

# Maison Cache Assisted Living

*A strategically and centrally located senior care facility development project supporting the Northshore market with independent living, assisted living and memory care options.*

*Presented by:*

Bay Ingram & Associates

# Project Summary



Maison Cache Assisted Living is a *to be developed*, self-managed, 108 room senior housing facility located in Hammond, Louisiana. Maison Cache will provide senior housing and associated level of care for guests with needs ranging from independent living to assisted living. Additionally, Maison Cache will house a 24 room memory care unit providing specialized care for guests.

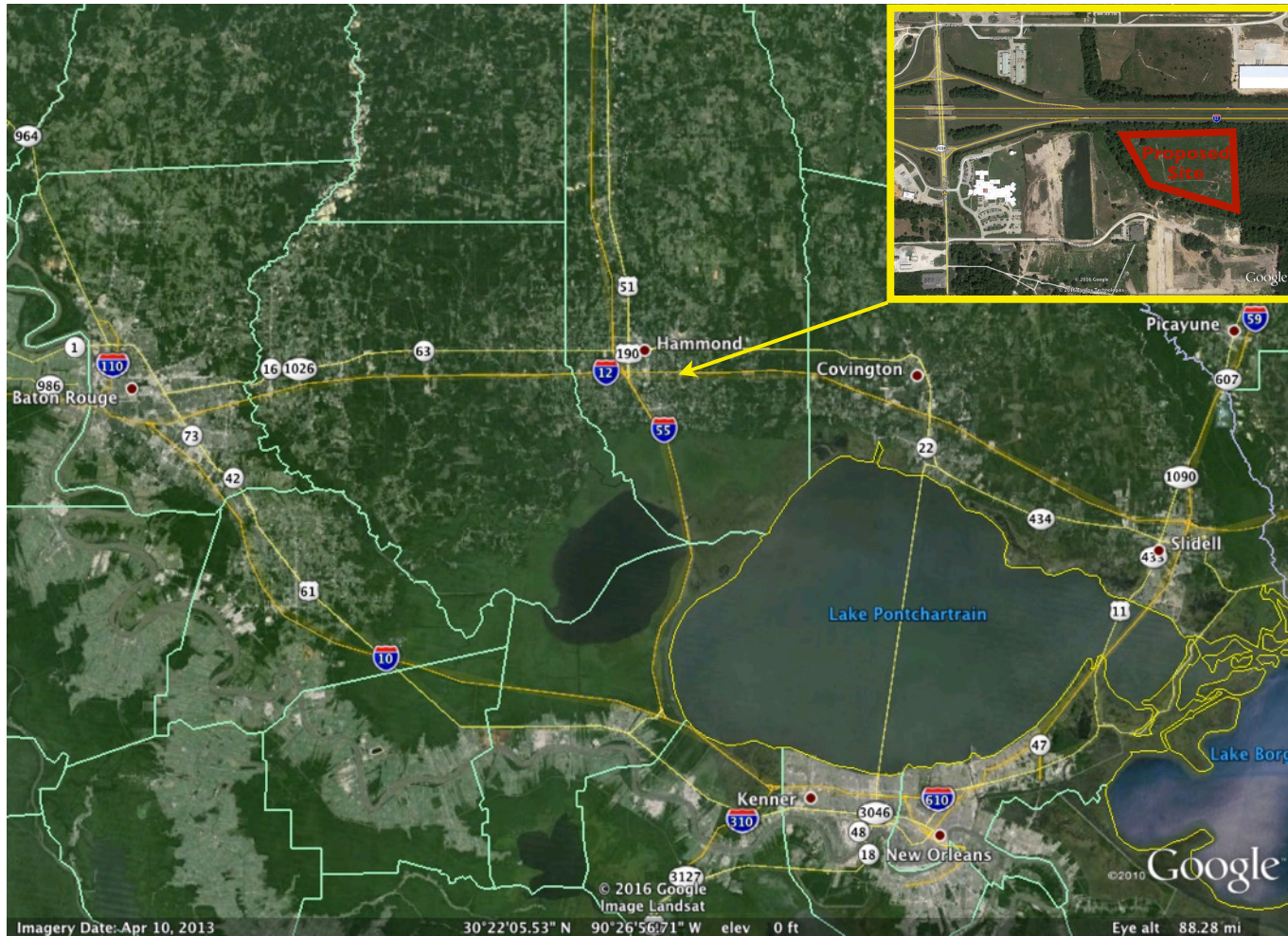
| TOTAL DEVELOPMENT COST        |                   |
|-------------------------------|-------------------|
| Land Acquisition              | 700,000           |
| Pre-Dev & Site Work           | 550,000           |
| Construction Hard Cost        | 8,749,775         |
| Construction Soft Cost        | 787,480           |
| Developer Fee                 | 200,000           |
| Contingency                   | 262,493           |
| Interest Carry & Op Exp.      | 1,461,087         |
| FF&E                          | 425,000           |
|                               |                   |
| <b>Total Development Cost</b> | <b>13,135,835</b> |

| TIMELINE                             |           |
|--------------------------------------|-----------|
| Land acquisition & capital formation | 2 Months  |
| Entitlement & pre development        | 4 Months  |
| Construction & pre lease             | 9 Months  |
| Stabilization                        | 12 Months |

# 8 Acre Site Strategically Located @ I-12 in Hammond



# Centrally Located within 50 miles of Major Population Centers



# Why Senior Housing?

Three industry trends are contributing to the need, financial feasibility and general attractiveness of the asset class.

- ★ Demand
- ★ Positive Demographics
- ★ Value

Additionally, the proposed project has many qualities that assist in mitigating risk.

- ★ Centrally located in a favorable demographic (50 mile radius)
- ★ Ease of access from Interstate
- ★ Close proximity to medical facilities and shopping
- ★ Efficient facility design that minimizes construction risk
- ★ Assumed rents are below market

# Demand - Significant Shortage of Senior Housing Based on Inventory

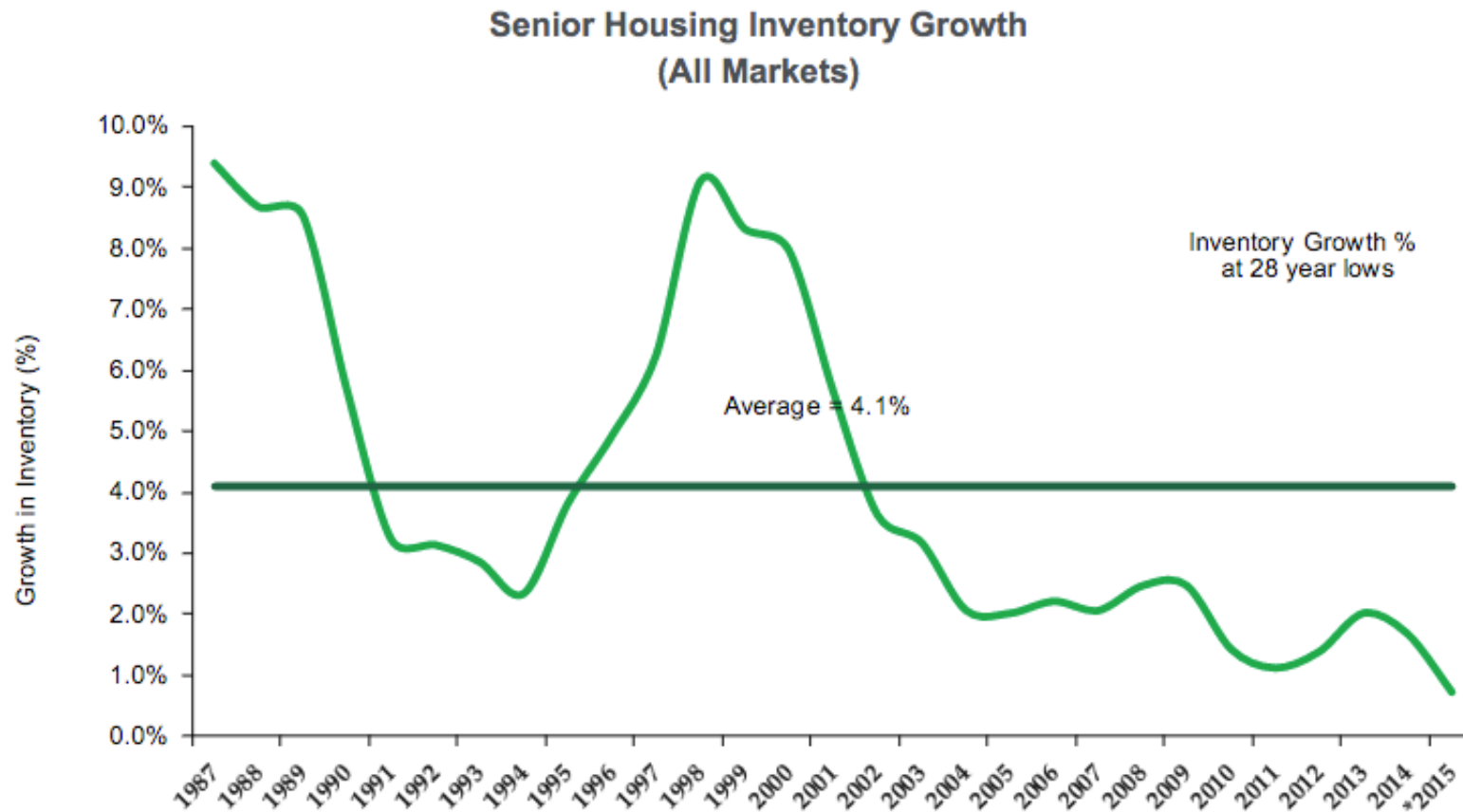


Chart Source: NIC MAP Data & Analysis Service; Q2 2015 Supply Report; all markets (Top 100).

\* For comparison purposes, Q2 2015 ytd inventory growth was doubled to arrive at a 2015 annual estimate

# Demand - Current Construction Growth is far below Needs

173

PERCENT INCREASE PER YEAR IN SENIOR HOUSING UNITS IS NECESSARY TO MEET THE PROJECTED DEMAND

Current Growth Rate

21,950 units/year



Required Growth Rate

60,000 units/year



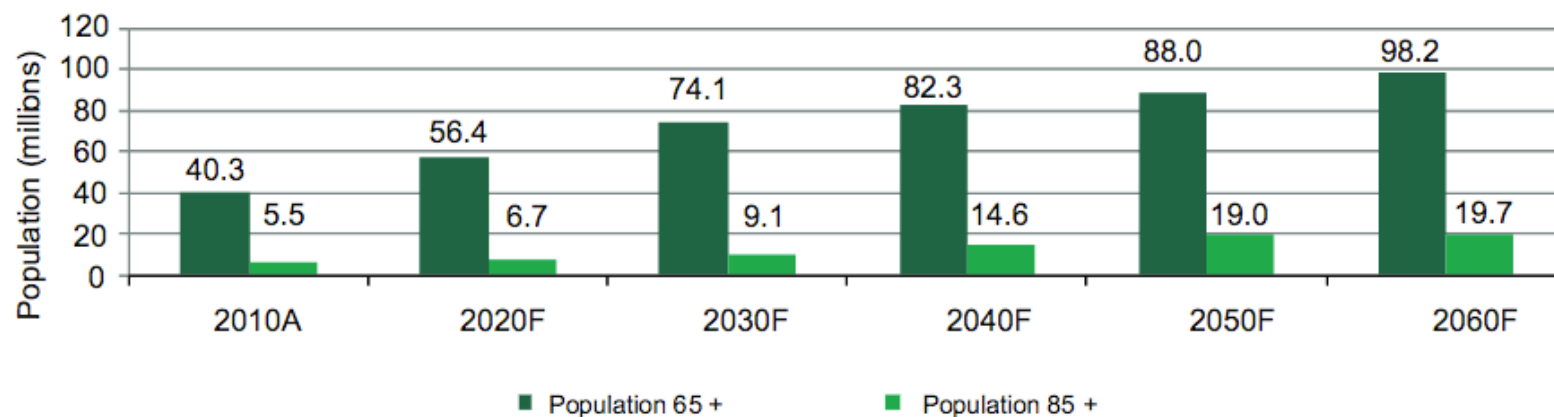
 = 1,000 units

*Growth rate determined based on projected demand from 2020–2030. Factors could cause actual results to vary materially from those expressed in forward-looking statements.*

*American Seniors Housing Association, A Projection of Demand for Market Rate U.S. Seniors Housing 2010–2030, Winter 2013.*

# Positive Demographics - Spending Growth Contribute to Value

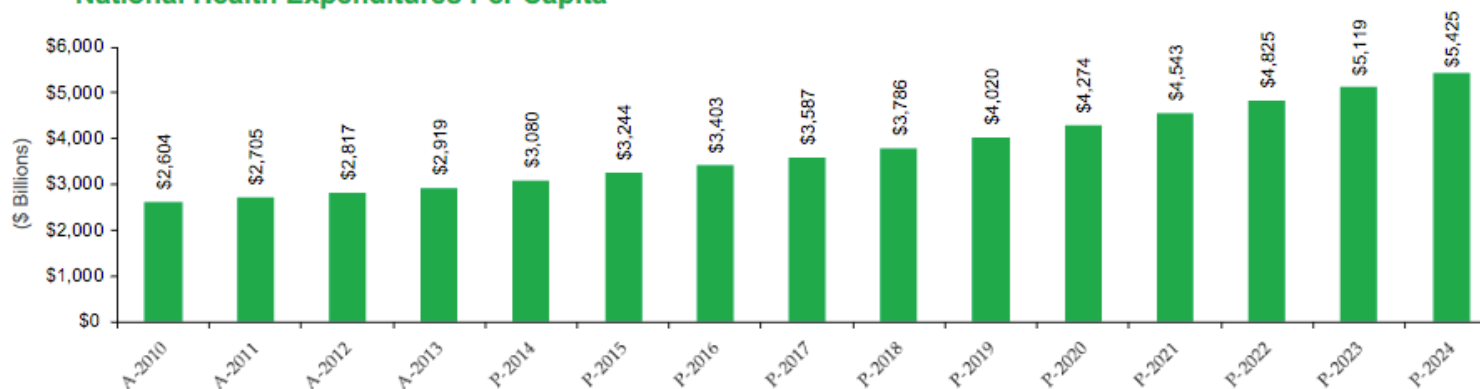
## Number of People Age 65 and Over and 85 and Over



## A Multi-Trillion Dollar Industry

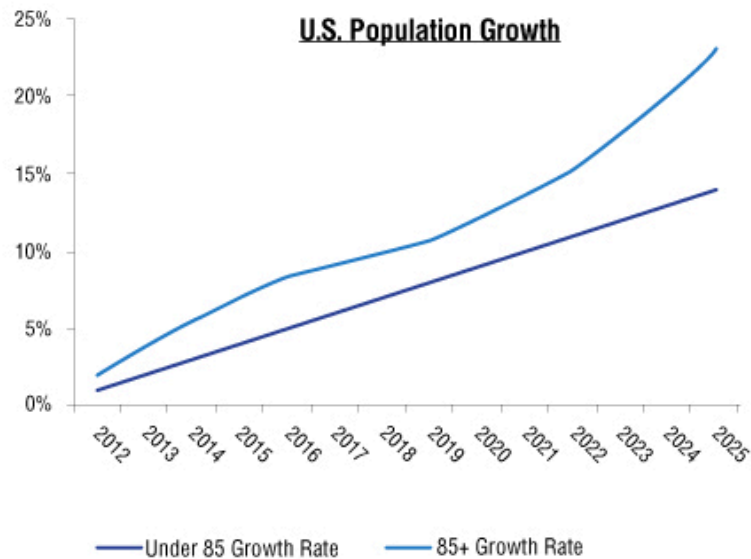
Annual United States healthcare services expenditures are projected to be over \$3.2 trillion for the current year (2015).<sup>(7)</sup> Healthcare is the largest line item in estimated 2015 government spending.

## National Health Expenditures Per Capita

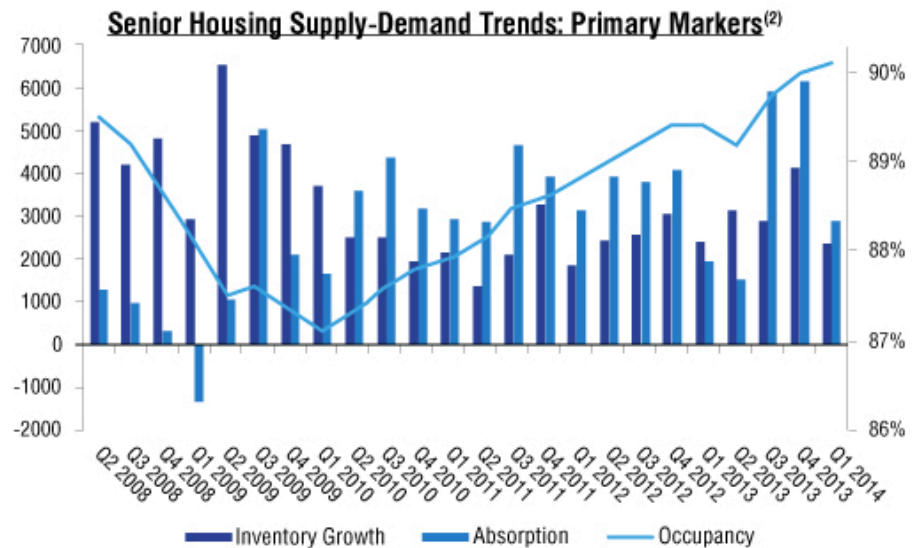


Source: Centers for Medicare & Medicaid Services, actuals reported as of 8/20/2015. The projections incorporate estimates of GDP as of June 2015.

# Positive Demographics - Aging Population Growth is Exploding



The age 85 plus population is growing at a much faster rate the rest of the population.<sup>(3)</sup>



Absorption is outpacing inventory growth and in forecasted to continue.<sup>(2)</sup>

# Value - Positive Metrics Contribute to the Value of the Asset Class

Trend in AL/IL Cap Rates (2000-2014)

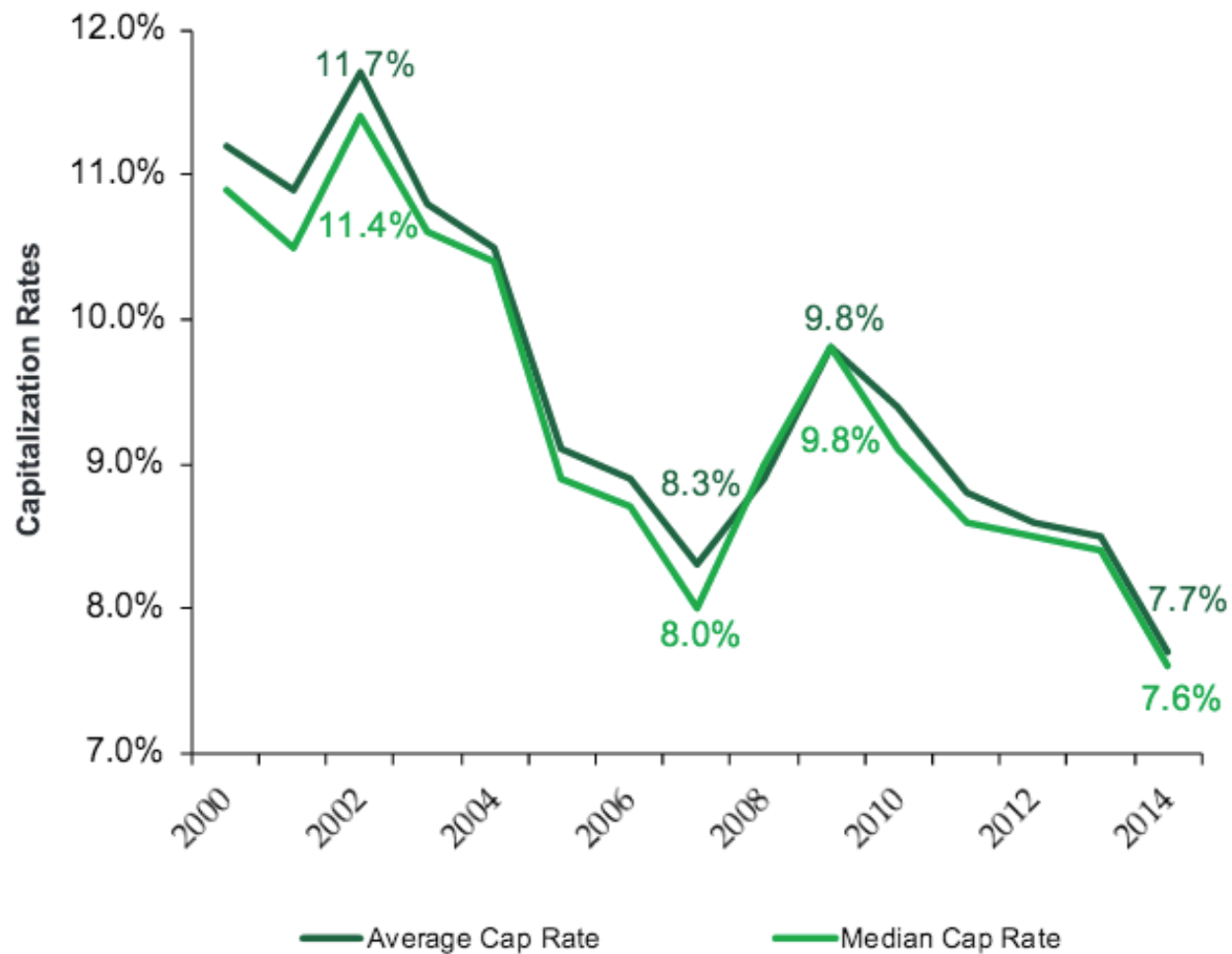
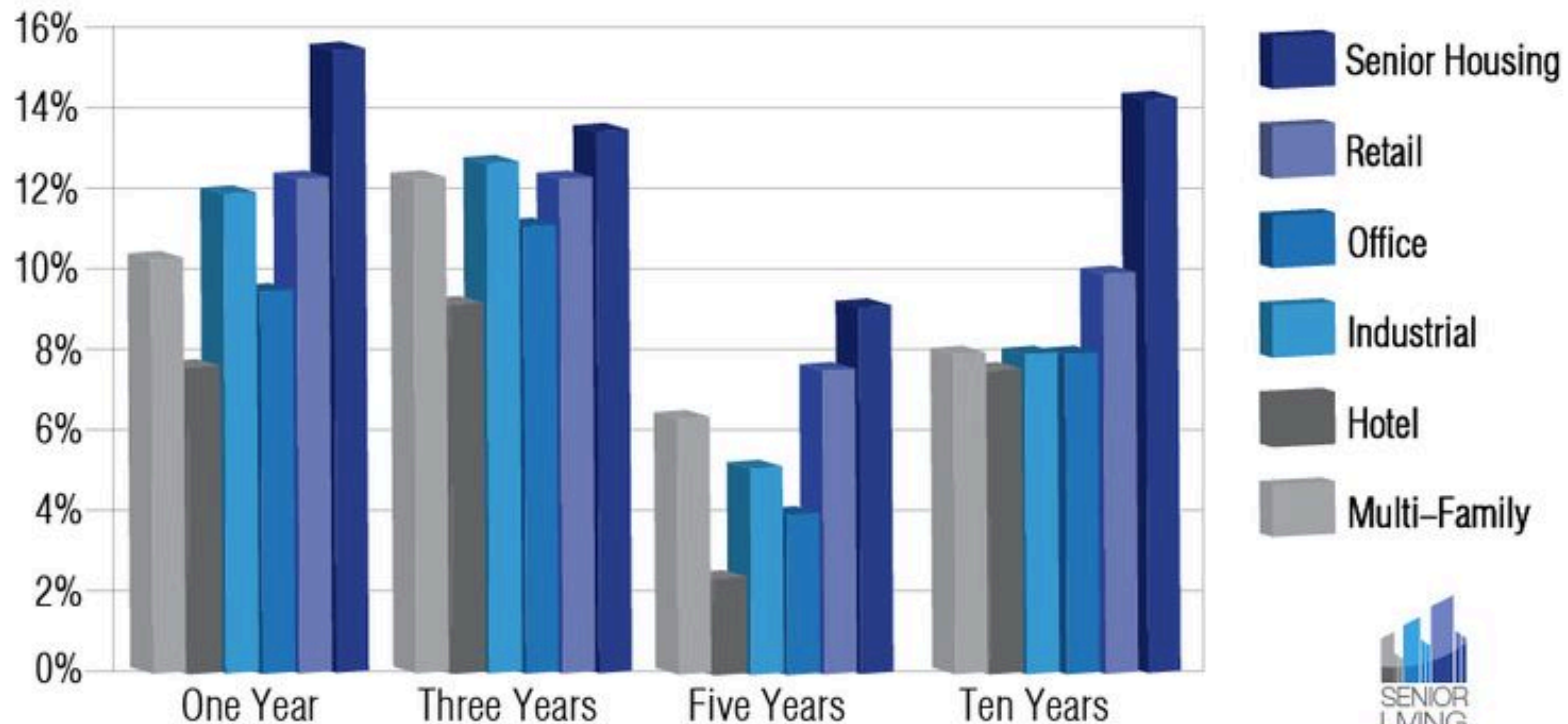


Chart Source: Senior Care Acquisition Report, 20th edition.

# Value - Senior Housing is a Stable and Attractive Asset Class

## HOW DOES SENIOR HOUSING SECTOR PERFORM AGAINST OTHER REAL ESTATE SECTORS?



Data Source: NCREIF, Q4 2013

# Financial Summary

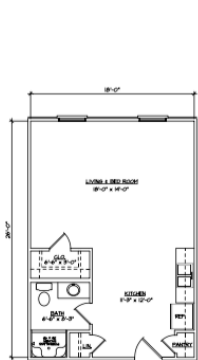
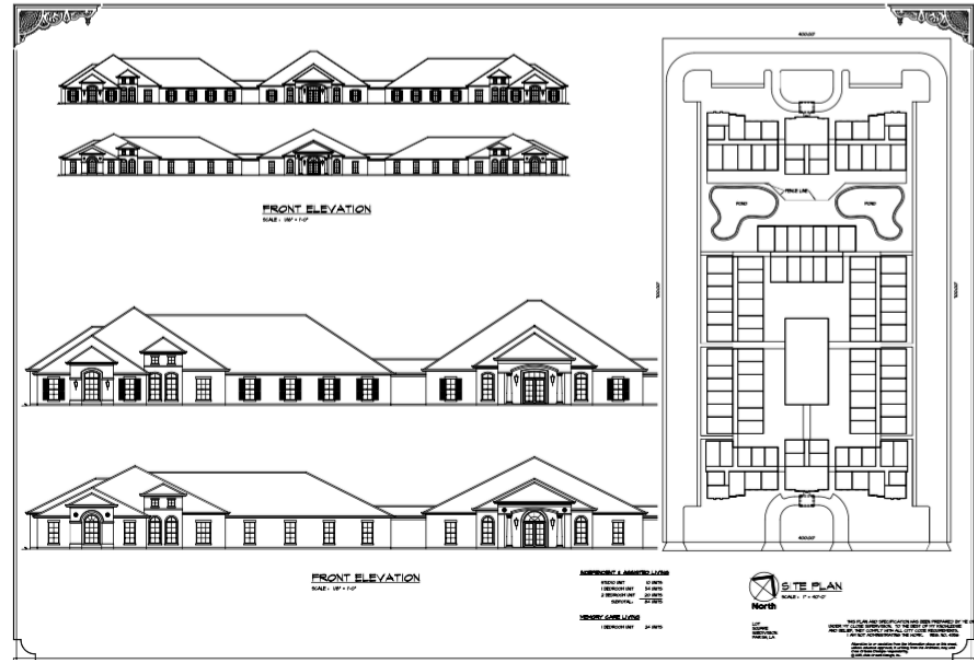
The financial model for the project is based on a: (a) six month acquisition and entitlement period, (b) nine month construction period and (c) 12 month stabilization period. Development cost including land acquisition, hard cost, soft cost and all closing, carrying and financing cost total \$13,135,835. We have programmed in a \$9,851,876 with a 25 year amortization at 6.50% making the initial equity investment \$3,283,958. Based on these factors this project can achieve an annual net operating income of \$1,789,632 over a five year holding period. An exit cap rate of 8.5% will yield a sale price of \$21,054,494 and a net cash flow of \$26,423,390 over the five years.

Our assumptions are conservative as we could get more aggressive with the exit cap rate, absorption period, rental rates and operating expense assumptions. However, despite these conservative assumptions this project is still an extremely desirable investment based on the cash flows, mitigated construction risk based on design and strong market fundamentals for this product type.

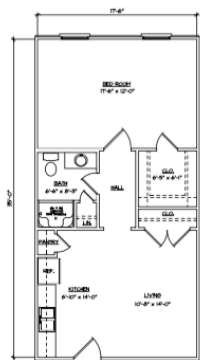
| Sources              | \$                | Uses                     | \$                |
|----------------------|-------------------|--------------------------|-------------------|
| Senior Debt          | 9,851,877         | Land Acquisition         | 700,000           |
| Equity               | 3,283,959         | Pre-Dev & Site Work      | 550,000           |
|                      |                   | Construction Hard Cost   | 8,749,775         |
|                      |                   | Construction Soft Cost   | 787,480           |
|                      |                   | Developer Fee            | 200,000           |
|                      |                   | Contingency              | 262,493           |
|                      |                   | Interest Carry & Op Exp. | 1,461,087         |
|                      |                   | FF&E                     | 425,000           |
| <b>Total Sources</b> | <b>13,135,835</b> | <b>Total Uses</b>        | <b>13,135,835</b> |

# Development Costs

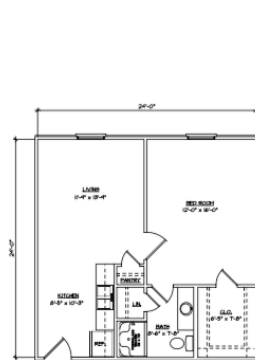
| TOTAL DEVELOPMENT COST                |                   |
|---------------------------------------|-------------------|
| Land Acquisition Cost                 | 700,000           |
| Closing & Financing Fees (2%)         | 174,996           |
| Pre-Development Costs                 | 300,000           |
| Site Work                             | 250,000           |
| Construction Hard Costs               | 8,749,775         |
| Construction Soft Costs (7%)          | 612,484           |
| Developer Fee                         | 200,000           |
| Contingency Costs (3%)                | 262,493           |
| Interest Carry (Construction Period)  | 251,739           |
| Interest Carry (Stabilization Period) | 629,348           |
| Operating Cost to Stabilization       | 580,000           |
| FF&E                                  | 425,000           |
| <b>Total Development Cost</b>         | <b>13,135,835</b> |



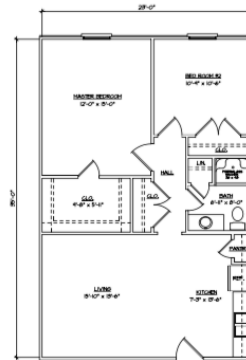
STUDIO - SQ. FT. 468  
SCALE: 1/8" = 1'-0"



ONE BEDROOM - SQ. FT. 612  
SCALE: 1/8" = 1'-0"



ONE BEDROOM - SQ. FT. 576  
SCALE: 1/8" = 1'-0"



TWO BEDROOM - SQ. FT. 816  
SCALE: 1/8" = 1'-0"

| UNIT MIX        | #  | SqFt | Rent  |
|-----------------|----|------|-------|
| IL/AL Studio    | 12 | 468  | 2,200 |
| IL/AL 1 Bedroom | 53 | 612  | 2,550 |
| IL/AL 2 Bedroom | 19 | 816  | 2,900 |
| MC 1 Bedroom    | 24 | 576  | 4,400 |

# Key Assumptions & Stabilized Income Statement

| KEY ASSUMPTIONS  |        |
|--|--------|
| Independent Living (IL) and Assisted Living (AL) Units | 84     |
| Memory Care (MC) Units                                 | 24     |
| Total Units  | 108    |
| Average IL/AL Unit SqFt                                | 637    |
| Average MC Unit SqFt                                   | 576    |
| Total Rentable Area                                    | 67,332 |
| Common Area as share of Rentable                       | 13%    |
| Total Building Area                                    | 76,085 |

|                      |           |
|----------------------|-----------|
| Average IL/AL Rates  | 2,580     |
| Stabilized Occupancy | 93%       |
| Occupied IL/AL Units | 78        |
| Monthly IL/AL Income | 201,240   |
| Annual IL/AL Income  | 2,414,880 |

|                      |           |
|----------------------|-----------|
| Average MC Rates     | 4,400     |
| Stabilized Occupancy | 93%       |
| Occupied MC Units    | 22        |
| Monthly MC Income    | 96,800    |
| Annual MC Income     | 1,161,600 |

|                             |       |
|-----------------------------|-------|
| Stabilized Operating Margin | 40.0% |
| Cap Rate at Stabilization   | 8.50% |

|                                 |              |
|---------------------------------|--------------|
| Total Development Cost per SqFt | \$173        |
| Total Development Cost per Unit | \$121,628    |
| Total Development Cost          | \$13,135,835 |

| STABILIZED INCOME STATEMENT |           |
|-----------------------------|-----------|
| IL/AL Income                | 2,414,880 |
| MC Income                   | 1,161,600 |
| Ancillary Revenue           | 897,600   |
| Total Revenue               | 4,474,080 |
| Expenses                    | 2,684,448 |
| Net Operating Income (NOI)  | 1,789,632 |

|                              |            |
|------------------------------|------------|
| Value at Stabilized Cap Rate | 21,054,494 |
| Value per Unit               | 194,949    |

|                 |           |
|-----------------|-----------|
| Loan to Cost    | 75%       |
| Loan Amount     | 9,851,877 |
| Equity Required | 3,283,959 |

|   |         |
|---|---------|
| Annual Debt Service                       | 798,240 |
| Annual Interest Rate                      | 6.50%   |
| Term (in Years)                           | 25      |
| Annual Cash Flow After Financing (CFAF)   | 991,392 |
| Annual Debt Service Coverage Ratio (DSCR) | 2.24    |

|                                     |                |
|-------------------------------------|----------------|
| Annual CAPEX per Unit               | 500            |
| Total Annual CAPEX                  | 54,000         |
| <b>CFAF less CAPEX</b>              | <b>937,392</b> |
| Basic Cash on Cash Return on Equity | 28.54%         |

# Breakeven Analysis

\* Operating expenses are almost entirely fixed

\*\* Average annual revenue per unit is \$44,750

