



NOVA House

A 16-bed Prototype Senior Care Home

to be built in

Montgomery County, Maryland

NOVA HOUSE: A 16-bed Assisted Living Facility

NOVA House



Personal care homes offer a smaller, more home-like family setting for seniors.

NOVA House™ represents a new senior housing prototype. This boutique assisted living home will accommodate 16 residents in an elegant, home-like atmosphere. There is significant demand for such purpose-built senior housing in this established and growing market sector.

In addition, each NOVA House™ will be designed and built utilizing green certified programs, which delivers a highly efficient home that optimizes performance, health, and comfort.



SUMMARY (typical site):

Site:

Lot: One-acre site
County: Montgomery

Facility:

Type: 2-story, with elevator
Size: approximately 12,000 sf
Beds/BRs: 16 beds, 14 bedrooms
Baths: 14 full plus 2 half baths

Financial Summary:

Project Cost: \$3.1 million
Market Value: \$6.1 million (after stabilized)
Revenue: \$1.4M/year

Partnership Participation: \$57,500 minimum



NOVA House

1. THE MARKET

Assisted living is a long-term care option that combines housing, support services, and health care. It is designed for individuals who require assistance with everyday activities such as meals, medication management or assistance with bathing, dressing and transportation. Some residents may have memory disorders including Alzheimer's, or they may need help with mobility, incontinence, or other challenges. Residents are assessed upon move in, or when there is a change in condition. Assisted living is a residential alternative to nursing home care.

Services Offered

Assisted Living facilities provide more personal care services than independent living retirement communities. They offer a less-expensive, residential approach to



delivering many of the same services available in skilled nursing, either by employing personal care staff or contracting with home health agencies and other professionals.

Amenities

Amenities in an Assisted Living facility typically includes:



- three meals a day,
- transportation,
- laundry services,
- wellness programs,
- recreational activities.
- housekeeping services,
- 24-hour security,
- exercise,
- social interaction,

Care

Personal care in an Assisted Living facility typically includes:

- staff available to respond to resident needs;
- assistance with eating, bathing, dressing, toileting, and walking;
- access to health and medical services, such as physical therapy and hospice;
- emergency call systems for each room;
- medication management,
- care for residents with cognitive impairments.



Target Market

As shown in the bubble chart below, there are different levels of senior care, which can overlap. By increasing the level of supervision (or decreasing the level of independence), the appropriate type of care can be determined. There is a direct relationship between the level of care and cost.

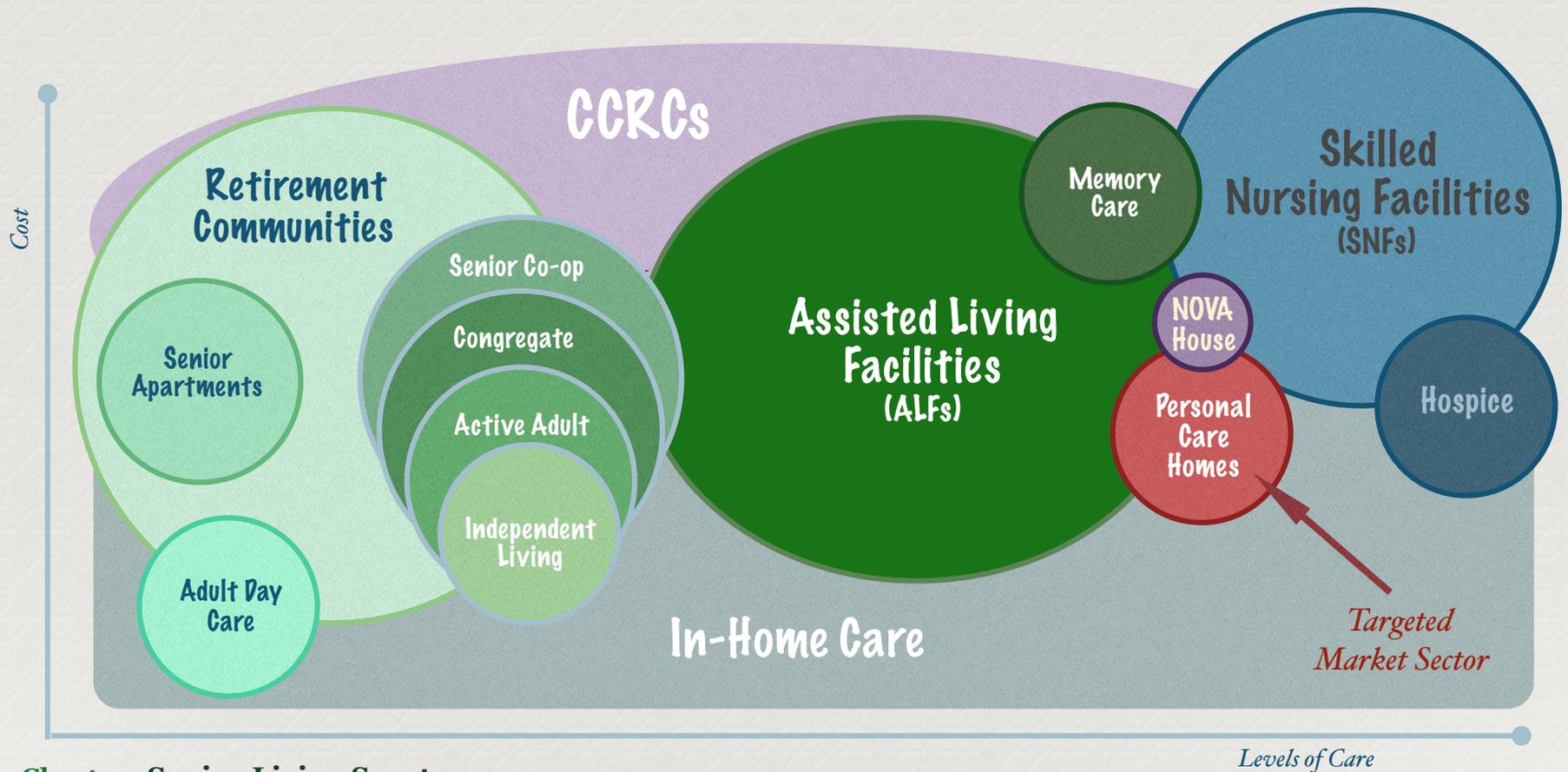


Chart 1. Senior Living Spectrum

2. THE FACILITY: Green Living

NOVA House™ is committed to renovating and constructing buildings that use resources efficiently and create healthful environments, while still meeting aesthetic needs. Each new NOVA House™ will be designed to achieve the Leadership in Energy and Environmental Design (LEED), with at least a Silver rating certification or higher as defined by the U.S. Green Building Council (USGBC).

In addition to the customary recycling programs, energy saving designs and water conservation programs required by LEED certification, the project will include other unique sustainable design elements, construction approaches and systems in order to achieve the Silver level. Sustainable elements of the NOVA House™ design include:

- installing low E windows,
- using larger exterior walls (2" x 6" or better), with an R-19+ insulation factor,
- Low VOC interior materials including paint, carpet, and flooring,
- installing reflective and solar roofs,
- using low-flow plumbing fixtures to conserve water,
- utilizing recycling materials where feasible to divert construction waste from landfills,
- managing stormwater to reduce run-off and improve water quality,
- high-efficiency heating, air conditioning, and filtration systems.



Landscape & Lighting Plans

The proposed landscaping will include a variety of trees, shrubs, grasses, and plants. Along the property lines, a variety of trees will be planted to create visual screens between the road and neighbors. Sustainable landscaping efforts include the exclusion of invasive species and a concentration on local and drought-resistant plants.

NOVA House plans to install solar lighting along its driveway and parking area. Lighting fixtures will use LED light bulbs and dimming controls using 20-45% less energy.

Safety

The facility will feature motion and contact sensors at all exterior doors and monitored with cameras. The foyer will be secure, requiring visitors to stop at the front desk and sign-in before entering. A generator will power life safety, fire alarm, and other critical systems in the event of an emergency.



A). Exterior

NOVA House

Since NOVA House™ will be purpose-built, its homes will include a wide offering of accommodations and amenities in a contemporary 12,000 square foot, 16-bed facility. The facility will provide an upscale environment, including a back yard with park-like settings, not typically found in traditional group homes.



Conceptual front elevation

Conceptual rear and yards

B). Featured Amenities

NOVA House™ will feature amenities found in much larger facilities, such as a spacious kitchen with eat-in counters, communal dining areas, gathering rooms with fireplaces, private dining room for personal family events, and a large home theater/auditorium/activities center.



Open concept kitchen with eat-in bar



Beauty Salon



Great room with fireplace



Movie Theater/Auditorium/Activities



Dining room



Private dining room/game room



Lounge area



Sunroom/Activities area

3. MARKET PENETRATION STRATEGY

NOVA House™ plans to develop ten Personal Care Homes, containing 160 beds, within the next five years. As shown in the Table below, most of these sites will be in Montgomery County, Maryland. Unlike existing group homes, the NOVA House™ facilities will be purpose-built with quality and upscale finishes, clearly superior to the competition.

Table 1. Market Expansion Plan (5-year)

No.	Site	County	No. of Beds
1	Silver Spring/Burtonsville	Montgomery	16
2	Kensington	Montgomey	16
3	Kemp Mill	Montgomery	16
4	Rockville	Montgomery	16
5	Bethesda	Montgomery	16
6	Gaithersburg	Montgomery	16
7	Olney	Montgomery	16
8	Ellicott City/Fulton	Howard	16
9	Catonsville	Baltimore	16
10	Towson/Owings Mills	Baltimore	16

A. Expansion Revenues

Table 2. Financial Projection (10 facilities, Year 3)

	no. of facilities		
	I	IO	%
Net Revenue	\$1,431,690	\$14,316,899	100%
Operating Expenses	<u>784,411</u>	<u>7,844,115</u>	<u>54.8</u>
Net Operating Income	\$647,278	\$6,472,784	45.2
Debt Service & Other Exps.	<u>228,284</u>	<u>2,282,884</u>	<u>15.9</u>
Net Income (before taxes)	\$418,994	\$4,189,940	29.3

As shown in Table 2 above, each NOVA House™ facility is designed to gross approximately \$1.4 million annually after full stabilization, in Year 3. This efficient, purpose-built home generates a Net Operating Income (NOI) of 45%. After paying debt service and other expenses, the facility produces a 29% profit. The market value for the property and the business is estimated to be \$6.1 million.

With ten facilities operational, the Company would generate over \$14 million in annual revenues, with \$4 million of Net Income before taxes. The facilities would be valued in excess of \$50 million.

4. PROJECTED RETURNS

Table 3. Income Statement Projections (5-year)

Real Estate Limited Partnership

	YEAR 0	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Revenue	construction/ lease-up	\$1,349,505	\$1,389,990	\$1,431,690	\$1,474,641	\$1,518,880
Less Expenses		<u>739,383</u>	<u>761,565</u>	<u>784,411</u>	<u>807,944</u>	<u>832,182</u>
Net Operating Income (NOI)		\$610,122	\$628,426	\$647,278	\$666,697	\$686,698
Less Debt Service & Other Exp.		<u>224,175</u>	<u>226,199</u>	<u>228,284</u>	<u>230,432</u>	<u>232,644</u>
Net Income		\$385,947	\$402,226	\$418,994	\$436,265	\$454,054

Table 4. Limited Partners Projected Distribution

	YEAR 0	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Projected Distribution:						
Pre-stabilization (investment)	1.5%					
Post-stabilization (net income)		35.0%	35.0%	35.0%	35.0%	35.0%
Distribution (total)	\$12,938	\$135,081	\$140,779	\$146,648	\$152,693	\$158,919
Distribution (per unit)	\$863	\$9,005	\$9,385	\$9,777	\$10,180	\$10,595
Return On Investment (ROI*)	1.5%	15.7%	16.3%	17.0%	17.7%	18.4%

**By Year 6, the initial investment is recovered.*

Limited Partners Investment Summary

No. of Units	15
Investment (per unit)	\$57,500
Investment (total)	\$852,000

For more information, please contact:



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