

ELEGANCE SENIOR LIVING AT TURKEY, LLC



B U S I N E S S P L A N

PROPRIETARY AND CONFIDENTIAL

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For Further Information Contact:

Mark Orshoski, Elegance Senior Living, LLC

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Confidentiality and Liability Statement

This confidential Business Plan (the “Plan”) has been prepared by the management of Elegance Senior Living, LLC (“the Company”) and is being delivered to a select number of parties who may be interested in entering into an investment transaction (the “Transaction”). The sole purpose of the Plan is to assist the recipient in deciding whether to proceed with an in-depth investigation of the Company.

By accepting this document, the recipient agrees and acknowledges that all of the information herein, and all other information made available to the recipient in connection with any further investigation, is deemed to be proprietary and confidential information of the Company and that none of the information shall be used by the recipient, its employees or representatives in any manner other than in connection with its evaluation of the Company for the purpose of considering an investment in the Company. All inquiries regarding this opportunity should be forwarded to Elegance Senior Living, LLC as noted above.

This Plan contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Act”), and Section 21E of the Securities Exchange Act of 1934, as amended, and is subject to the safe-harbor created by such sections. Such statements include, but are not limited to, statements related to (i) the Company’s operations, economic performance and financial condition, (ii) expansion of the Company’s business and operations, the hiring of additional personnel and (iv) an increase in the Company’s revenues. Forward-looking statements in this Plan include known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements expressed or implied by such forward-looking statements to vary from those stated in this Plan. Such factors include, among others: general economic and business conditions; changes in law regarding internet activities; competition; changes in business strategy; the indebtedness of the Company; quality of management, business abilities and judgment of the Company’s personnel; the availability, terms and deployment of capital; and other various factors referenced in this Plan. The forward-looking statements are made as of the date of this Plan, and the Company assumes no obligation to update the forward-looking statements or to update the reasons why actual results could differ from those projected in the forward-looking statements.

The Company and its management are available to respond to requests for additional information that investors may desire. The Company reserves the right to require the return of this Plan and its collateral information at any time. The Company reserves the right to terminate the entire offering at any time prior to closing, or to terminate participation by any party in its investigation or evaluation of a potential Transaction.

Investment Opportunity

The Company offers investors an opportunity to profit from the expanding Independent Living Facility (ILF) and senior housing marketplace with a unique strategy of bringing small residential ILFs to communities across the United States. Similar existing ILF facilities developed and operated by the Company's managers had demonstrated very attractive profitability, and were ultimately sold at very lucrative returns to the shareholders.

Management is securing an initial round of \$3.2 million (\$1.92 million for land acquisition) in return for a 75% equity stake in the *Elegance Senior Living at Turkey* project. New construction financing of the ILF will be completed with a \$17.9 million loan at approximately 84.72% LTV.

Product/Services Category: Independent Living Facilities, Senior Housing

Company: Elegance Senior Living, LLC

Address: APN – 124-19-401-017
(Aliente/North Las Vegas)
Las Vegas, Nevada

Contact: Mark Orshoski, Managing Member

Initial Capital Plan:

1,920,000	Land
1,280,000	Development
3,200,000	Cash Equity
17,900,000	Debt

Total Project Cost \$21,100,000

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Executive Summary

The focus of the Elegance Senior Living at Las Vegas project is *Independent Living* and involves the acquisition of properly zoned land and the construction of a new Independent Living Facility (ILF) in an ideal location in the Las Vegas senior housing market.

Senior Housing sector as an asset subclass has performed, and is continuing to perform, better than real estate generally. The strong and anticyclical growth of this sector is expected to continue for many years because of demographics including increased life expectancy, reduced family sizes leading to fewer young to care for their elderly, and increased market familiarity with senior housing in their communities.

For investment capital, increased market transparency has lowered cap rates, and institutional transactions have increased in recent years. While oversupply is a concern generally, metropolitan supply demand metrics are too macro a perspective, as submarkets enjoy barriers to entry due to the community/local aspect in driving demand to an ILF. Elegance Senior Living, LLC has identified an optimal location in Las Vegas ideally located near emergency services, shopping, and other key amenities in the market – a market where most similar facilities are leased and occupied in mid to high 90%.

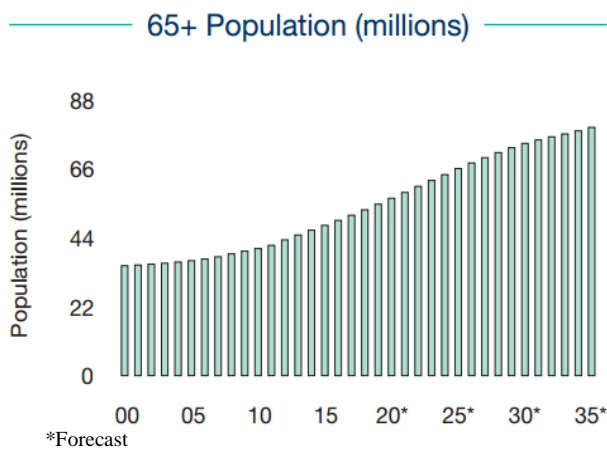
The project is contemplated on 6.23 acres zoned for multifamily development that the company has under purchase agreement. The concept includes 158 senior apartment units, a clubhouse, covered and open parking, and amenities such as swimming and a fitness center. Services include continental breakfasts and coffee in the morning, onsite activities, and local tours to shopping and events. Operating expenses are projected at an average of 30.8% of Effective Gross Income from stabilized year 3 to year 10. Total Capex for the project is \$21.1 million, with the current equity raise to acquire the land and support debt finance for construction and working capital.

Data from the National Council of Real Estate Investment Fiduciaries (NCREIF) which measures senior housing total 10-year returns at 11.9%, which still beats all other major property types. Elegance Senior Living at Turkey projects a 10-year levered IRR of 17.6%

The Independent Living Industry

The broad senior housing industry can be subdivided by type of care (if any) provided. The four segments are: *Independent Living, Assisted Living, Memory Care, and Nursing Care*. The focus of the Elegance Senior Living at Turkey project is *Independent Living* and involves the acquisition of properly zoned land and the construction of a new Independent Living Facility (ILF) in an ideal location in the Las Vegas senior housing market.

An ILF can be defined as a housing for those who do not help with their activities of living. It is hospitality-oriented and includes social activities, outings, and transportation. Every day, 10,000 Americans turn 65 and that will continue for the rest of the decade. At present, those seniors account for 13% of the U.S. population. that is expected to increase to 20% by 2030. People are simply living longer. A quarter of those turning 65 today are expected to live to the age of 90. One in ten is expected to reach 95. This is compounded by the fact that family size has decreased, meaning there are fewer young family members around to take care of aging parents at home. For example, U.S. Census Bureau data show that the number of potential caregivers aged 45-64 compared to those aged 80 was 7:1 in 2015. By 2030, it will be 4:1, and by 2050, 3:1. Therefore the need for expansive supply of facilities to accommodate these seniors is both obvious and will be prolonged.

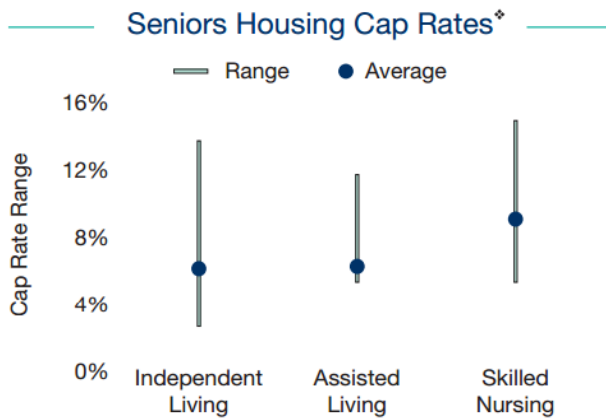


As an investment over the last decade, senior housing consistently outperforms other real estate property types in terms of income, appreciation, and total return according to AEW Capital. According to the most recent data from the National Council of Real Estate Investment Fiduciaries (NCREIF), total returns for senior housing were 16.1% over a one-year period, and 17%, 15.2%, and 11.9% over three-, five- and 10-year periods. This beats all other major property types, including apartment returns, over the same periods.

Importantly, it also beats the NCREIF Property Index, which is made up of core U.S. institutional properties. The NPI registered total returns of 13.3%, 12%, 12.2%, and 7.8% over those same time periods.

Senior housing also provides portfolio diversification and is an asset type less dependent on the economic cycle. Most types of senior housing outperformed during the great recession, partially based on the fact that it is often a need-based decision to move into senior housing, especially for those moving into assisted living, memory care or skilled nursing facilities.

This growing transparency and data has contributed to greater transaction volume and liquidity. There were \$21.7 billion in institutional transactions and 514 deals in 2015 in senior housing, according to NIC. Further, the average prices for senior housing properties hit a recent peak in mid-2015 and although it has come down a bit, it remains high. The rolling four-quarter average price per unit for senior housing properties was \$169,800 in the first quarter of 2016, down 5% from the fourth quarter of 2015 and down 0.7% percent from levels a year earlier, according to NIC. But the range of prices is very wide, with per unit pricing commonly above \$500,000 for favored properties. The ever-improving transparency also has helped to lower the sector’s cost of capital, with cap rates currently averaging 7.5% for senior housing.



According to Marcus & Milichap, Independent Living occupancy will reach 91.7% by the end of 2016, holding firm from the rate recorded at the end of 2015, as supply-side pressure mounts in some markets. Meanwhile, the average rent will advance 3.0% year over year, rising above \$3,000 per month for the first time.

According to NIC, Independent Living Facility inventory grew by 6,380 units in the last 12 months ending in June 2016, up from 4,350 units in the prior annual timeframe.

Construction continues to remain elevated in this segment as builders have more than 19,300 ILF units underway throughout the country.

Senior housing is an operationally intensive business, so despite great strides in transparency and data, there is still a risk premium for senior housing of about 200 basis points compared to multifamily. As such, it is no surprise that the senior housing sector provides higher returns than multifamily and other traditional real estate types.

Publicly traded companies, mostly large healthcare REITs, recently have been the biggest buyers of senior housing properties. Although their activity has slowed the past few quarters, it has been growing the last few years.

- In 2012, public buyers represented 44% of transactions, but by second quarter of 2015, that number had jumped dramatically to 63%.
- Institutional investors are also increasing in numbers. In 2012, only 5% of senior housing transactions involved institutional investors. By the middle of 2015, that number had jumped to 13%.
- REITs and private equity investors are helping to consolidate the senior housing sector by buying smaller operators and merging operations. But this process has only begun and the sector remains very fragmented, with 60% of operators still managing one to nine properties, and one-third of operators being single-property owners.

Therefore, there are consolidation opportunities for investors seeking to acquire assets held by private companies and individuals and leverage foreseeable future demand drivers to gain from a significant opportunity to continue to build, to aggregate, and to upgrade existing senior facilities using best-in-class operators and practices.

While the inventory pipeline is strong nationally, according to Harrison Street, new construction for ILFs is concentrated in Atlanta, Houston, Dallas, Seattle, Miami, and San Antonio and accounts for 48% of new construction. But even then, the focus should be on submarkets, not on the broader metro markets because there are high barriers to entry. There are many submarkets where properties are leasing up and thriving even though metropolitan-wide numbers may show a slight oversupply. As such, the senior housing market is a very local one, and demand-supply balances are best viewed at a micro-level.

Company Summary

Elegance Senior Living Las Vegas is a privately-owned Nevada limited liability company. The company was founded by experienced independent living industry and executives to develop and manage ILFs in communities where the need exists for its elderly citizens. Company management has over 60 years combined experience in Senior Housing which is significantly more than most players in the industry.

In the early 1990's, company management began educating municipalities who had little to know understanding of senior housing and had not yet developed the applicable ordinances for its development. Over the past decades, these managers have developed, built, managed, and owned such facilities in Nevada and California, the North and South Carolinas, and Georgia. Very few organizations possess all the skills and experience in-house which Company management brings to this project.

Mark Orshoski (President)

Mr. Orshoski has developed and built senior ILF facilities across the United States for over 25 years. Formerly Vice President of Construction and Development for Carefree Senior Living, Orshoski was Carefree's *Qualified Construction Employee* for California and Nevada for 11 years leading up to the sale of the Carefree portfolio. At the time, Carefree was the largest West Coast Developer of Independent Living Facilities for seniors. In 2006, the portfolio was sold at a 5.2% cap rate and at the time was the largest Single Multifamily Transaction in Las Vegas in its history.

Mr. Orshoski has developed and built over 4,000 senior apartment units as well as over a million square feet of office, retail, and medical buildings. He designed projects involving underground parking garages designed for resident security in order to meet land use guidelines as well as solar and water reclamation projects. He has successfully undertaken zoned projects and dealt with local and state officials on many projects across the United States. He helped design sewer treatment and water treatment facilities that were self-contained for a green zone in the mountains North of Lake Tahoe. Mr. Orshoski has worked closely with the army corps of engineers as well as environmental groups and governmental agencies. He personally contributed to the drafting of the Zoning Ordinance for Senior Housing for Clark County, Nevada. He helped reduce the sewer fees for Senior Housing in the Las Vegas Valley by conducting comparative market studies with regular apartment rates which resulting in saving developers of ILFs hundreds of thousands of dollars in connection fees and thousands in operating costs.

Mr. Orshoski studied civil engineering at UNLV and served in the United States Army. He has focused his development and management work through his projects to ensuring real quality of life to the elderly disenfranchised, or for other reasons are unable to provide for themselves and guarantee the lifestyle they had intended for themselves. The Company intends to create that lifestyle for them.

Objectives

The objectives of Elegance Las Vegas are:

1. To create an independent living company that will lead the industry in the development and management of ILFs that will meet the needs of the elderly in both rural and urban markets
2. To achieve financial objectives, and provide an attractive return to shareholders and investors.
3. To hire and train competent employees and provide compensation and employee benefits that will enhance their retention.

Mission Statement

Elegance Las Vegas provides active adults aged 55 and above with economical high quality leased housing, enabling them to maintain a secure, active, social and healthy lifestyle. We listen to our residents and provide the value that is important to them. We are dedicated to making a positive difference in the lives of our residents, community and our people.

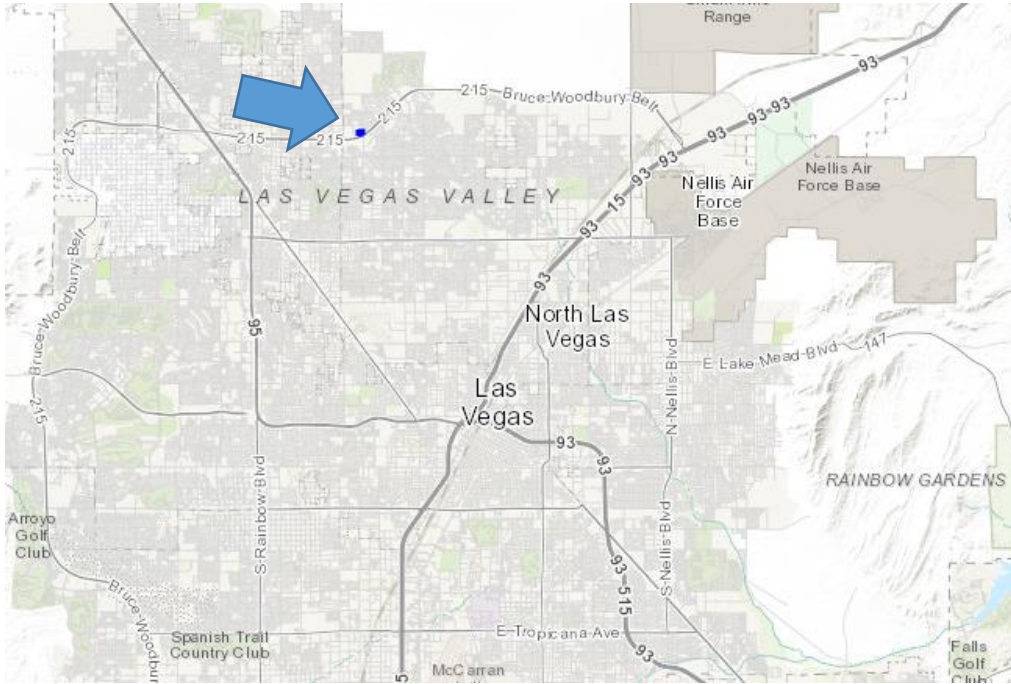
Project Development

Elegance Las Vegas Site Selection Criteria

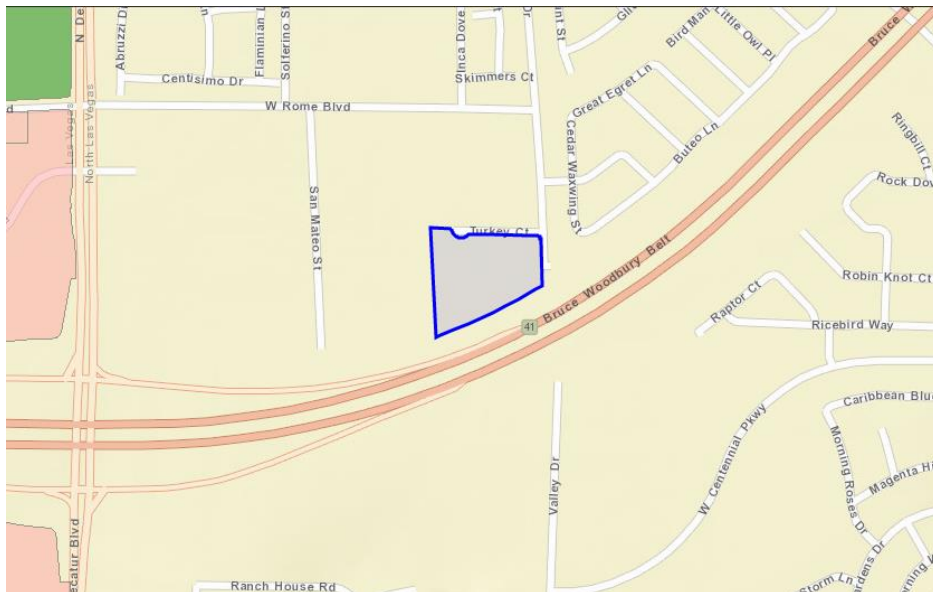
Elegance Las Vegas' president and operations manager selected the project site using the following criteria:

- Nearby social amenities
- Movie theaters
- Restaurants
- Shopping
- Emergency Services
- Geriatric specialties at hospitals, cancer centers, diabetes centers
- Available treatment centers for other diseases suffered by the elderly

The Anthem/North Las Vegas area in which the project site is ideal due to the demographics of the local population. The land is 6.23 acres (gross and net), and in recent months was rezoned by the city of Las Vegas to R-3 – Multifamily. It had been three separate parcels owned by a single owner/owner family, and all three parcels were rezoned and soon after were assembled into parcel 124-19-401-017.

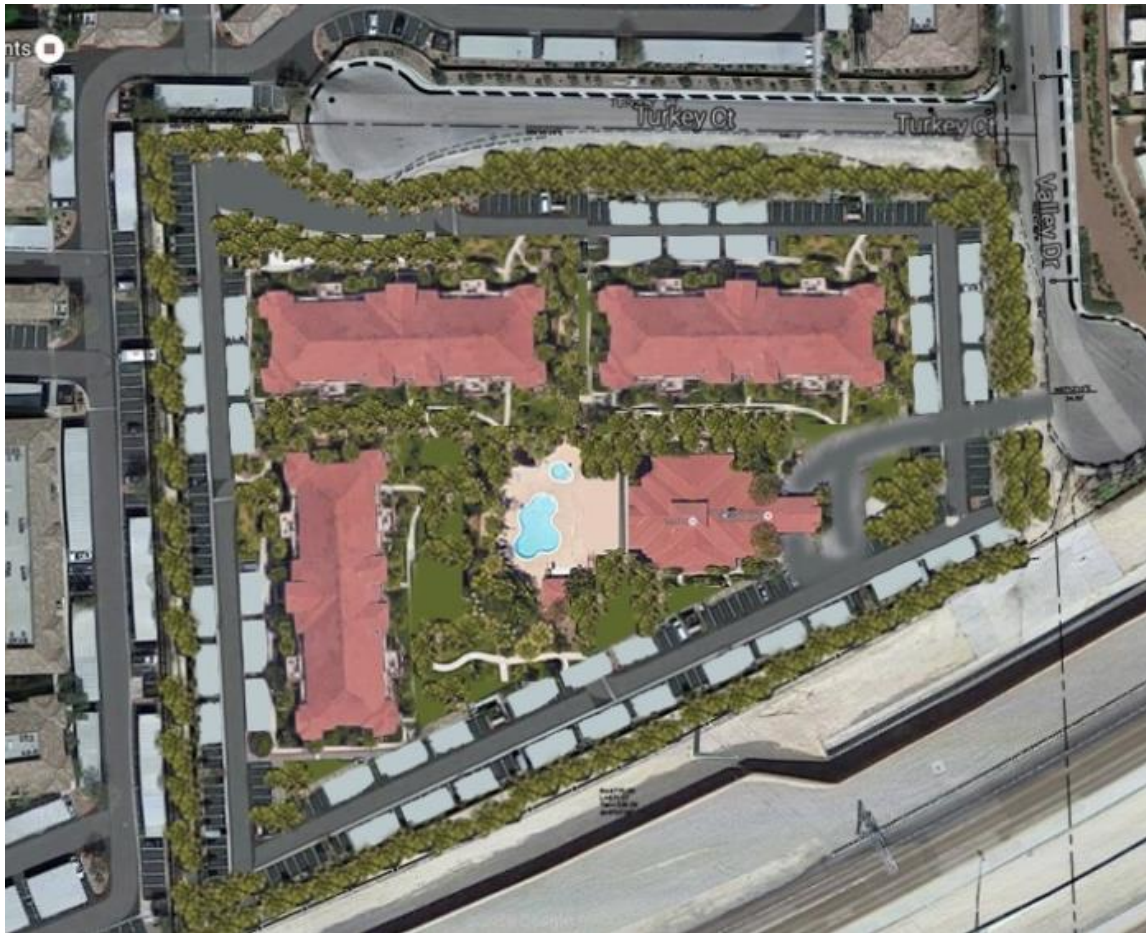


APN: 124-19-401-017
PROJECT SITE ZONED R-3 MULTIFAMILY





Company managers have developed a land plan for the project using the building structures for ILF Facilities that they have built before, thus providing a high degree of confidence as to construction costs and operational implications of the configuration of the project components.



The Economics of the Elegance Las Vegas Approach

Management's approach to the development and operations of the ILF is unique in the industry for the following reasons:

- The ILF's construction costs will be moderate compared with comparable facilities. Construction costs will approximate \$107.37 per square foot. Total development costs will approximate \$185.01 per unit--unit being an individual apartment. These development costs are indicative and based on the significant experience of the developer.
- Our rent and service fees will vary by the needs of the elderly but will average \$1,021.11 per month at stabilization (year 3). These fees will be competitive but will provide the shareholders with a competitive rate of return on capital investment.
- Operating expenses will be similar to those experienced in the industry. Our labor costs will be in line with similar costs in other ILFs.
- A 158- unit ILF, when fully stabilized at 95% occupancy, will produce the following operating results:

Once the facility reaches stabilization, projected monthly rent and service fees of \$169,077 will generate

<i>Projected Cash Flow from Stabilized Units (Year 3)</i>		
	<i>Monthly</i>	<i>Annually</i>
<i>Gross Revenue</i>	223,637	2,683,641
<i>Vacancy Loss</i>	(67,112)	(805,343)
<i>Other Revenue</i>	12,553	150,630
<i>Effective Gross Income</i>	169,077	2,028,928
<i>Operating Expenses</i>	(53,903)	(646,838)
<i>Net Earnings from Operations</i>	115,174	1,382,090
<i>Capital Reserves</i>	(988)	(11,850)
<i>Debt Service</i>	(60,214)	(722,565)
<i>Net Cash Flow from Stabilized Facility</i>	53,973	647,674

approximately \$30,088 in minimum cash flow per month after debt service. The cash flow from the facility will be utilized to meet the obligations to the shareholders, for operations and cash reserves.

The capital schedule includes a cash reserve sufficient to service the financing and start up operating costs during absorption for approximately six to twelve months assuming an absorption rate of 12 apartments per month.

Breakeven Analysis

The following table summarizes break-even based on management’s projections:

Breakeven		Number of Units = 158						
		Yr 1 Average Monthly Expenses \$ 40,168						
	Avg Yr 1 Rate / Month	\$ 709	\$ 779	\$ 849	\$ 919	\$ 989	\$ 1,059	\$ 1,129
# occ units	% Occupied							
28	17.7%	(\$20,321)	(\$18,361)	(\$16,401)	(\$14,441)	(12,481)	(\$10,521)	(\$8,561)
33	20.9%	(\$16,777)	(\$14,467)	(\$12,157)	(\$9,847)	\$ (7,537)	(\$5,227)	(\$2,917)
38	24.1%	(\$13,233)	(\$10,573)	(\$7,913)	(\$5,253)	(\$2,593)	\$67	\$2,727
43	27.2%	(\$9,689)	(\$6,679)	(\$3,669)	(\$659)	\$2,351	\$5,361	\$8,371
48	30.4%	(\$6,145)	(\$2,785)	\$575	\$3,935	\$7,295	\$10,655	\$14,015
53	33.5%	(\$2,601)	\$1,109	\$4,819	\$8,529	\$12,239	\$15,949	\$19,659
58	36.7%	\$943	\$5,003	\$9,063	\$13,123	\$17,183	\$21,243	\$25,303
63	39.9%	\$4,487	\$8,897	\$13,307	\$17,717	\$22,127	\$26,537	\$30,947
68	43.0%	\$ 8,031	\$ 12,791	\$ 17,551	\$ 22,311	\$ 27,071	\$31,831	\$36,591

Financial Projections

Revenue Strategy

Elegance Las Vegas has projected revenue streams from the rental of the ILF units. The table below shows the average price per ILF room by unit area in year 1 resulting from the comparable set analysis conducted and adjusting for amenities and location as per Management’s experience.

Revenue Type	Square Feet	Monthly Pricing
Rate 1	455	675
Rate 2	600	855
Rate 3	700	995
Rate 4	835	1,135
Rate 5	955	1,265

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<i>Comparable Facility Analysis</i>				
	Yr. Built	units	leased	occ
Carefree Willows	2007		100%	98%
Sienna (formerly Montcliff)	1996	222	98%	98%
Heritage Park	1987	188	100%	100%
Camden Legends/ The Lido	1994	116	95%	96%
Versailles	1999	64	100%	100%
Villa Monterey	1993	320	97%	97%
Destnations - Valley View	1995	344	99%	96%
Destnations - Spring Valley	1998	271		
Destnations - Sandhill	1997	180		
Destnations - Pueblo	2000	240	96%	96%
Destnations - Winterhaven	2000	96	98%	90%
Destnations - Alexander	2000	472	100%	97%
Destnations - Pebble	2002	416		

Development & Startup

The following table summarizes planned development and operational start-up costs for the facility:

<i>Development & Startup Costs</i>	
<i>Land</i>	1,920,000
<i>Reimbursable Expenses</i>	100,000
<i>General Conditions</i>	4,358,167
<i>Sitework</i>	1,702,000
<i>Hard Costs</i>	10,541,000
<i>Mktg/Promotions/Clubhouse</i>	339,297
<i>Start Up</i>	300,000
<i>Insurance Costs</i>	456,689
<i>Interest During Construction</i>	980,000
<i>Financing Costs</i>	400,000
Total	21,097,153

Elegance Senior Living will earn a development fee of \$951,897 to cover all development work and costs to date (6% of construction costs)

Financial Pro Formas

Over the term, Elegance Senior Living expects to generate over \$14.1 million in net earnings on revenues in excess of \$20.94 million. All known and projected costs of operations are included in the cost of debt service.

Beyond the current funding round, management expects early positive cash flow from current operations to offset any working capital needed over the period. Elegance Senior Living at Turkey will be an attractive candidate for a sale, acquisition, or merger to a larger strategic partner within 24-36 months. Ten-year income statement projections are shown in below.

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Project & Loss

<i>Elegance Senior Living at Turkey</i>	<i>Projected Profit & Loss</i>									
	2018 <small>(11 months)</small>	2019	2020	2021	2022	2023	2024	2025	2026	2027
Total Rental Income	473,435	1,723,554	1,878,298	1,954,181	2,033,130	2,115,268	2,200,725	2,289,634	2,382,135	2,478,374
Total Other Rental Income	32,891	107,289	111,150	111,150	111,150	111,150	111,150	111,150	111,150	111,150
Total Miscellaneous Income	28,785	45,286	39,480	39,480	39,480	39,480	39,480	39,480	39,480	39,480
TOTAL REVENUE	535,110	1,876,128	2,028,928	2,104,811	2,183,760	2,265,898	2,351,355	2,440,264	2,532,765	2,629,004
Advertising	18,436	27,753	26,787	27,175	27,990	28,830	29,695	30,586	31,503	32,448
Utilities	110,002	122,128	125,792	129,565	133,452	137,456	141,580	145,827	150,202	154,708
Activities	7,001	25,293	26,373	27,097	27,910	28,747	29,610	30,498	31,413	32,355
Repairs & Maintenance Expense	26,540	44,110	44,110	45,302	46,661	48,061	49,503	50,988	52,518	54,093
Vacancy Expense	1,460	26,280	32,840	33,538	34,544	57,580	60,647	61,747	50,279	56,846
Personnel Expense	137,325	140,360	116,460	116,460	112,442	116,460	116,460	116,460	116,460	112,442
Payroll Burden	24,343	26,492	25,724	25,729	25,231	25,817	25,817	25,826	25,826	25,274
Other P/R Expense	3,589	2,940	2,932	2,932	2,932	2,932	2,932	2,932	2,932	2,932
G & A Expenses	9,496	10,612	10,514	10,795	11,119	11,453	11,796	12,150	12,515	12,890
Total Fees, Taxes & Insurance	143,828	225,263	235,306	241,813	249,068	256,540	264,236	272,163	280,328	288,738
Total Property Expenses	482,019	651,230	646,838	660,407	671,350	713,876	732,276	749,177	753,975	772,727
NET OPERATING INCOME	53,092	1,224,898	1,382,090	1,444,404	1,512,410	1,552,022	1,619,079	1,691,088	1,778,790	1,856,277
Ratios										
Revenue Growth Rate		264.05%	8.98%	4.04%	4.04%	4.04%	4.04%	4.04%	4.04%	4.04%
Operating Exp as % of Gross Income	90.1%	34.7%	31.9%	31.4%	30.7%	31.5%	31.1%	30.7%	29.8%	29.4%

Multiple Exit Strategies

The Company believes in the long-term viability and investment value of the Elegance Senior Living, as demonstrated by projected cash flow from Independent Living Facility homes. Nevertheless, management intends to work actively with investors to choose among several exit strategies as such opportunities become available, including sale, acquisition, or merger.

From the Sale of the Facilities

One exit strategy available is the sale of facilities. The long-term strategy for Elegance Senior Living is to own and operate ILFs, although in some developments it will serve as fee developer.

The tables below provide key assumptions related to cap rates, debt financing, and project returns. The schedule on the next page details cash flow, value, and investment returns at disposition for years 2 through 10. The following

Key Assumptions

Key Assumptions		Project NPV		DSCF		CAPEX (\$MM)	
		\$3,135,612		10.0%		\$ 2.11	
		Levered IRR	17.65%			Loan-to-Cost	82.72%
	Average Net Operating Margin (Yrs 3-10)	30.8%					
Cap Rate	6.5%			Interest Rate	4.0%	Capex	21,097,153
Capital Reserves	\$ 75 per unit/month			Number of payments	30	Equity	3,646,306
Cost of Sales	2.5%			Construction Interest	4.0%	Debt	17,450,846

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Cash Flow and Returns at Exit

10 Year Cash Flow / Investment Analysis

Cash Flow Analysis	2018 (11 months)	2019	2020	2021	2022	2023	2024	2025	2026	2027
Effective Gross Income	535,110	1,876,128	2,028,928	2,104,811	2,183,760	2,265,898	2,351,355	2,440,264	2,532,765	2,629,004
Operating Expenses*	482,019	651,230	646,838	660,407	671,350	713,876	732,276	749,177	753,975	772,727
Capital Reserves	11,850	11,850	11,850	11,850	11,850	11,850	11,850	11,850	11,850	11,850
Net Operating Income	41,242	1,213,048	1,370,240	1,432,554	1,500,560	1,540,172	1,607,229	1,679,238	1,766,940	1,844,427
MIP	0	0	0	0	0	0	0	0	0	0
Debt Service	1,009,184	1,009,184	1,009,184	1,009,184	1,009,184	1,009,184	1,009,184	1,009,184	1,009,184	1,009,184
<i>DSCR</i>	0.04	1.20	1.36	1.42	1.49	1.53	1.59	1.66	1.75	1.83
Net Cash Flow	(967,943)	203,864	361,055	423,370	491,376	530,988	598,045	670,053	757,756	835,243

Investment Analysis										
Sale of Investment										
Sales Price	634,486	18,662,275	21,080,608	22,039,291	23,085,539	23,694,952	24,726,595	25,834,423	27,183,692	28,375,800
Cost of Sale	15,862	466,557	527,015	550,982	577,138	592,374	618,165	645,861	679,592	709,395
Payoff Debt	17,139,696	16,816,100	16,479,559	16,129,558	15,765,556	15,386,994	14,993,289	14,583,837	14,158,006	13,715,142
Return Of Equity	3,646,306	3,646,306	3,646,306	3,646,306	3,646,306	3,646,306	3,646,306	3,646,306	3,646,306	3,646,306
Deferred G.C. & Dev. Fees										
Disposition Proceeds	(20,167,378)	(2,266,688)	427,727	1,712,445	3,096,539	4,069,278	5,468,835	6,958,420	8,699,787	10,304,957
Investors' Return										
Annual Cash Flow	(967,943)	203,864	361,055	423,370	491,376	530,988	598,045	670,053	757,756	835,243
Cummulative Annual Cash Flow	(967,943)	(764,079)	(403,024)	20,346	511,722	1,042,710	1,640,754	2,310,808	3,068,564	3,903,806
Cummulative Cash Flow incl. Disposition Proceeds	(21,135,321)	(3,030,767)	24,704	1,732,791	3,608,261	5,111,988	7,109,589	9,269,227	11,768,351	14,208,763
LEVERED - Initial Investment Basis	3,646,306									
Annual Cash On Cash Return		5.59%	9.90%	11.61%	13.48%	14.56%	16.40%	18.38%	20.78%	22.91%
Cummulative Annualized Rate of Return w/o Def. Fees Paid		-28.51%	8.93%	18.41%	25.01%	27.72%	31.58%	35.04%	38.76%	41.58%
Cummulative Annualized Rate of Return w/Def. Fees Paid		-41.56%	0.23%	11.88%	19.79%	23.37%	27.85%	31.78%	35.86%	38.97%
10 year IRR - levered	17.65%									

Debt Service											
Net Cash Flow (Equity)	(3,646,306)	(967,943)	203,864	361,055	423,370	491,376	530,988	598,045	670,053	757,756	14,786,506
Debt Service											
Beginning Principal	17,450,846	17,139,696	16,816,100	16,479,559	16,129,558	15,765,556	15,386,994	14,993,289	14,583,837	14,158,006	
Interest	698,034	685,588	672,644	659,182	645,182	630,622	615,480	599,732	583,353	566,320	
Payments	(1,009,184)	(1,009,184)	(1,009,184)	(1,009,184)	(1,009,184)	(1,009,184)	(1,009,184)	(1,009,184)	(1,009,184)	(1,009,184)	
Ending Principal	17,139,696	16,816,100	16,479,559	16,129,558	15,765,556	15,386,994	14,993,289	14,583,837	14,158,006	13,715,142	

Merger/Acquisition

Management believes many merger and/or acquisition opportunities will arise throughout the first 24 to 48 months of operations. Should the appropriate buy-out or partnership be presented that positively effects shareholder value, Elegance Senior Living will encourage the Shareholders to thoroughly review such an option.

Due to the underlying fair market value of the ILF's real estate, it is management's opinion that the Company already is and will continue to be an attractive acquisition target to several national and international companies.

Conclusion

The Company offers investors an opportunity to profit from the expanding Independent Living Facility (ILF) sector and senior housing marketplace, The marketplace is undergoing rapid change while families, industry, and public entities search for solutions to the increasing demand for family-oriented senior living facilities. Management is confident that the Company offers investors the potential for an attractive return.