Capital Funding Proposal

Northeast Houston Senior Housing Project Development Financing Proposal

Pre-Development Phase Funding Round

Document Abstract

This document is a proposal to develop a Continuing Care Retirement Community – a kind of senior housing retirement living center – on one (1) contiguous parcel of land located in a northeastern suburb of Houston, Texas by BGG Development, LLC – a Texas Limited Liability Company engaged in the development, capitalization, marketing and operations of senior housing facilities in Texas. BGG Development, LLC's management has assessed the initial opportunity and believes the total development budget for the initial phase of this project will be approximately $54.1 million, but the project is expected to have three (3) phased stages developed over a 3-year period (if all operations are met with material success).

Should BGG Development, LLC be successful in executing its business model, the expected result will be a near-term net profit pool of approximately $6.2 million and BGG Development, LLC will be seeking to acquire approximately $1.2 million in pre-construction phase capital financing to address this business opportunity. To these ends, the company is providing this proposal for the purposes of entertaining discussions with qualified institutions, businesses and accredited investors regarding the potential investment preferences. This document is not an offer to sell securities of any kind, nor does it constitute a guarantee or warranty as to future performance of any kind.

This Document is For Discussion Purposes Only.

Executive Summary

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THIS DOCUMENT IS FOR DISCUSSION PURPOSES ONLY.

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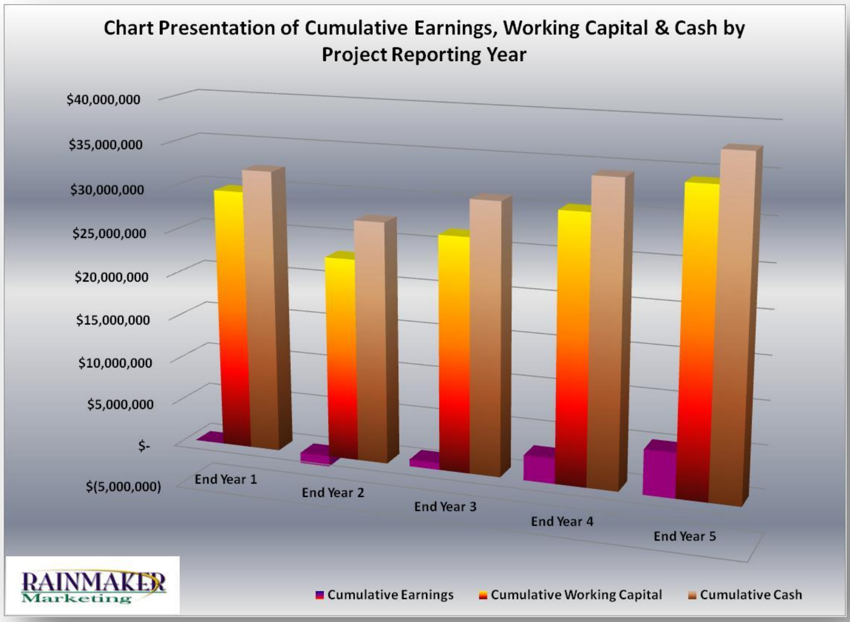
Executive Summary

The Company

BGG Development, LLC (the "Company") is a Texas Limited Liability Company incorporated in 2010 for the express purpose of capitalizing, developing, constructing, holding, marketing and operating entry-fee Continuing Care Retirement Communities ("CCRCs") in the Houston area on a for-profit basis. The Company officers are: (i) Jeremiah Johnson, CEO; (ii) Benjamin Johnson, CFO; and (iii) John Johnson, COO. The Company maintains offices at 1234 Maple Drive, Houston, Texas 77654. The main telephone number is 281.555.1212. The Company's website is located at www.bggdevelopmentgroup.com. Upon commencement of the pre-sales program (commencement of site construction and mobilization), the Company's offices will be permanently located at the proposed Project's site. The Company is seeking to develop, own and operate a CCRC on a discrete parcel of land located in a northeastern suburb of the Houston marketing area. The Company's original capital base is approximately $100,000 in contributions and loans. The Company is a development-stage company and has no other substantive assets.



The Business Model

The Company has a defined business model for the prosecution of the economic opportunity it has identified in the Houston market. This business model is based upon a simple strategy designed to arrest value out of the proposed Project at the earliest possible opportunity for the benefit of the capital investors in the subsequent rounds of development (the "Business Model"). The key value creation points of the Business Model are:

- Identify a site that offers the combination of traffic counts, entitlements for the intended development and a cost profile that falls within the requirements of the development model's financial feasibility requirements; then
- Complete initial due diligence to confirm the market model the proposed Project intends to embrace (feasibility studies, site tests, syndication analysis reviews, etc.); then

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- Complete an initial round of capital financing that is intended to be extremely near-term in duration that allows the Company to offer a very attractive near-term window yield to the initial capital investors (a $2.00:$1.00 redemption or conversion into long-term pro-rata ownership occurring within an expected 6-month window); then
- Complete a fractional commercial real estate sales retail distribution plan syndication (a national capital financing syndication) to provide the take-out financing for the benefit of the initial round capital investors (retiring 100% of their position + the promised yield); then
- Commence the development and construction phase activities for the future living units, common areas and amenities of the property.

The keys to understanding this opportunity are:

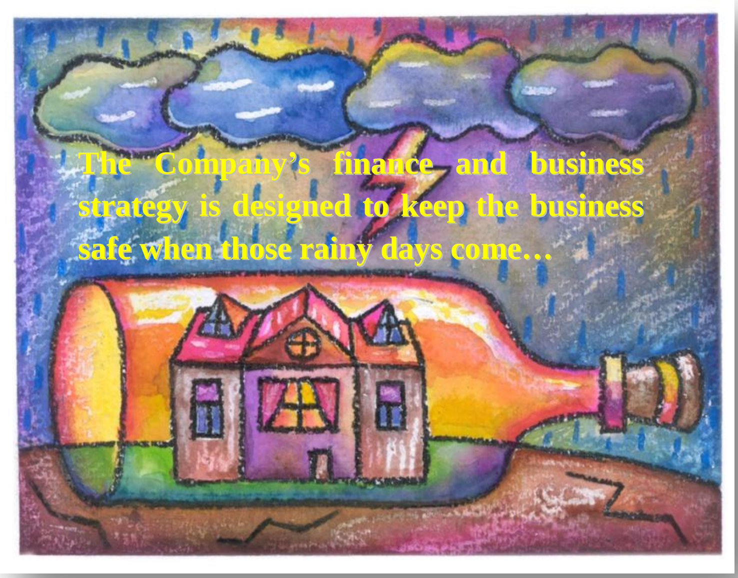
1. The initial round capital investors are not being exposed to construction risk unless they want to be.
2. The initial round capital investors are not being exposed to market risk (lease-up risk) unless they want to be.
3. The source of take-out financing offers a controllable and quantifiable opportunity for recovery and retirement that construction mortgage financing and equity financing rounds cannot match in terms of either the overall odds of success or prudent budget planning.

This means the initial round of financing is a stair-step approach designed to place the project in the position of being attractive to investors based upon the compression of the time period and attractive to the Company due to the ability of the Company to rollover the financing into subsequent projects as the basis for an ongoing business development/rollout of future CCRCs throughout the market and region. In the opinion of the Company, this is a strategy that produces productive gains and manageable risks for all parties. For more information on the Company's Business Model contact Benjamin Johnson.

The Project

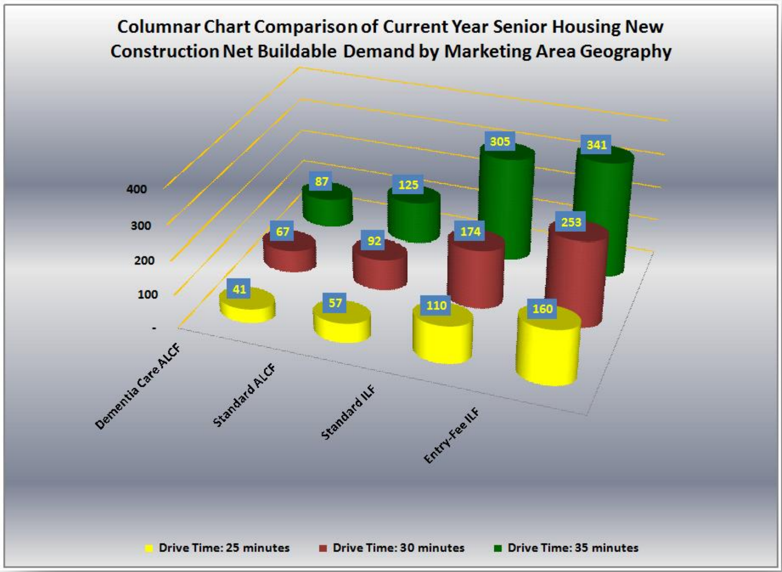
The Company proposes to capitalize, develop, hold/own (on a fractional ownership basis), market and operate a specific type of senior housing living community called a Continuing Care Retirement Community (or "CCRC" – the proposed "Project"). The particular type of CCRC retirement housing approach the Company intends to develop is defined by the following general attributes:

- The project has refundable entry-fees. Until sell-out, all residents will have to qualify for independent living and pay a refundable entry-fee in order to be able to rent an apartment. This is very common in senior housing (and this market) and the additional capital provided is significant to the business and development capitalization models.
- The project will have multiple levels of living – independent, assisted, dementia care and hospice care being provided to give a continuum of services and allow the residents to decide how their care and lifestyles are to be maintained based upon their individual financial needs, care requirements and personal dignity constraints.
- The project will be built-out in three (3) phases:
  - The first phase is anticipated to be approximately $54 million in development and consist of obtaining the project site, completing the site infrastructure construction, building the common facilities and property amenities and developing the first 120 units of modestly priced independent living apartments; then
  - The second phase is anticipated to consist of the development of no less than 120 additional independent living units to as many as the property is entitled to develop (an additional 300 units) or the market will absorb with a project budget that is variable based upon market and construction; and



  - The third phase is anticipated to be a health care center that is expected to consist of 48 assisted living apartments, 20 dementia care apartments and a 6-bed hospice care unit that is expected to cost approximately $12.5 million to develop and construct that will be undertaken when there is enough cash flow from continuing operations to support the operations of the health care center whether it is occupied or not.

In all, the proposed Project is expected to entail a total development cost of at least $80 million to develop 240 units of ILF apartments, the common facilities, amenities and the health care center over a 3-year period. Over this period of time the Company is expected to generate approximately $58 million in entry-fees, of which approximately $12 million would revert to the Company's net benefit (exclusive of the other fractional owners). In addition, the proposed Project would have no long-term debt (being effectively 100% financed with at-risk capital contributions) and would be expected to generate approximately $1.5 million in ongoing cash flows that would inure to the Company's benefit. Finally, a 5% management fee and the payment of a $4 million development management fee over the course of the expected 3-year development period (based upon the Company's expected business-case operating scenario derived from a separate feasibility study conducted by the Company's senior housing feasibility consultant) would also swell the Company's coffers. For more information on the proposed Project and the development program, please contact [John Johnson].



The Industry & Market

The senior housing industry is a well-established industry that traces its roots back through generations of businesses here in the United States. Today, the senior housing industry provides more than 4.5 million seniors with their home and assistance with maintaining their lifestyles and health care needs. In Texas the assisted living, dementia care, hospice and food service operations are regulated by the Department of Health and the principals have direct experience in the licensure and regulatory compliance issues pertaining to the management of senior housing businesses. The Houston area has more than 100 senior housing properties and thousands of residents and families being served. Senior housing is, by and large, driven by age demographics – sooner or later a certain percentage of seniors require supportive housing and assistance.

In the local market catchment area, the site location provides strong demographic indicators of demand for the senior housing proposed to be built herein. The Company's market feasibility consultant's report indicates the current year new construction demand to be as follows:

- Entry-fee independent living apartments: 160 units to 341 units.
- Rental independent living apartments: 110 units to 305 units.
- Rental assisted living units: 57 units to 125 units.
- Rental dementia care units: 41 beds to 87 beds.

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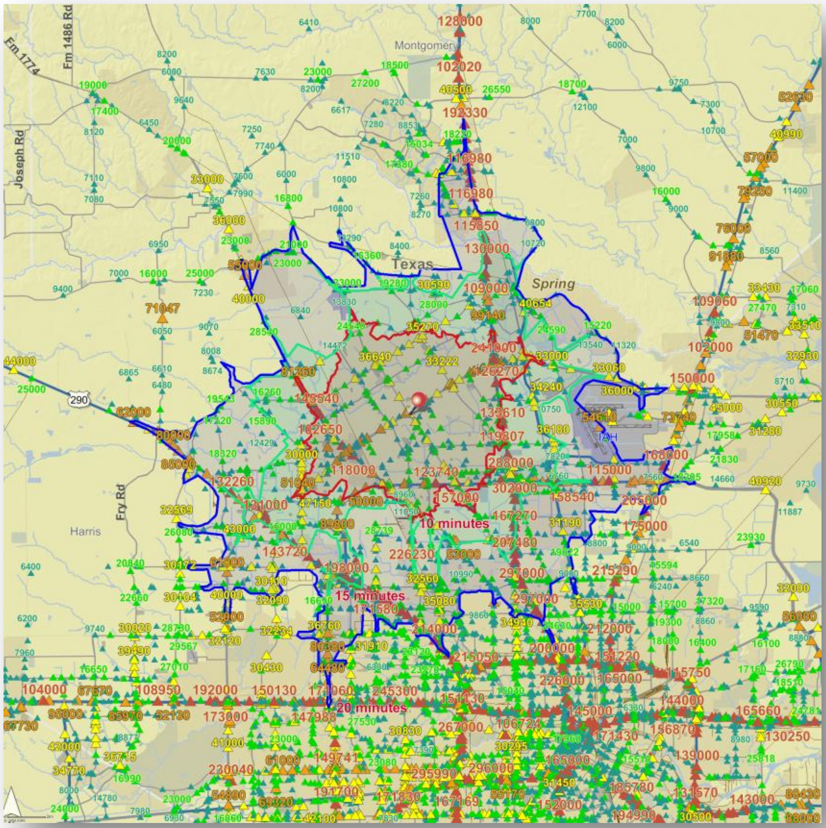
The primary marketing area is already host to more than 20 senior housing communities and Houston is the third largest city in the United States with an estimated current year population of almost 6 million in the metropolitan area. The Houston/Harris County area does not use a conventional zoning process and this provides the opportunity to quickly permit a commercial real estate project and commence construction without the usual zoning battles and costs.

The proposed Project site consists of 26 acres having a total acquisition cost of $4.15 million and being taken down at close of escrow of the fractional commercial real estate syndication sales program. The proposed Project site is already entitled for the intended use and includes water access (a small lake on the property) and immediate access to area health care (major hospital 1 mile away), shopping venue (major shopping center 1 mile away), religious facilities (3 major churches with more than 5,000 total worshippers within ½ mile) and easy access to major sports and cultural facilities of the downtown area (12 miles away). In terms of meeting the needs of the Company's development model, business model and capital finance model, the proposed Project site appears to meet all of the required tests. The Company has a valid purchase & sale agreement executed for the acquisition of the proposed Project site and the seller has expressed an interest in contributing the proposed Project site to the transaction in order to participate in the fractional syndication plan described in the capital funding proposal below. For more information on the proposed Project site, market and/or industry, please contact John Johnson.



The Capital Funding Proposal

The Company is entertaining discussions with qualified institutions, businesses and accredited investors regarding the proposed capital funding of the proposed Project (the "Capital Funding Proposal"). The Capital Funding Proposal includes the following structural components:

1. Initial Round Pre-Development Capital Financing. The Company must undertake a private underwriting of approximately $1.2 million in initial third-party financing to sustain the Company's Business Model to the point where it can complete a proposed fractional real estate retail distribution sales plan syndication initial escrow mini-side closing.

proTIC Retail Distributed Fractional Real Estate Sales Plan Initial Investment Profile Analysis

Media: *Wall Street Journal* (News Corp) Daily Newspaper Display Advertisement
Rainmaker Marketing Corporation proTIC System Model
BGG Development Group, LLC
Houston, Texas CCRC Development Program

RAINMAKER Marketing

Direct Advertising Costs Analysis

Direct Response Advertising Plan Assumptions	Values	Calculations Nomenclature	Results
Total Expected Circulation:	1,065,000	*Total Expected Deliveries:*	5,325,000
Total Expected Runs Per Week:	5	*Total Expected Reads:*	4,260,000
Weekly Advertisement Cost	$ 250,000	*Total Expected Market Share:*	0.29%
Cost of Advertisement Design/Graphics/Production:	$ 3,500	*Total Expected Gross Pool of Sales Prospects:*	12,405
Percentile Reading Paper:	80.00%	*Total Averge Weekly Contracts Expected:*	73
Percentile Readers in Demographic:	100.00%	*Expected Average Contract Sale:*	$ 70,000
Average Expected Reader Portfolio Value:	$ 2,000,000	*Expected Total Sales/Week:*	$ 5,101,606
Expected Allocation Limit to Portfolio:	3.50%	*Expected Total Advertising Cost Load for Run:*	$ 253,500
Expected Gross Response Rate:	0.5875%	*Expected Total Weeks to Sell 100%: $15.4 Million Syndication Plan*	3.02
Expected Forward Annual New Commercial Real Estate Investment Forecasted for Market:	$ 275,000,000,000	*Expected Total Cost:*	$ 758,164
Total Expected Sales Plan (Gross Plan Size):	$ 15,400,000	*Total Expected Cost Per Direct Response Contract:*	$ 3,446

Call Center Costs Analysis

Call Center Empirical Cost Assumptions	Values	Calculations Nomenclature	Results
Expected Call Center Load Factor:	15.00%	*Total Call Center Call Minutes:*	84,255
Expected Gross Call Center Consultant Hourly Wage:	$ 28.60	*Total Call Center Work Hours:*	1,404.26
Expected Call Center Supervisor Weekly Wage:	$ 1,950	*Total Call Center Employees:*	14
Expected Average Call Duration Period (Minutes):	12.00	*Total Expected Call Center Employee Wages:*	$ 118,580
Expected Cost Per Phone System Minute:	$ 0.16	*Total Supervisor Wages:*	$ 11,815
Call Center Advance Cost as % of Total Financing: 0.454%		*Total Call Center Phone Bank System Cost:*	$ 13,481
		Total Call Center Cost for Syndication:	$ 143,876

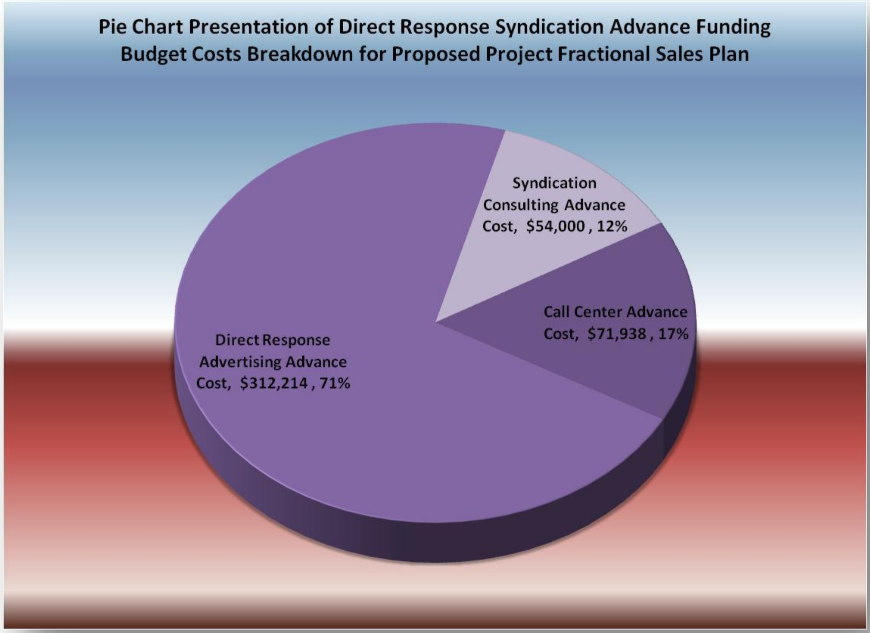
Fractional Sales Plan Initial Investment Analysis Recap & Total Cost Analysis Breakdown

Total Expected Project Site Purchase Cost:	$ 1,500,000	*Total Expected Site Funding Requirement:*	$ 1,518,987
Total Expected Site Sales Escrow Closing Costs:	1.25%	*Total Initial Sales Minimum Requirement to Fund:*	$ 1,957,140
Total Expected Call Center Costs:	$ 143,876	*Surplus/(Shortfall) Between Min. Expected Sales & Min. Syndication Initial Sales Requirement:*	$ 3,144,466
Total Expected Direct Advertising Costs:	$ 758,164	*Additional Advertising Requirement to Fund Shortfall:*	$ -
Total Expected Pre-Closing Syndication Consulting Costs:	$ 54,000	*Total Advance Plan Funding Requirement:*	$ 438,152
Total Expected Syndication Sales (Initial Run):	$ 5,101,606	Total Advance Plan Funding Requirement as % of Total Syndication Sales Plan:	2.766%

End of report...

2. Fractional Real Estate Sales Plan Pre-Construction Phase Financing. The Company's Business Model is based, in large measure, upon the execution of a fractional tenants-in-

common (TIC) real estate sales plan syndication undertaken on a direct response basis (a retail direct-distributed offering of fractional interests – the "Fractional Sales Plan") to the public. The Fractional Sales Plan is intended to be a substitute for long-term equity financing and/or construction/mini-perm mortgage financing, as these sources of financing are nebulous (at best) compared to the expected results that can be garnered from the Fractional Sales Plan (but still allows for the mortgage option). The expected sales for the Fractional Sales Plan pre-construction phase round are $15.4 million (of which approximately $5.4 million is expected to be applied to the initial phase of development costs – see the discussion under the Financial Highlights heading below).



The syndication plan approach is intended to provide the Company with a significant capital reserve to sustain ongoing operations regardless of the state of the overall economy and with an all-cash capital financing structure, the Company expects to be able to insulate syndicate purchasers from bankruptcy risk, investment fraud and total investment loss risk associated with holding this real property. The business structure will be a revenue-sharing arrangement with an agreed upon minimum repurchase price built into the contract for the purposes of computing the yield that will be stated in the direct response advertising. The proceeds from the Fractional Sales Plan will be used to:

2.1. Retire/Redeem the proposed Initial Round shares; and
2.2. Fund the pre-sales cycle for the Initial Development Phase of construction and development; and
2.3. Fund the costs of additional syndication financing rounds.

3. Entry-Fee Sales. The balance of the anticipated funding not otherwise provided for by virtue of the Fractional Sales Plan will be in the form of entry-fees charged to future residents as a condition precedent to them occupying their apartments. In all, the entry-fee sales plan is expected to provide $48 million in sales proceeds for the capital accounts of the proposed Project.

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The Company's "all-cash" plan offers the additional flexibility of creating the conditions precedent to virtually eliminating certain subjective investment risks (compared to the proposed Project's primary marketing area peer group competitors) due to the structure of the Capital Funding Proposal capital plan elements, including:

- Interest rate risk.
- Inflation risk.
- Deferred maintenance risk.
- Current asset risk.
- Systemic market risk.

For additional information on the Capital Funding Proposal due diligence presentation contact Benjamin Johnson.

The Key Milestone Development Schedule

The proposed Project's development is subject to the successful completion of certain key activities within a defined window of time in order to provide the necessary documentation to support the various aspects of the business (the "Key Milestone Development Schedule").

The most important elements that present materially-significant issues for the Company to resolve include, but may not be limited to, the following:

1. Market Feasibility Study. The project feasibility study is already complete and confirms the market opportunity, the financial feasibility of the business model and the plan of operations for the proposed Project. Benjamin Johnson is responsible for managing this aspect of the proposed Project for the benefit of the Company and the other stakeholders.
2. Survey & Soils Testing. The initial survey of the site is complete and the soils tests have been completed for determination of structural and civil engineering parameters and design requirements. John Johnson is responsible for managing this aspect of the proposed Project for the benefit of the Company and the other stakeholders.
3. Environmental, Wetlands & Related Consulting. The Phase I Environmental Report is complete, the wetlands have been delineated and no additional environmental site issues have been identified. John Johnson is responsible for managing this aspect of the proposed Project for the benefit of the Company and the other stakeholders.

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4. Civil & Other Site Engineering Costs. The completion of the final site plan for the intended development, plat, site plan, foundation plans, grading plans and related drawings are required both for permitting and for the purposes of estimating the hard cost of construction. John Johnson is responsible for managing this aspect of the proposed Project for the benefit of the Company and the other stakeholders.

Pre-Construction Phase Cash Flows - Uses of Project Funds

308-Unit Entry-Fee Senior Housing Project
Assumed Project: Rainmaker Atascocita, Texas Project
Assumed Start Day: 27-Oct-10

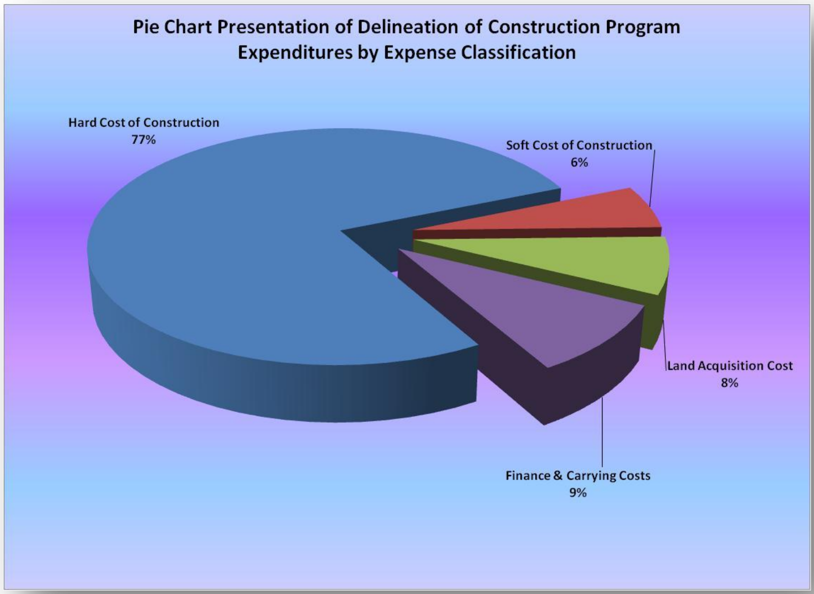
Period Ending:	27-Oct	11-Nov	26-Nov	11-Dec	26-Dec	10-Jan	25-Jan	9-Feb	24-Feb
	120-Day Project Pre-Construction/Pre-Syndication Phase Due Diligence Period								
Uses of Funds: Does Not Include Land/Site Control Costs									
Market Feasibility Study: $15K Budget	$ 15,000								
Survey & Soils Testing: $13.5K Budget		$ 7,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500			
Environmental, Wetlands & Related Consulting: $8K Budget		$ 3,500	$ 1,500	$ 1,500	$ 1,500				
Civil & Other Site Engineering Costs: $27.5K Budget		$ 10,000	$ 2,500	$ 2,500	$ 2,500	$ 2,500	$ 2,500	$ 2,500	$ 2,500
Financial Feasibility Study: $21.5K Budget			$ 12,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500
Legal/Organizational, Tax, Accounting/Auditing Costs: $24K Budget		$ 2,500	$ 2,500	$ 2,500	$ 2,500	$ 3,500	$ 3,500	$ 3,500	$ 3,500
Conceptual & Schematic Phase Architectural Design Fees & Costs: $50K Budget			$ 25,000	$ 3,500	$ 3,500	$ 3,500	$ 3,500	$ 3,500	$ 7,500
Pre-Opening Operations & Marketing: $30K Budget								$ 15,000	$ 15,000
Plan of Real Estate Sales Syndication: $62K Budget					$ 45,000	$ 3,500	$ 3,500	$ 5,000	$ 5,000
MEP/Construction Pricing/Value Engineering & Related: $30K Budget					$ 15,000	$ 3,500	$ 3,500	$ 3,000	$ 5,000
Website Design & Virtual Tour Video Production: $75K Budget						$ 35,000	$ 35,000	$ 2,500	$ 2,500
Advertise, Market & Sell-Out of Syndicate: $438K Budget						$ 350,522	$ 29,210	$ 29,210	$ 29,210
Architectural Marketing Deliverables: $45K Budget						$ 12,500	$ 12,500	$ 12,500	$ 7,500
Other Third-Party Consultants: $7.5K Budget							$ 3,500	$ 2,500	$ 1,500
Development Management Fees: $7.5K Budget					$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500
Video Production, Models & Related Costs: $75K Budget							$ 25,000	$ 25,000	$ 25,000
Bidding, Letting & Related Costs of Design/Builder: $10K Budget						$ 2,500	$ 2,500	$ 2,500	$ 2,500
Platting, Permitting & Entitlements: $10K Budget						$ 2,500	$ 2,500	$ 2,500	$ 2,500
Property Management Fees & Expense: $9K Budget								$ 4,500	$ 4,500
Local/State/Federal Regulatory Review Costs: $10K Budget						$ 2,500	$ 2,500	$ 2,500	$ 2,500
Total All Costs for Period	$ 15,000	$ 23,500	$ 45,500	$ 13,000	$ 74,500	$ 426,522	$ 132,210	$ 119,210	$ 119,210
Cumulative Costs	$ 15,000	$ 38,500	$ 84,000	$ 97,000	$ 171,500	$ 598,022	$ 730,232	$ 849,442	$ 968,652
	Developer Provided Financing (Commercial Real Estate Syndication Financing Method is Used.)								

End of report...

5. Schematic Phase Architectural Design Fees & Costs. In order to obtain a guaranteed delivery price for construction the builder will have to have the construction specifications and initial designs of the prototypical resident buildings and commons area facilities defined in terms of their scope, size and construction systems. John Johnson is responsible for

managing this aspect of the proposed Project for the benefit of the Company and the other stakeholders.

6. Plan of Real Estate Sales Syndication. The Fractional Sales Plan requires a defined contract package that includes an operating agreement, a repurchase agreement, a ground rent contract and supporting documents in order to make it ready for the purchasing public to download and complete (to participate in the syndicate). Benjamin Johnson is responsible for managing this aspect of the proposed Project for the benefit of the Company and the other stakeholders.
7. MEP/Construction Pricing/Value Engineering & Related. A portion of the design/build contract design program must include MEP engineering reviews and initial designs, as well as a separate value engineering (pricing) review of the design/builder's schedule of values in order to reconcile the final Gross Maximum Upset Price of construction. John Johnson is responsible for managing this aspect of the proposed Project for the benefit of the Company and the other stakeholders.
8. Website Design & Virtual Tour Video Production. The proposed Project will require a website for the purposes of communicating with the public, cataloging all due diligence and Fractional Sales Plan materials and provide virtual tour video supporting the site design for the pre-sales program. Benjamin Johnson is responsible for managing this aspect of the proposed Project for the benefit of the Company and the other stakeholders.
9. Advertise, Market & Sell-Out of Syndicate. The Fractional Sales Plan's execution requires the administration of the advertising, marketing, call center operations and close-out of the escrow accounts associated with the plan. Jeremiah Johnson is responsible for managing this aspect of the proposed Project for the benefit of the Company and the other stakeholders.



10. Video Production, Models & Related Costs. The Fractional Sales Plan includes a management plan video for presenting the business and development ambitions of the Company that will be cataloged on the website for both the syndication program and for future marketing of the proposed Project.

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Benjamin Johnson is responsible for managing this aspect of the proposed Project for the benefit of the Company and the other stakeholders.

11. Bidding, Letting & Related Costs of Design/Builder. In order to derive the Gross Maximum Upset Price of construction, the design/builder will have to both complete initial designs (Schematic Phase Architectural Designs) as well as receive price bids from sub-contractors and vendors. John Johnson is responsible for managing this aspect of the proposed Project for the benefit of the Company and the other stakeholders.

Pro Forma Statement of Project Sources & Uses of Funds

Entry Fee CCRC Financial Feasibility Analysis (Pro Forma Financial Presentation)
Project Name: The Auberge @ Deerfield
Project Address: 59-North, Houston, Texas
Analysis Type: Pre-Construction Phase Due Diligence Documentation Analysis

Uses of Funds - Direct & Indirect Development Costs

Direct Costs - Hard Costs, Soft Costs & Land	Sub-Total Line Item	Cost/Living Unit	Cost/SF of New Con.	Percentile of TDC
Land Acquisition & Options Costs	$ 4,150,000	$ 27,667	$ 14.14	7.67%
Offsite Construction	134,652	898	0.46	0.25%
Landscape, Parking, Berming, Walkways, Paving & Utilities Construction Cost	1,009,305	6,729	3.44	1.86%
Main Residential Bldgs. Construction Cost	23,960,808	159,739	81.64	44.27%
Commons Bldg. Construction Cost	6,320,900	42,139	21.54	11.68%
Ancillary & Site Amenity Construction Cost	764,625	5,098	2.61	1.41%
FF&E Costs & Installation/Additional Construction Costs	1,375,255	9,168	4.69	2.54%
Interim Taxes, Insurance, Bond & Permits	1,426,536	9,510	4.86	2.64%
Construction Contingency	1,224,723	8,165	4.17	2.26%
Owner's General Conditions	1,907,068	12,714	6.50	3.52%
Contractor's Overhead & Office Allocation	1,524,955	10,166	5.20	2.82%
Contractor's Design/Build Fee	2,061,739	13,745	7.02	3.81%
Site, Civil, Topo, Survey, Platting & Entitlements	120,520	803	0.41	0.22%
Environmental Phase I & Specialties	25,000	167	0.09	0.05%
MEP, Structural & Specialty Engineering	90,000	600	0.31	0.17%
Architectural Design Services	404,892	2,699	1.38	0.75%
Other/Miscellaneous Consultants	207,338	1,382	0.71	0.38%
MAI Appraisal & Related	9,000	60	0.03	0.02%
Development Management Expense	2,325,911	15,506	7.92	4.30%
Total Direct Costs of Development	$ 49,043,227	$ 326,955	$ 167.10	90.61%

Indirect Costs - Finance & Project Carrying Costs	Sub-Total Line Item	Cost/Living Unit	Cost/SF of New Con.	Percentile of TDC
Legal, Organizational, Filings & Related	121,250	808	0.41	0.22%
Tax, Filings, Accounting & Auditing	88,875	593	0.30	0.16%
Project Feasibility Studies & Due Diligence	56,250	375	0.19	0.10%
Origination/Placement Fees - Interim Loan	-	-	-	0.00%
Interest Charges - Interim Loan	-	-	-	0.00%
Origination/Placement Fees - Permanent Loan	-	-	-	0.00%
Permanent Loan Debt Service Reserve	-	-	-	0.00%
Filing, Mortgage Stamps, Title & Related	230,009	1,533	0.78	0.42%
Syndication Fees & Expense (Securities & Real Property)	865,384	5,769	2.95	1.60%
Funded Working Capital Reserves	436,348	2,909	1.49	0.81%
Pre-Opening Working Capital	1,724,698	11,498	5.88	3.19%
Working Capital & Applied Deficits	1,561,260	10,408	5.32	2.88%
Total Indirect Costs of Development	$ 5,084,073	$ 33,894	$ 17.32	9.39%
Total Cost of Development (TDC)/Total Uses of Funds	$ 54,127,300	$ 360,849	$ 184.42	100.00%

Sources of Funds

Entry Fee Pre-Sales Proceeds	$ 48,197,358	$ 321,316	$ 164.21	89.04%
Syndication Proceeds - Real Property	5,929,942	39,533	20.20	10.96%
Interim Loan Proceeds - Construction Loan	-	-	-	0.00%
Developer/Sponsor Capital Contributions & Advances	-	-	-	0.00%
Total Sources of Funds (Total Project Budget)	$ 54,127,300	$ 360,849	$ 184	100.00%

End of report...

12. Local/State/Federal Regulatory Review Costs. No construction program can be undertaken without the approval of all regulatory authorities for the intended use and necessary permits. John Johnson is responsible for managing this aspect of the proposed Project for the benefit of the Company and the other stakeholders.

There are other materially-significant matters that, under certain circumstances that are unpredictable in nature and/or severity, may have the potential to have as great an impact upon the prospects of the proposed Project as the ones enumerated above. For a complete briefing on these issues contact John Johnson.

Pro Forma Statement of Project Operating Income & Expense

Entry Fee CCRC Financial Feasibility Analysis (Pro Forma Financial Presentation)
Project Name: The Auberge @ Deerfield
Project Address: 59-North, Houston, Texas
Analysis Type: Pre-Construction Phase Due Diligence Documentation Analysis

Period Ending:	End Year 1	End Year 2	End Year 3	End Year 4	End Year 5
Sales/Revenues/Income					
ILF Housing Program Routine Rental Revenues	-	2,928,606	6,759,342	6,962,122	7,170,986
ALCF Housing Program Routine Rental Revenues	-	-	-	-	-
ALZ/ALCF Housing Program Routine Rental Revenues	-	-	-	-	-
Ancillary Revenues	-	333,073	652,252	672,192	692,766
Other Revenues/Sales	-	-	-	-	-
Total Project Income/Sales	$ -	$ 3,261,679	$ 7,411,594	$ 7,634,314	$ 7,863,752
Less Costs of Operations					
Activities Department Expense	-	76,969	124,102	127,826	131,660
Assisted Living Department Expense	-	97,923	182,947	188,436	194,089
Fixed Operating Expense	-	433,316	612,778	631,161	650,096
Food Service Department Expense	-	438,945	882,713	909,194	936,470
General & Administrative Department Expense	-	512,057	977,510	1,006,863	1,037,100
Housekeeping & Laundry Department Expense	-	90,291	177,861	183,197	188,693
Maintenance Department Expense	-	165,828	227,645	234,474	241,508
Marketing Department Expense	-	1,128,950	197,463	203,387	209,489
Transportation Department Expense	-	44,438	61,028	62,859	64,745
Total Operating Expense	$ -	$ 2,988,717	$ 3,444,048	$ 3,547,398	$ 3,653,850
Operating Income/(Loss) - EBITDA	$ -	$ 272,962	$ 3,967,546	$ 4,086,917	$ 4,209,902
Less Non-Operating Expense					
Amortization Expense	-	462,970	617,293	617,293	617,293
Depreciation Expense	-	941,026	1,254,701	1,254,701	1,254,701
Interest Expense	-	-	-	-	-
Rent/Lease Expense	-	77,738	103,651	103,651	103,651
Total Non-Operating Expense	$ -	$ 1,481,734	$ 1,975,645	$ 1,975,645	$ 1,975,645
Allowance for Federal Income Tax (FIT) Obligation	$ -	$ -	$ -	$ -	$ -
Net Income/(Loss)	$ -	$ (1,208,772)	$ 1,991,900	$ 2,111,272	$ 2,234,256

End of report...

Financial Highlights

The Company has completed a pro forma financial presentation based upon an analysis of the empirical conditions affecting the senior housing industry, the local real estate market, the local construction industry market and capital markets in terms of the Company's overall business goals and the resulting Business Model. The resulting analysis was undertaken in terms of an expected business case scenario to provide a GAAP-compliant snapshot of the expected financial results of operating and non-operating cash flows for the initial phase of development on a stand-alone basis (as the other stages would not be undertaken until such time as the initial phase of development is complete and financially viable in terms of its long-term operating environment). Benjamin Johnson is responsible for managing this aspect of the Business of the Company for the benefit of all of the Project stakeholders.

The pro forma financial presentation was created using an assumed cash accounting approach to provide the greatest possible sensitivity regarding capital financing (applied working capital) with the accrual items (non-operating charges) being reconciled on the balance sheet statement and the income statement. The resulting analysis was then used to determine the likely requirements for total capital investment and test various scenarios regarding the capital funding structure before the Company settled on the Capital Funding Proposal. The three (3) main FASB schedules/statements are presented in this proposal (budget, income statement and balance sheet) that the Company believes represent the most likely business-case scenario.

The key findings of the analysis provided the following conclusions as being the most likely business case outcome for the financial results of the Business of the Company:

1. Total Project Budget. The total expected Project Budget is $54.1 million.
2. Capital Structure. The expected capital finance structure will be:
   - 2.1. A seed capital round of approximately $100,000; and
   - 2.2. A pre-development phase initial funding round of approximately $1.2 million; and
   - 2.3. A pre-construction phase fractional real estate financing round of approximately $15.4 million; and
   - 2.4. A construction phase entry-fee pre-sales financing of approximately $48 million.
3. Expected Initial Round Financing Yield. The expected holding period for the initial round capital investors is 120 days. The total yield is expected to be $2.4 million (a $2:$1 redemption), giving the investment an annualized cash-on-cash return in excess of 400% per annum and an expected compounded rate of return in excess of 400% per annum. The Company believes there may be circumstances that occur beyond its control that would result in the worst-case business scenario of the investment being held for as long as a year. In this case the yield would remain constant ($2.4 million) and the annualized cash-on-cash return would be 200% per annum and the compounded rate of return would be 100% per annum. In either case, the Company believes these return scenarios to be attractive and supportable in light of current capital market conditions and opportunities.
4. Earnings from Continuing Operations. Stabilized EBITDA cash flows are expected to hit $4.1 million, suggesting a value of $41 million to $51 million (10% to 8% cap. rate assumptions) for the improvements based upon continuing operations.

5. Earnings from Entry-Fee Sales. The entry-fee sales are expected to generate at least $6 million in surplus sales that are distributable at the end of this initial development phase.

Pro Forma Statement of Project Assets, Liabilities & Equities

Entry Fee CCRC Financial Feasibility Analysis (Pro Forma Financial Presentation)
Project Name: The Auberge @ Deerfield
Project Address: 59-North, Houston, Texas
Analysis Type: Pre-Construction Phase Due Diligence Documentation Analysis

RAINMAKER Marketing

Period Ending:	End Year 1	End Year 2	End Year 3	End Year 4	End Year 5
Assets					
Current Assets — Quick Ratio	175.25	90.69	101.66	112.34	126.50
Cash & Short-Term Securities (Operating Account)	$ 29,922,961	$ 23,016,365	$ 26,547,609	$ 30,186,658	$ 33,991,174
Accounts Receivable	-	313,738	323,166	332,878	312,800
Inventory	230	18,300	18,723	19,285	19,863
Prepaid Operating Expense	-	34,211	23,567	24,274	25,002
Other Current Assets	-	-	-	-	-
Sub-Total Current Assets	$ 29,923,190	$ 23,382,614	$ 26,913,065	$ 30,563,095	$ 34,348,840
Assets Limited As to Use					
Marketing Reserve	-	32,782	33,765	34,778	34,778
Operating Reserve	-	603,661	621,777	640,439	640,433
Capital Improvement Reserve	-	235,256	548,932	862,607	1,176,282
Debt Service Reserve	-	-	-	-	-
Amortization Account Balance (L-T Fin. & Start-Up)	2,515,607	3,520,842	2,903,549	2,286,256	1,668,963
Goodwill & Unearned Revenue	-	13,905	33,001	52,670	72,929
Sub-Total Assets Limited As To Use	$ 2,515,607	$ 4,406,446	$ 4,141,024	$ 3,876,750	$ 3,593,386
Other/Long-Term Assets					
Plant & Property (Recorded @ Cost, Net of Syndication)	12,237,404	49,043,227	49,043,227	49,043,227	49,043,227
Depreciation (cumulative)	-	(941,026)	(2,195,727)	(3,450,428)	(4,705,130)
Sub-Total Other/Long-Term Assets	$ 12,237,404	$ 48,102,201	$ 46,847,500	$ 45,592,798	$ 44,338,097
Total Assets	$ 44,676,202	$ 75,891,261	$ 77,901,589	$ 80,032,643	$ 82,280,323
Liabilities					
Current Liabilities					
Accounts Payable	154,124	201,220	207,259	213,480	213,478
Accrued Payroll Liability	16,620	43,921	45,239	46,596	46,596
Current Interest Due	-	-	-	-	-
Current Capitalized Lease Obligation	-	8,638	8,638	8,638	8,638
Current Maturity (L-T Debt)	-	-	-	-	-
Other Current Liabilities	-	-	-	-	-
Sub-Total Current Liabilities	$ 170,744	$ 253,779	$ 261,136	$ 268,713	$ 268,711
Other/Long-Term Liabilities					
Long-Term Debt (Less Current Portion)	-	-	-	-	-
Balance Capitalized Lease Obligation	-	68,650	60,625	53,161	46,327
Other Liabilities/Conditional Refund Obligations	-	13,905	33,001	52,670	72,929
Sub-Total Other/Long-Term Liabilities	$ -	$ 82,555	$ 93,626	$ 105,831	$ 119,256
Total Liabilities	$ 170,744	$ 336,334	$ 354,761	$ 374,544	$ 387,967
Equities					
Retained Earnings/(Losses) from Continuing Operations	-	(1,208,772)	783,128	2,894,400	5,128,656
Syndication Proceeds	19,230,745	19,230,745	19,230,745	19,230,745	19,230,745
Capital Contributions	-	-	-	-	-
Entry Fee Sales Proceeds	25,274,713	57,532,955	57,532,955	57,532,955	57,532,955
Total Equities	$ 44,505,458	$ 75,554,927	$ 77,546,828	$ 79,658,099	$ 81,892,356
Total Liabilities & Equities	$ 44,676,202	$ 75,891,261	$ 77,901,589	$ 80,032,643	$ 82,280,323

End of report...

6. Distributions. The initial 5-year window for this initial phase of development is expected to generate a total of $12.4 million in distributable income that would be divided between the Company and the fractional real estate syndicate.

For additional information pertaining to the pro forma financial presentation contact Benjamin Johnson.

The Project Team & Principals

The managers of the Company have assembled a complete project team for the purposes of delivering the proposed Project in a responsible, professional and cost-efficient manner.

Jeremiah Johnson

Jeremiah Johnson is a Houston area businessman and senior housing owner/operator having direct experience in the development, capitalization, marketing and operation of senior housing properties similar in scope of responsibilities to the proposed Project. Mr. Johnson has been a senior housing industry professional since 1989 and has a demonstrable track record of success in the profitable operations of companies that own and operate senior housing properties. Mr. Johnson will be charged with being the Chief Executive Officer of the Company and will have the ultimate responsibility for all of the Company's affairs.

Benjamin Johnson

Benjamin Johnson is a CPA with over 15 years experience in public accounting. Mr. Johnson is licensed in the state of Texas and has been the charge accountant for firms ranging from small businesses to multi-unit roll-outs of senior housing properties throughout the Southwest. Mr. Johnson will be charged with being the Company's Chief Financial Officer and will be accountable and responsible for all financial matters of record for the Company.

John Johnson

John Johnson is a registered architect and has over 15 years experience with the development and construction of commercial income-producing properties in the Houston area. Mr. Johnson's track record includes both architectural design and construction management. Mr. Johnson will be charged with the management of construction and design processes on behalf of the Company and is the Chief Operating Officer.

Rainmaker Marketing Corporation

Rainmaker Marketing Corporation, Inc. is a full service commercial real estate development due diligence and capital finance consulting firm with over 400 senior housing development assignments for feasibility studies, capital financing consulting, development management consulting and syndication finance consulting since 1993. Rainmaker is charged with the management of the due diligence process and the administration management and consulting support required for the syndication funding round for the proposed Project. Contact: Clint Lovell, Vice President (281.537.1200).

Buildrite Mega Buildings Corporation

Buildrite Mega Buildings Corporation is a full-service design/build construction company that specializes in residential housing development programs. Incorporated in 1986, Buildrite carries $1 billion in construction bonding capacity and has completed more than 15 senior housing properties in the Houston area in the last 10 years. Buildrite will act as the principal contractor and designer for the proposed Project as the Design/Builder. Contact: Jack Hammer, Vice President (281.555.1111).

Big Civil Plans, LLC

Big Civil Plans, LLC is a full-service civil engineering firm that has been serving Texas since 1950. With 15 area offices and over 500 employees, Big Civil Plans, LLC has provided services for private and public projects ranging from small sub-division development through the engineering of dams, super highways and related improvements. Big Civil Plans, LLC has completed more than 200 senior housing related commissions and will be providing civil engineering, planning, platting, surveying (metes & bounds, topo, etc.), landscaping and related services for the proposed Project. Contact: Jim Dirtman, Project Manager (281.333.4444).

Iron Core Engineers, LLC

Iron Core Engineers, LLC is a professional engineering firm that was formed in 2000 to provide structural and MEP engineering services on new construction programs in the Houston area. The company has completed assignments on more than $750 million in new construction programs since its inception and has direct experience with the types of systems and structures the proposed Project designs entail. Contact: Bill Iron, P.E. (281.111.2222).

Universal Environment Engineers, LP

Universal Environment Engineers, LP was formed in 1900 and provides environmental, wetlands, hydrology and related engineering services worldwide through its 3,456 offices in every city in the world. With over 29,000 engineers on staff, the company provides full environmental sciences engineering and systems designs for all projects. Universal Environment Engineers, LP will be providing environmental studies, testing, inspections and related services. Contact: I. P. Freely, Ph.D. (281.123.4567).

Houston Law Firm, PLC

Houston Law Firm, PLC is a Houston law firm with over 200 staff attorneys on staff who offer legal advice and representation in all areas of corporate law. The company was chartered in 1970 and is one of Houston's largest firms. Contact: Mike Law, Esq. (281.666.7777).

Northeast Accounting, LP

Northeast Accounting, LP is a Houston area public accounting firm that specializes in corporate accounting, auditing and tax services with over 50 staff accountants. Northeast Accounting, LP is one of Houston's oldest accounting firms and is the accounting firm of record for the proposed Project and the Company. Contact: Jim Counts, CPA (281.456.7890).

The Company will also be retaining various other consultants, vendors, sub-contractors, managers and employees for the delivery of the proposed Project. For complete information on business plan of contracting contact John Johnson.

Key Strengths of Opportunity

The proposed opportunity includes the following key elements that bear special mention:

- Narrow Performance Window. The Company expects the holding period for the investment to be between 120 to 180 days – drastically reducing the exposure of the capital investors to uncontrollable event occurrences that could impact the proposed Project.
- Attractive Yield. The Company's proposed structure would provide an equivalent cash-on-cash annual yield of/above 200% per annum for the investment. A very attractive yield that can also be converted into a corresponding share ownership (at the option of the capital investors) in the long-term syndication ownership opportunity.
- Controllable Exposure. The proposed Project business model has a defined path of key milestone events that must be sustained for a successful outcome and this allows for a high degree of control over the overall risk exposure of the opportunity.
- Definitive Exit Strategy. The proposed Project has multiple exit strategies. The preferred exit strategy relies upon a defined path of financing that avoids the pitfalls of the commercial real estate construction mortgage loan and investment banking underwriting processes that only present costs without any foreknowledge of the potential outcome. This approach dramatically increases the odds of a successful outcome.
- Experienced Project Team. The proposed Project will be managed at all levels by an experienced team so the expectation for cost overruns and delays are quite limited in nature and scope.
- Established Market & Industry. The senior housing industry is an established industry and the Houston market currently sustains multiple CCRCs.

Additional Information

To arrange to receive additional information, please contact Jeremiah Johnson at 281.555.1212 (BGG Development, LLC's corporate offices) or at www.bggdevelopmentgroup.com. For information regarding the due diligence presentation elements please contact Benjamin Johnson (also of BGG Development, LLC).

THIS DOCUMENT IS FOR DISCUSSION PURPOSES ONLY.

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