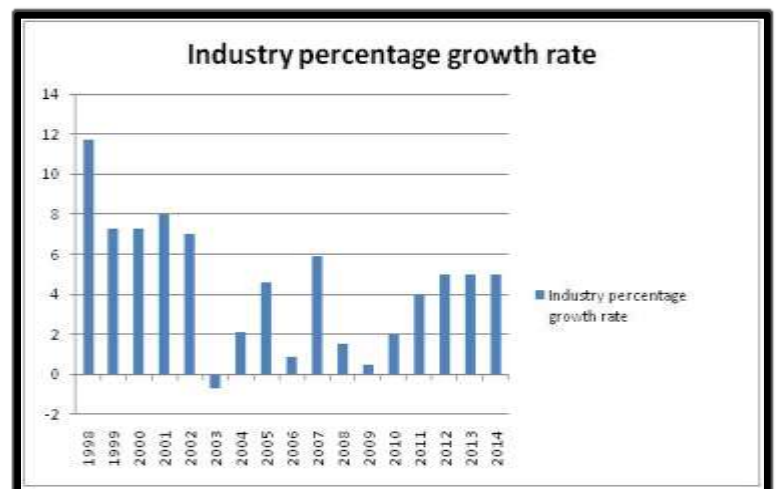
HIGH DEMAND – Over one million Americans reside in assisted living facilities. This number is expected to almost *double* by 2030.



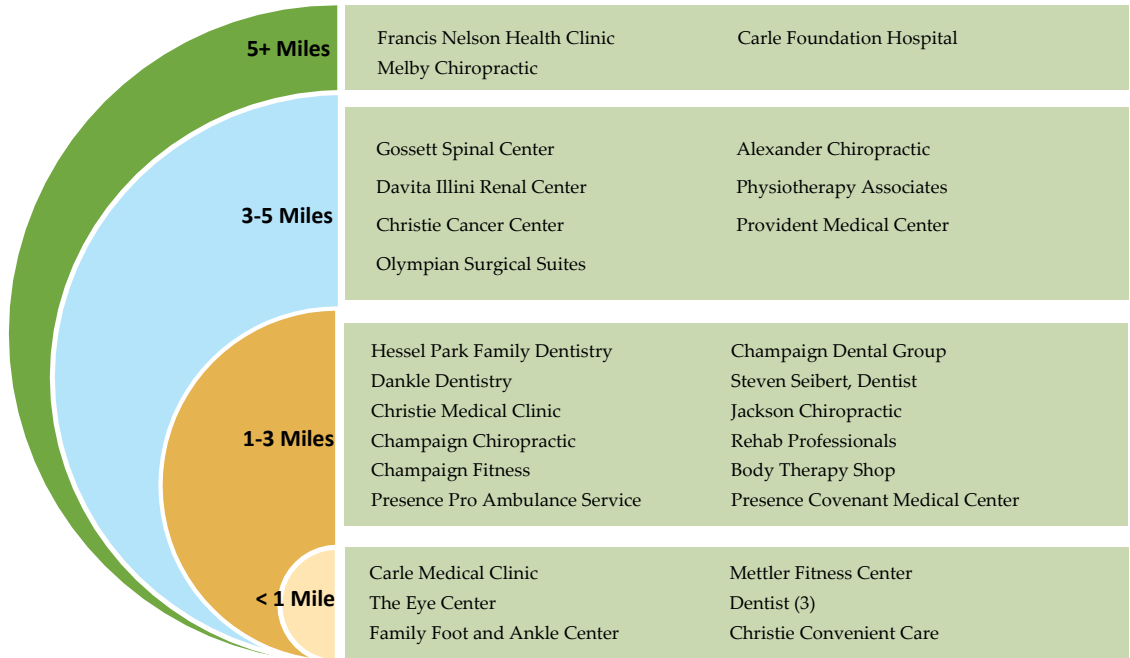
LOW SUPPLY - Construction of new assisted living facilities has slowed over the past 5 years, largely due to the economic downturn and the inability of banks and other lending institutions to fund the construction of new facilities. The current supply is inadequate to support the increasing demand for assisted living facilities, creating an excellent opportunity for developers and investors alike to profit by filling this gap in the senior care market.



LOW RISK - While residential housing was hit hard by the economic recession, the assisted living market remained resilient. The market is based on immediate health and care needs, and therefore largely unaffected by the economic ebb and flow. Baby boomers are now entering retirement, ensuring that the assisted living and senior care industry will remain viable well into the next decade.



Medical Proximity



Proximity to Other Cities



Market Demand Highlights

(2015 FORECASTED DEMAND, LESS SUPPLY)

Vogt Santer Insights, a leading industry research firm, performed a full Market Study, identifying market penetration, current market supply and existing a predicted market demand. Highlights from the study:

PRODUCT OFFERING	2015 NET UNMET DEMAND	ADDED UNITS	PHASE 1 % OF UNMET DEMAND
Assisted Living	252	46	18%
Memory Care	52	18	34%
Total	304	64	21%

The market study concludes that there is strong demand for the services being offered by Carriage Crossing- Champaign.

Project Highlights

Project Name:	CARRIAGE CROSSING - CHAMPAIGN
Property Type:	Senior Living Community
Location:	Champaign, Illinois
Offering:	18 Memory Care Units -(18 beds) Studio 42 Assisted Living Units -(46 beds) Studio, 1&2 BR/Companion
Total Units/Beds :	60/64
Zoning:	Senior Living Community
Acreage:	(+-) 5.43 acres
Infrastructure:	Access road 100% complete. All utilities at site.
Construction Type:	Combination: Wood Frame & Steel Construction
Development Size:	(+/-) 44,500 Senior Living Community
Building Area Mix:	32,500 SF of Assisted Living 12,000 SF of Memory Care
Project Developer:	Carriage Crossing Senior Living, Inc.
Project General Contractor:	Bentley Builders and Development, Inc.
Management Company:	Randall Residence, LLC

Financial Highlights

Total Project Cost	\$9,882,141
Estimated "As Stabilized" Value	\$25,300,000
Net Operating Income	\$1,496,000 projected upon stabilization
NOI % Of Revenue	39.0% projected upon stabilization
NET Cash Flow	\$782,000 projected upon stabilization
Debt to Income Ratio	2.06 projected upon stabilization
Breakeven Occupancy	67%
Breakeven Time-Frame	11 months
Stabilized Occupancy	93.8%
Stabilized Time-Frame	17 months projection

Investor Offering

Bridge Capital Management, LLC (BCM) will raise approximately \$2,800,000 in equity capital to facilitate the financing, construction and operations of Carriage Crossing-Champaign. Investors can participate for as little as \$25,000. In return the Company will provide investors a return on investment as follows:

- A preferred ongoing return on their investment for the first 27 months, Thereafter, investors shall receive their pro-rata share of distributions based on their ownership.
- A preferred lump-sum payment upon the maturity of their investment (back-end).

Ongoing Return Choices

Investors can choose between two Investor Levels for their ongoing return (paid monthly for first 27 months):

- Level 1: 9.0% Annualized Ongoing Return
- Level 2: 4.5% Annualized Ongoing Return

Additional Lump-Sum Payment at Maturity (Back-End Return)

In addition to the monthly return, the Company will provide each investor a lump-sum payment upon the maturity of their investment (back-end return). The back-end return for an investor who chooses Level 2 for their monthly return (4.5%) will be .5% higher on an annual basis than the back-end rate of return provided to a Level 1 investor.

Investment Amount Incentive (Higher Investment Amount = Higher Return)

The minimum investment amount is \$25,000. Additional investment can be made in \$5,000 increments. Investors who elect to make a greater investment will earn a greater overall return, up to 4.5% higher annually.

Early Bird Bonus Return

Those investors who commit and fund early shall be entitled to up to an additional 1.0% in annual return. This benefit is available to all investors who:

- Execute and submit their subscription agreement and provide their funds by August 30, 2014, or
- Are among the first \$1,250,000 in investment funds received, or
- Invest \$100,000 or more.

To ensure that one receives the Early Bird Bonus, it is best to invest as soon as possible.

The investment choices are summarized in the following table:

Investor Table						
Investor Class & Level	Investment Amount	Font End Annual Preferred Return	Back End Annual Return at Maturity	Total Annualized Return	Early Bird Back End Bonus	Total Potential Annualized Return
A 1	25,000	9.00%	5.50%	14.50%	.20%	14.70%
A 2	25,000	4.50%	10.50%	15.00%	.20%	15.20%
B 1	50,000	9.00%	6.50%	15.50%	.40%	15.90%
B 2	50,000	4.50%	11.50%	16.00%	.40%	16.40%
C 1	100,000	9.00%	7.50%	16.50%	.60%	17.10%
C 2	100,000	4.50%	12.50%	17.00%	.60%	17.60%
D 1	150,000	9.00%	8.50%	17.50%	.80%	18.30%
D 2	150,000	4.50%	13.50%	18.00%	.80%	18.80%
E 1	200,000	9.00%	9.50%	18.50%	1.00%	19.50%
E 2	200,000	4.50%	14.50%	19.00%	1.00%	20.00%

Investment Period, Exit Strategy

The project is currently expected to begin construction in July, 2014. The investment period is estimated at 4 years from the date of the construction loan closing, allowing for the community to be constructed, resident lease up performed, and then submission and takeout via long-term financing through HUD or other viable commercial financing options. Approximate timeline for each phase of the project is as follows:

- Construction period: 12 months
- Occupancy stabilization period: 16 to 24 months
- Stabilization period until HUD takeout financing: 12 months

The investment timeframe could be affected by a number of factors. The factors most likely to affect the investment timeline are:

- Actual Length of Construction period
- Actual length of time to reach stabilized occupancy (93%)
- Funding timeframe for HUD financing
- Offers to purchase community (forgoing takeout financing and liquidating the investment)

These factors could decrease or increase the investment timeline. Therefore, it's possible the investment timeline could be shorter (3½ to 4 years) or longer (4½ years or more). Regardless of the length of the investment timeframe, the investor will continue to receive their pro-rata share of the distributed income.

Security, Release of Invested Funds

All funds provided by investors will be deposited in an escrow account, and unless otherwise instructed by the investor, will be held in such account until the lease for the project with the senior capital partner is executed. At that time, the funds will be made available to Carriage Crossing-Champaign.

Investors may elect to authorize Bridge Capital Management to loan their invested funds to High Peaks Financial, LLC to utilize on an interim basis until the lease for the project with the senior capital partner is executed and Carriage Crossing – Champaign requests the funds. At that time, the funds needed for closing will be transferred into the escrow account. While the funds are being utilized by High Peaks Financial, the investor shall receive an 8% annualized return, paid on a monthly basis.

While in possession of High Peaks Financial, the funds will be secured by a deed of trust or mortgage against single family (1-4 unit) investment properties at loan to values of 70% or less, and often 50% or less, using High Peaks Financials Proven loan programs. Since the inception of these loan programs in 2011 their approximate performance is as follows:

- Loans Issued: 400+
- Loans sold/paid off: 325
- Loans remaining: 75
- Defaulted loans: 1*

*One Property Foreclosed and sold for \$15,000 profit.

Key Management

Carrie Bentley, Developer/Operator - In 2007, Carrie Bentley, a seasoned real estate developer from Champaign, Illinois, recognized the lack of adequate quality senior care communities in central Illinois, and knew the demand would only grow. She researched the central Illinois marketplace to identify areas of great demand and inadequate services. Her research revealed that today's retirees seek high-quality facilities with a more home-like feel and more amenities than what traditional facilities offered. A challenge of many of the existing facilities is their dependency on

state and federal funding through Medicare. But there are a variety of other sources of payment – personal savings, long-term care insurance, immediate family, etc that retirees are using to pay for quality services. She finalized her plans and along the way developed key industry relationships to provide a comprehensive, high-quality private pay senior care service for today’s retirees. The result is Carriage Crossing Senior Living, LLC. Today, Carrie has two existing assisted living communities – Bridle Brook Adult Care in Mahomet, Illinois, and Carriage Crossing Senior Living in Arcola, Illinois.

Bentley Builders Construction & Development, Inc has been in the construction business for 30 years. They specialize in Land Development, Construction Planning, as well as Residential & Commercial Construction.

Randall Residence/Long-Term Operator/Manager -Randall Residence, long-term and well-respected assisted living owner/operator with 7 assisted living communities in Michigan, Indiana and Ohio, decided to expand their presence in the assisted living realm, and after careful consideration, selected Illinois as their next growth market. Randall Residence has agreed to partner with Carrie Boone on the management of her assisted living communities in Illinois, including the funding and operation of the Champaign assisted living community. They bring with them a wealth of experience, having started their first facility in 1975. Randall Residence currently manages two communities for Ms. Bentley: Carriage Crossing – Arcola, and Bridle Brook Senior Living in Mahomet.

Dan Brewer, Fund Manager – Dan has over 25 years of business experience, including 11 years in a consulting and management role for Andersen Consulting, 20 years in business development and a successful 20 year track record in real estate investment and capital acquisition. He has owned and operated many real estate related entities, including:

- Single family investment entity. These properties were typically purchased at wholesale prices and sold at retail to individuals in need of non-traditional mortgage financing. The company purchased, rehabilitated and resold hundreds of homes.
- Real estate lending Funds. The Funds have been and are asset-based lending funds providing loans on investment properties in 20 MSAs across the USA. The Funds have provided over 800 loans since inception utilizing over \$25M in private equity. Three current funds are in operation, and their performance to date is as follows:

Fund Name	Type	Current Performance
HPF Fund I	Income	14.57%
HPF Fund II	Income	10.90%
HPF Fund III	Income	10.07%

- A realty company. The traditional residential realty company had 14 realtors, and provided services to other entities, the residential investment community and the retail customer.
- A commercial real estate investment company. The company focused on the purchase, rehabilitation, development and eventual sale of undervalued commercial properties.

Dan also has extensive residential development experience, and has been involved in three developments in Kansas City and Illinois. He has particular expertise in project planning and management, business development, tax increment financing, financial analysis and capital acquisition. Over the years, he has developed numerous contacts in the real estate community, and is often consulted to help formulate and critique business plans and provide his

perspective on various real estate investments. He has an undergraduate degree in Business Management and a master's degree in Management Information Systems.

For More Information

To discuss this opportunity in further detail and/or receive the Private Placement Memorandum (PPM) with the subscription agreement, please contact Dan Brewer at 913-244-8338, email Dan at Dan@TheCapitalMan.com, or visit his website at www.seniorlivingfund.com.

Images From Carriage Crossing – Arcola (Illinois)









Recent Articles on Assisted Living/Senior Housing

1. Healthy Seniors Housing - Investor Demand Revitalizes This Niche Sector.

Jan/Feb 2014

- <http://www.ccim.com/cire-magazine/articles/323387/2014/01/healthy-seniors-housing>

2. Funding The Future

October 2013

- http://www.alfapublications.org/alfapublications/september_october_2013#pg14

3. Mixed-Use in Senior Housing is Win-Win for Investors, Developers

November 23, 2013

- <http://seniorhousingnews.com/2013/11/24/mixed-use-in-senior-housing-is-win-win-for-investors-developers/>

4. Investors Bullish on Future Senior Housing M&A

November 20, 2013

- <http://seniorhousingnews.com/2013/11/20/investors-raise-outlook-on-future-senior-housing-ma/>

5. Investors on The Prowl for Senior Housing Projects

May, 2013

- <http://finance-commerce.com/2013/05/investors-on-the-prowl-for-senior-housing-projects/>

6. GE Capital Bullish on Assisted Living Growth Next Year

October 20, 2013

- <http://seniorhousingnews.com/2013/10/20/ge-capital-bullish-on-assisted-living-growth-next-year/>

7. Insatiable Investor Demand for Assisted Living says Report

September 17, 2013

- <http://seniorhousingnews.com/2013/09/17/senior-housing-report-new-development-may-stall-assisted-living-occupancy/>

Recent Senior Housing Industry

Comments/Quotes

“Senior housing within the context of mixed use development is a win-win for consumer, operator and investor,” says Mel Gamzon, president of Senior Housing Global Advisors (SHGA).

While the residential housing market has certainly felt the strain of the recent mortgage industry failures, credit crunch and general real estate malaise, the assisted living housing segment has proven particularly resilient even in these difficult times. As the population of skilled nursing residents declines, assisted living is being recognized as part of a national policy to address the care needs of our aging population.

It is a market segment particularly premised on immediate housing (and care) needs, where the consumer cannot afford to wait out current market conditions in the hopes of realizing maximum value from the sale of the primary residence.

“The population of the United States is heading toward a dramatic and unprecedented demographic shift. Well into this century, the number of older Americans will grow substantially with each passing decade as the average person lives longer than we ever imagined possible. As a result, the nation will experience an unprecedented demand for high-quality long term care services.”

National Commission for Quality Long Term Care, Final Report, December 3, 2007
Commission co-chaired by Bob Kerry and Newt Gingrich

Between 2010 and 2020, the population of 65 to 84 year olds will increase by 38.8 percent, and the population over 85 years old will increase by 18.7 percent. The estimates grow at an even greater rate as we look beyond 2020. The reason for this growth is obvious: our population is living longer with fewer health complications.

When their health begins to fail them, this population simply does not have the luxury to wait for more favorable market conditions before they decide to move.

(Duffy)

An increasing number of investors view seniors housing as a preferred asset class and investment strategy, due to the sector’s low volatility and higher risk-adjusted returns compared to other real estate classes such as retail and industrial.

Investors strongly believe that assisted, independent and memory care will remain the assets of choice, however, cost of capital and access to capital will remain key.

“The agents for growth and investment are abundant. For those prepared and ready for the ride, it should be a great and rewarding adventure. As for us, we can think of nowhere else we would rather be.”

Salus Valuation Group’s Fall 2013 Senior Housing Investor Survey

(Oliva, Investors Bullish on Future Senior Housing M&A)

Future industry growth will be spurred by the 77 million Baby Boomers planning to retire over the next two decades.

Roughly one million Americans reside in senior care facilities. This number is expected to almost double by 2030.

Baby Boomers represent more than 70% of U.S. financial assets and over half of all discretionary spending. Therefore, when it comes to services, what boomers want, they usually get. Baby boomers and their families typically desire retirement communities that remind them more of homes rather than institutions.

The assisted living industry is expected to maintain an annual growth rate of 4.2% through 2014.

(Ortiz)

An investment in assisted living requires a good basic understanding of what it is and what it isn't. When we talk about owning assisted living facilities, we mean owning a facility that provides 24-hour elder care in a home-like setting with private rooms. A small community is created within the few dozen residents, and consequently the people enjoy a higher quality lifestyle – both physically and psychologically.

Outside of an assisted living arrangement, the other choices include inexpensive senior apartments that lack medical or other services for seniors; nursing homes that are expensive and often lack privacy; or staying at home and adding the cost of a professional hourly nurse. For many people, assisted living facilities are the right choice because of the balance of good care at the right price.

We are on the front end of a wave of growing demand for assisted living facilities that will span at least the next 15-plus years. Smart developers have noticed this trend and capitalized on it by building assisted living facilities to meet the demand.

(Marshall H. Dean J.D.)

References

- Duffy, Barbara J. *Demand for Assisted Living Remains Strong in Spite of Weakening Economy*. September 2008. 9 December 2013. <http://www.lanepowell.com/wp-content/uploads/2009/05/duffy_b_005.pdf>.
- Marshall H. Dean J.D., MBA. *Invest in the Growing Demand for Assisted Living*. 25 May 2012. 9 December 2013. <<http://www.hcplive.com/physicians-money-digest/personal-finance/Invest-in-the-Growing-Demand-for-Assisted-Living>>.
- Oliva, Jason. *Investors Bullish on Future Senior Housing M&A*. 20 November 2013. 9 December 2013. <<http://seniorhousingnews.com/2013/11/20/investors-raise-outlook-on-future-senior-housing-ma/>>.
- . *Mixed-Use in Senior Housing is Win-Win for Investors, Developers*. 24 November 2013. 9 December 2013. <<http://seniorhousingnews.com/2013/11/24/mixed-use-in-senior-housing-is-win-win-for-investors-developers/>>.
- Ortiz, Jesse. *Assisted Living Facilities*. 2013. 10 December 2013. <<http://www.sbdcn.net.org/small-business-research-reports/assisted-living-facilities>>.