

INVESTOR OFFERING MEMORANDUM

ALLEGiant HEALTHCARE



18

Facilities

2,353

Skilled Nursing Beds

\$150M

Purchase Price

\$23M

Equity Raise

INTRODUCTION

The following sets forth the investment opportunity in a portfolio of 18 Skilled Nursing Facilities and 1 Assisted Living Facility, all located in Ohio.

Allegiant Healthcare, together with its founders and principals, is built on a legacy of success in acquiring, flourishing and capitalizing on value-add opportunities in the real estate and healthcare spaces. Its strategy is defined by collaborating with strategic alliances and operators. Following their model, Allegiant is pleased to present you with an incredible value-add healthcare real estate opportunity

in Ohio where it is purchasing 18 skilled nursing homes for \$150,000,000. Allegiant formed a strategic alliance with one of Ohio's most successful operators, Hillstone Healthcare, specializing in expense management and value-add operations. Through this alliance and its reputation Allegiant was able to secure the sought after, and media publicized, 18 Skilled Nursing Facility portfolio from Quality Care Properties that was being mismanaged by the infamous operator, HCR Manor Care. Hillstone has already negotiated contract and staffing changes that will yield immediate unparalleled results and beyond.

SPONSOR OF THE PORTFOLIO

IRVING LANGER - building upon his decades of experience founding and presiding over E&M Associates, a privately-held, vertically-integrated real estate company managing several billion dollars worth of holdings across all asset classes. Mr. Langer directs with a practical and thorough understanding of how operations and other factors impact company profits. Mr. Langer currently sits as chairman of the board of Allegiant with over 1,000 operational beds and is relied upon to anticipate and solve challenges within the company while keeping the company focused on delivering five-star quality healthcare services. For over 46 years, Mr. Langer has built up a vast real estate portfolio owning and managing 25,000 apartments in the New York City area and across the United States.

ARIEL FEIN is a partner at E&M, and oversees all operating aspects of various portfolios spanning all asset classes. Ariel began his business career in California as a VP of business development for CheckAlt, a payment processing company. After driving millions of dollars in revenues, Mr. Fein started Royal Oak Group, a private equity and consulting firm, successfully placing and exiting positions in online retail, payment processing technologies, real estate and digital media. After several successful exits, Mr. Fein turned his investment focus to the real estate business exclusively at ROG Real Estate Group, which he founded to invest in, acquire and manage real estate assets in New York and Texas.

After several successful acquisitions and dispositions, Mr. Fein then partnered with Mr. Irving Langer (Chairman of the Board), where they have successfully closed on and manage a portfolio across all asset classes including office, multifamily and healthcare through E&M Associates and its healthcare affiliate Allegiant Healthcare. Allegiant Healthcare was founded on a tradition of healthcare excellence and is a leading provider of short-term post-hospital rehabilitation and long-term specialty care, with centers in Arizona.

Since becoming a partner at E&M, Ariel has continued with Mr. Langer to acquire and manage a portfolio in excess of \$100,000,000 in value, adding to E&M's billions of dollars of assets under management.



SPONSOR OF THE PORTFOLIO

ACQUISITION TEAM

SAM GOLDNER is the lead acquisition principal, utilizing his specialty in discovering and underwriting value-add opportunities from underperforming REITS and nursing home conglomerates. Sam started his career on Wall Street where he developed the research and analytical skill to understand markets and unrecognized value. Sam then worked in acquisition for a family office where he was able to learn the skills to synergize research, acquisitions and execution. In the past two quarters alone, Sam was able to negotiate, secure and close on over 3,500 skilled nursing beds valued at over \$200,000,000.

ELIOT BERGER, Esq. currently serves as the Chief Operating Officer overseeing the day-to-day operations of Allegiant Healthcare's skilled nursing, assisted living and independent living facilities and manages the firm's acquisition process. Eliot brings along an exceptional perspective both from his healthcare and legal background as well as from his experience as a third-generation nursing home owner who has been exposed to nursing home acquisitions and operations nearly his entire life.

Prior to forming Allegiant, Eliot worked at Rytes Company, a healthcare firm that represents over 165 Skilled Nursing Facilities across the country. Eliot's specialty included Nursing Home and Health Care Law, where he worked on regulatory healthcare compliance issues and governmental investigation; specifically, he advised Skilled Nursing Facilities on how to navigate the complicated statutory and regulatory arena and implementing compliance programs consistent with the Federal Sentencing Guidelines, as well as leading a discovery team defending a 13 party DOJ and OIG Federal False Claims Act investigation. Eliot is admitted to practice law in New York, New Jersey and Florida and is certified in healthcare compliance ("CHC") by the Compliance Certification Board ("CCB").

INVESTMENT OPPORTUNITY

Purchase Price:	\$150,000,000
Return of Capital:	PROJECTED AFTER YEAR 2
Value at Stabilization:	\$282,016,938
EBITDAR at Stabilization:	\$36,662,202
EBITDARM at Stabilization:	\$44,178,753
NNN Rent Payments:	\$16,500,000
Equity Raise:	\$23,000,000
Cap Rate:	11%
Preferred Return:	12%
Split after Preferred Return:	50/50
IRR:	26%
Cash on Cash Year 1/Year 5:	19%/18%

5 - YEAR PROJECTIONS

Price per Bed	
Purchase Price	\$150,000,000
Number of Beds	2,353
Price per Bed	\$63,748.41

Equity - Preferred Return	
Total Equity	\$23,000,000
Rate	12%
Annual Payments	\$2,760,000

HUD Takeout Assumptions	
Takeout of term loan	\$136,000,000
Return of equity	\$23,000,000
Closing costs/reserves 4%	\$6,360,000
Total Takeout	\$165,360,000
Minimum EBIDTAR required for full takeout	\$26,871,000
13% cap	\$206,700,000
HUD loan - 80% of appraised value	\$165,360,000
Total HUD Loan Amount	\$165,360,000

Returns	
Average IRR	26%
Average Equity Multiple	1.89
Average Cash on Cash	38%

Rent Analysis						
	Initial Equity	Year 1	Year 2	Year 3	Year 4	Year 5
Annual Rent		\$16,500,000	\$16,500,000	\$16,912,500	\$16,912,500	\$17,335,313
Annual Debt Service		(\$10,200,000)	(\$11,130,168)	(\$8,608,428)	(\$8,608,428)	(\$8,608,428)
Asset Management Fee		(\$324,000)	(\$324,000)	(\$324,000)	(\$324,000)	(\$324,000)
Net Cash Flow from Rent		\$5,976,000	\$5,045,832	\$7,980,072	\$7,980,072	\$8,402,885

ROI Analysis (Investor Equity)						
	Initial Equity	Year 1	Year 2	Year 3	Year 4	Year 5
Equity						
Preferred Return 12%		\$2,760,000	\$2,760,000	-	-	-
Distributions to investors - 50%		\$1,608,000	\$1,142,916	\$3,990,036	\$3,990,036	\$4,201,442
Refinance - Return of Capital to investors		-	\$23,000,000	-	-	-
Total Distributions to Investors - 50%	(\$23,000,000)	\$4,368,000	\$26,902,916	\$3,990,036	\$3,990,036	\$4,201,442
Capital Balance		\$23,000,000	\$0	\$0	\$0	\$0
IRR			18%	24%	29%	32%
Equity Multiple			1.36	1.53	1.71	1.89
Cash on cash return (original investment)		19%	117%	17%	17%	18%

Debt Service					
	Year 1	Year 2	Year 3	Year 4	Year 5
Term Loan - \$136,000,000 at 7.5% (18 mo. interest only)	\$10,200,000	\$5,100,000			
Months 19 - 24 principal and interest		\$6,030,168			
HUD Loan - \$165,360,000 at 3.85%			\$8,608,428	\$8,608,428	\$8,608,428
Annual Payments	\$10,200,000	\$11,130,168	\$8,608,428	\$8,608,428	\$8,608,428

RENT ANALYSIS

Rent Analysis						
	Initial Equity	Year 1	Year 2	Year 3	Year 4	Year 5
Annual Rent		\$16,500,000	\$16,500,000	\$16,912,500	\$16,912,500	\$17,335,313
Annual Debt Service		(\$10,200,000)	(\$11,130,168)	(\$8,608,428)	(\$8,608,428)	(\$8,608,428)
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Net Cash Flow from Rent		\$5,976,000	\$5,045,832	\$7,980,072	\$7,980,072	\$8,402,885

PREFERRED RETURN ON INVESTMENT

Each investor will be entitled to receive a 12% preferred return per annum ("Preferred Return") on the outstanding invested capital of such investor. Until each investor's invested capital is returned, all monies available for distribution will be utilized to first pay the Preferred Return before other distributions are made. The Preferred Return will be cumulative but non-compounding. Once the invested capital plus any preferred returns outstanding are paid in full, the Preferred Return will expire.

INVESTMENT RETURNS

After the Preferred Return is made, each investor will receive annual distributions of the Propco's available cash flow in an amount equal to such investor's pro rata percentage of all invested capital multiplied by Propco's available cash flow. The equity will be split 50% to the investors and 50% to the sponsorship group.

EQUITY DISTRIBUTIONS

Once the Facility is stabilized, Propco intends to refinance the Facility with HUD financing. Propco expects to be able to refinance with HUD by year three of operations for a loan amount of at least \$158,000,000. The loan amount is based on the EBITDAR of operations during that time period. At the HUD refinance, the investors should receive a return of 100% of their initial capital as well as their preferred return since the investment to the extent such preferred return is still outstanding.

RETURN TIMELINE

Based on our projections, we expect to refinance with HUD by the end of the second year of operations and thereby return to the investors 100% of their initial capital as well as their preferred return.

ROI ANALYSIS

ROI Analysis (Investor Equity)

Equity	Initial Equity	Year 1	Year 2	Year 3	Year 4	Year 5
Preferred Return 12%		\$2,760,000	\$2,760,000	-	-	-
Distributions to investors - 50%		\$1,608,000	\$1,142,916	\$3,990,036	\$3,990,036	\$4,201,442
Refinance - Return of Capital to investors		-	\$23,000,000	-	-	-
Total Distributions to Investors - 50%	(\$23,000,000)	\$4,368,000	\$26,902,916	\$3,990,036	\$3,990,036	\$4,201,442
Capital Balance		\$23,000,000	\$0	\$0	\$0	\$0
IRR			18%	24%	29%	32%
Equity Multiple			1.36	1.53	1.71	1.89
Cash on cash return (original investment)		19%	117%	17%	17%	18%

SOURCES AND USES

Source	
Debt	\$136,000,000
Equity Investors	\$23,000,000
Total Sources	\$159,000,000
Use	
Purchase Price	\$150,000,000
Closing Costs	
Taxes and Insurance Escrow	\$800,000
Debt Service/Capex Escrow	\$750,000
1% STL to lender	\$1,360,000
Third Party	\$350,000
Legal	\$850,000
Title	\$1,266,000
.4% of STL and AR Loan	\$624,000
Liquidity Reserve	\$2,500,000
Other	\$500,000
Total Closing Costs	\$9,000,000
Total Uses	\$159,000,000

OHIO PORTFOLIO OVERVIEW

FACILITIES



- | | | |
|-------------------|---------------------|------------------------|
| 1. Akron | 7. Jackson | 13. Portsmouth |
| 2. Belden Village | 8. Madeira | 14. Springfield |
| 3. Bellefontaine | 9. Mayfield Heights | 15. Uptown Westerville |
| 4. Euclid Beach | 10. N Olmsted | 16. Waterville |
| 5. Greenville | 11. Oregon | 17. Wauseon |
| 6. Holly Glen | 12. Piqua | 18. Woodridge Campus |

LEASE

Hillstone will enter into a triple net lease for 15 years with the landlord. The lease amount will be \$16,500,000 annually, with 2.5% increases every two years. The operator's CEO, Paul Bergsten, and COO, Mat Dapore, will personally guarantee the full lease amount. To ensure the success of this Portfolio, the operator has entered a stipulation that Hillstone cannot take on any other homes other than this portfolio for 15 months and after that must maintain a trailing 6 months annualized average EBITDAR of \$24,000,000.

LEASE TERMS

- TRIPLE NET LEASE - Hillstone will enter into a true NNN lease for 15 years with the landlord.
- LEASE TERMS - The lease amount will be \$16,500,000 annually with 2.5% increases every two years.
- PERSONAL GUARANTEE - Paul Bergsten and Mat Dapore will personally guarantee the lease.
- MANAGEMENT FEES SUBORDINATION – the operator has agreed to prioritize rent payments to the extent that operator's own management fee will be subordinated to rent payments.
- LEASE COVER RATIO - Hillstone must maintain a 1-1.35 lease ratio per individual facility (\$600 per bed) or landlord can evict tenant and they must make up the difference in the rent from the sub tenant rental rate.
- ASSURANCES – to ensure the success of this operation, the operator has entered into a number of stipulations including:
 - Hillstone or its affiliates may not take on any other facilities other than this portfolio for 15 months. After that they must maintain a trailing 6 months annualized average EBITDAR of \$24,000,000.
 - If any facility gets two IJs in 9 months landlord can remove Hillstone from that facility and re-tenant that facility. Hillstone will have to make up the difference.

OPERATOR

The Operator of this portfolio will be Hillstone Healthcare. Hillstone Healthcare, formerly HC Consulting/Management, has been providing operational expertise to the long-term care and seniors housing sectors since 2010. Founded by Paul Bergsten, they currently operate 22 successful Ohio-based skilled nursing and assisted living facilities and are seeking opportunities to expand.

Paul and partner Matt Dapore are both licensed Nursing Home Administrators and together have 45-plus years of industry experience. Paul and Matt are hands-on operators and administrators who have instituted effective strategies and efficient platforms in each facility they operate. They believe that establishing a strong foundation of priorities is key, and have proven systems in place to ensure that each facility they operate functions optimally. Their goal is to deliver the highest level of Resident Care while also enhancing the residents' lifestyle through programs, activities, and environment. At the same time, they understand the need for cost containment, and all financial decisions are made accordingly.

Hillstone has established an impressive track record and is well positioned for continued growth. Paul and Matt will be heavily involved in the transition process, ensuring that goals and objectives are being met from the start. Seasoned corporate staff will oversee the transition, ensuring a smooth and successful transition. Three regionals, five corporate nurses, and two more clinical specialists have been brought on in addition to current corporate staff, to ensure that the new facilities will operate optimally. Hillstone has an impeccable track record with turnaround situations; profitability has been attained the first month of acquisition for each home to-date.

OPERATIONS ACTION PLAN

Upon acquisition, Operator believes there is tremendous potential to increase census through better localized marketing. Additionally, there is strong potential to improve reimbursement rates through better management of CMI scores. Even so, they are conservatively only projecting improvements that result from reducing operating expenses. This alone will bring about the projected strong profitability. Annual expenses are projected to decrease by \$28 Million, which will in turn help increase EBITDARM to \$44 Million.

At present, costs in this portfolio are running significantly higher than those in the OH facilities currently operated by Hillstone. Current ownership of the portfolio, Manorcare, manages a portfolio of 300 homes in over twenty states, lending to mismanagement and spiraling costs. Expenses are not properly managed on a facility level, and there is much room for improvement.

The following cost centers will be reduced:

- **Staffing**
- Projected total annual savings in staffing costs will be approximately \$16M.
 - Direct care staffing hours are currently at 3.6 HPPD, significantly higher than required by the State. Facilities currently operated by Hillstone run at 2.8 HPPD, and these 18 facilities will be brought down to the Hillstone HPPD numbers within 90 days of acquisition. This will be done by eliminating agency use and managing nursing schedules accordingly. Projected annual savings to direct care staff will be \$10M. This will be in line with market averages.
 - Activities and Social Services staffing will be reduced by \$2M.
 - Dietary staffing hours will be brought down to .5 HPPD. Projected annual savings to dietary staffing will be \$1.5M.
 - Housekeeping staffing hours will be reduced to .45 HPPD. Projected annual savings to housekeeping staffing will be \$300K.
 - Administrative staffing will be reduced by \$2M by consolidating positions in line with the administrative staffing in other facilities currently managed by the operator.

OPERATIONS ACTION PLAN

- **Employee Benefits Reduction**

- Projected annual savings to employee benefits is approximately \$5M.
 - Operator intends to actualize this through reduction of the benefits package closer to what is currently being offered by competitors. Employees will assume more of the financial burden; Facility will no longer cover spouses and families aside from those households that are single-parent. Benefits will be reduced further with therapy being outsourced at a strong contracted rate.

- **Expense Reduction**

- Projected annual savings in purchasing costs will be approximately \$7M.
 - Therapy is currently being done in-house. In addition to other inefficiencies that result from doing therapy in-house, the therapy director currently has no production responsibilities. Operator intends to outsource therapy to Adaptive Therapy, the current provider in their other facilities. Facility will only be responsible to pay for actual therapy given to residents, at extremely competitive rates. This will reduce the therapy PPD from \$25 to \$14. Approximate dollar savings will be \$6M annually.
 - Pharmacy costs will be reduced by switching vendors from Omnicare to PCA, a local vendor who is able to offer more competitive rates. Approximate dollar savings will be \$500K annually.
 - Medical Supply costs will be reduced by utilizing a streamlined formulary that has proven effective in their current facilities. Approximate dollar savings will be \$1M annually

Reducing the above-mentioned costs should lead to significantly improved performance of the portfolio. Annual expenses are projected to decrease by \$28 Million, which will in turn help to increase EBITDARM to \$44 Million.

ASSET MANAGEMENT FIRM



- Allegiant will be retaining a third-party asset manager firm, INTERNATIONAL EQUITY PARTNERS (“IEP”) to oversee the operator to ensure the utmost compliance with the lease terms as well as implement early deduction signs to protect the landlord and its investors. The asset management company will also be overseeing the HUD process as the portfolio is projected to go to HUD by year three.
- Founded in 2005, INTERNATIONAL EQUITY PARTNERS (“IEP”) is a Los Angeles based owner and operator of health care facilities and other commercial real estate. Together with its partners, IEP manages more than \$450 Million in healthcare assets and managing roughly 5,500 skilled nursing beds, as well as several hundred multifamily units and commercial real estate investments.
- IEP is supported by a strong internal asset management team composed of departments handling financing, accounting, treasury, and billing oversight. On a granular level, IEP monitors the underlying financial and clinical performance of its operator’s tenants on a monthly basis, allowing for an early warning system for any arising issues. IEP is also an expert in HUD refinancings, having successfully worked on over \$130,000,000 with numerous HUD lenders. Having developed excellent relationships with best-in-class operators over the past decade, IEP’s approach for each health care transaction is to align itself with one of several strategic operating partners representing the best fit for the respective location. IEP’s thorough understanding of the skilled healthcare landscape, combined with its deep familiarity with the strengths of its operators, has optimized both clinical and financial performance across its nursing facility portfolio. In addition, IEP provides its operators with access to its strong connections within the industry including lenders, doctors, attorneys, lobbyists, designers, and builders. Further, IEP utilizes the top local healthcare counsel, has excellent relationships with several lenders, and are experts in the national SNF landscape.

BANK TERMS

Formation Lending Group (“Lender”) provided a loan proposal for a \$136,000,000 term loan, as further described below.

Established in 1999, Formation Lending Group is a private investment management firm focused on senior housing and care, post-acute and healthcare real estate investments. Formation Capital targets high quality healthcare operating companies in the seniors housing and care and post acute sectors. Their unique approach to transaction structuring separates the real estate from the operating company, maintaining the relationship through a triple-net lease, structured to align interests and capture future value enhancement. This innovative approach enables Formation Capital to identify risk arbitrage in an investment structure and to allocate capital quickly to capitalize on temporary market inefficiencies.

Highlights of the terms for the \$136,000,000 Term Loan:

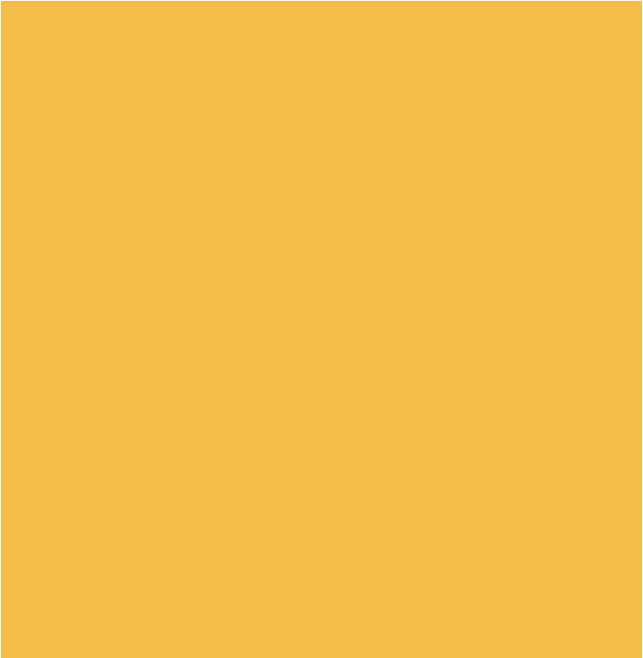
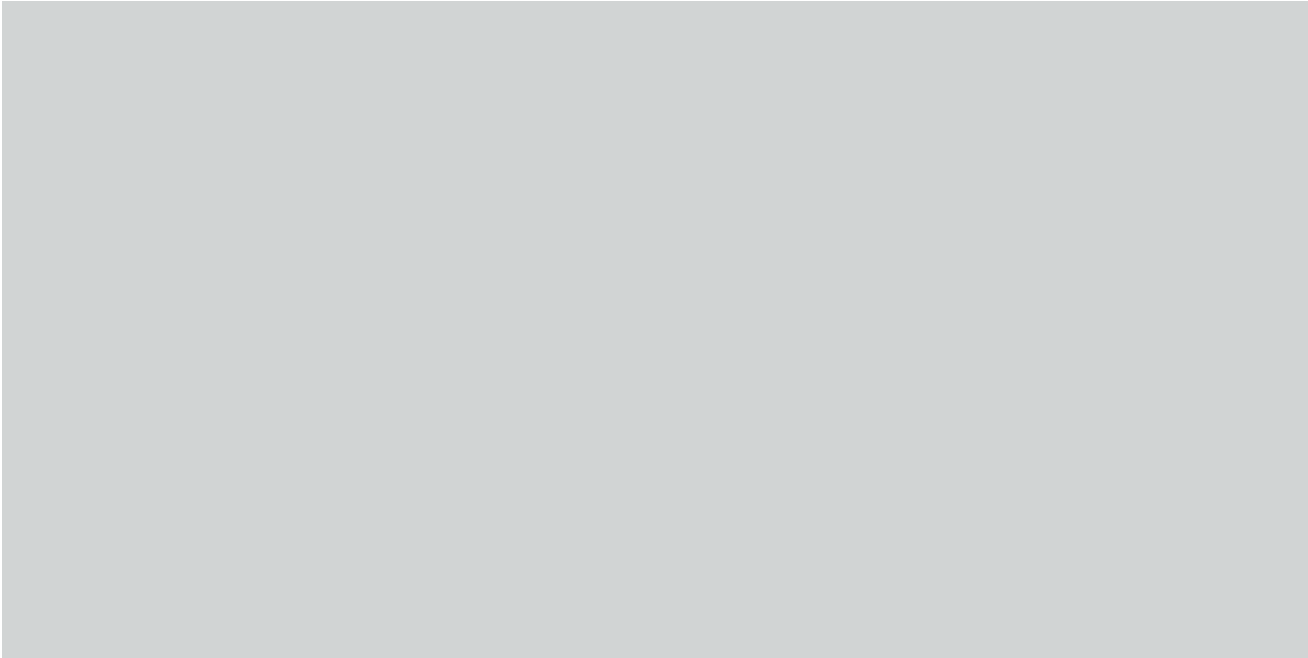
TERM LOAN	\$136,000,000 85% LTAV
TERM	48 months
INTEREST RATE	30 Day LIBOR plus 5.50% subject to a LIBOR rate floor of 1.5%.
LEASE	Minimum term of 10 years with an initial annual NNN lease payment of \$16,000,000 with escalations. The Lease shall be subject to Lender’s review and approval. The lessees and the operator shall be Hillstone Healthcare and/or their affiliate(s). Operator assets shall be pledged as collateral to the Lease. The Lease and Loan will be cross defaulted.
HOLDBACKS AND RESERVES	Taxes and Reserves
COVENANTS	Financial covenant testing based on calendar quarters - the first tested period shall be 1st quarter 2019 (January - March) assuming an August 2018 close. The first testing and subsequent testing shall be based on trailing annualized six months performance.

BANK TERMS

In conjunction with this acquisition, Formation Lending Group (“Lender”) will be funding a \$20,000,000 revolver line of credit to Operator so that there is adequate cash to meet operational needs and to cover rent.

Highlights of the terms for the \$20,000,000 Revolver Loan:

REVOLVER LOAN	\$20,000,000 revolving line of credit ("Revolver")
AVAILABILITY	Availability under the Credit Facilities will be calculated as follows: Availability of the Revolver at closing and thereafter will be governed by a borrowing base calculated as follows and subject to reserve/ineligible/liquidity factor calculations: 85% of eligible billed Accounts Receivable aged up to 150 days from date of invoice; and 85% of eligible unbilled Accounts Receivable in connection with which all services have been performed and fees earned aged up to 90 days from date of service initially (to account for any CHOW needs) and then dropping to 45 days thereafter.





FACILITIES OVERVIEW



CONSOLIDATED FINANCIALS

REVENUE	2017	PPD	Projection	PPD
Routine Revenue				
Private Pay	\$8,671,948	\$265.17	\$8,671,948	\$265.17
Medicare	24,640,012	476.69	24,640,012	476.69
Medicaid	77,195,523	170.18	77,195,523	170.18
Hospice	9,130,335	185.68	9,130,335	185.68
HMO	25,446,988	447.04	25,446,988	447.04
ALF	1,925,597	0.00	1,925,597	0.00
TOTAL ROUTINE REVENUE	147,010,402	225.07	147,010,402	225.07
Ancillary Services Revenue	\$2,813,970	4.31	\$2,813,970	4.31
Other Revenues	\$506,645	0.78	\$506,645	0.78
TOTAL REVENUE	\$150,331,017	\$230.15	\$150,331,017	\$230.15

OPERATING EXPENSE	2017	PPD	Projection	PPD
Nursing Care	\$48,885,895	\$74.84	\$37,274,652	\$57.07
Therapy	13,360,928	20.46	9,704,040	14.86
Pharmacy	4,508,868	6.90	4,067,820	6.23
Ancillary Services	1,602,274	2.45	1,171,572	1.79
Dietary	10,120,132	15.49	8,432,460	12.91
Activities	2,316,149	3.55	1,042,200	1.60
Social Services	2,253,171	3.45	1,346,268	2.06
Housekeeping & Laundry	4,036,285	6.18	3,417,732	5.23
General Administrative	11,475,279	17.57	6,225,696	9.53
Employee Benefits	17,514,945	26.81	12,603,672	19.30
Provider Tax	9,967,678	15.26	10,341,912	15.83
Insurance	57,737	0.09	861,600	1.32
Real Estate Taxes	1,632,422	2.50	1,744,800	2.67
Property, Plant, & Maintenance	2,471,453	3.78	2,122,620	3.25
Utilities	3,415,117	5.23	3,275,220	5.01
Bad Debt	2,114,788	3.24	2,520,000	3.86
TOTAL OPERATING EXPENSE	\$135,733,120	\$207.80	\$106,152,264	\$162.52
EBITDARM	\$14,597,896	\$22.35	\$44,178,753	\$67.64
Management Fee	0	0.00	7,516,551	11.51
EBITDAR	\$14,597,896	\$22.35	\$36,662,202	\$56.13

GENERAL ASSUMPTIONS

- **Revenue and Census** – Although it is anticipated that revenue and census will significantly increase under the new operator, we have taken an extremely conservative approach to the projections. Therefore, we have assumed same revenue and census as prior year.
- **Direct Nursing** – Decreased HPPD closer to the 2.8 that Hillstone operates at in all other facilities.
- **Therapy** – Operator will outsource therapy to Adaptive Therapy at a rate of 87 cents per minute and 68% on Med B. This will significantly reduce therapy costs
- **Pharmacy** – New contract \$20 PPD for all inclusive residents expected to reduce total pharmacy costs
- **Dietary** – Food costs at \$6 PPD plus supplies. Staffing will be reduced to .5 HPPD
- **Activities** – Staffing will be reduced in line with Hillstone operations
- **Social Services** – Staffing will be reduced in line with Hillstone operations
- **Housekeeping** – Staffing will be reduced to .45 HPPD
- **Administrative Costs** – Will eliminate extra overhead from Manorcare corporate allocation and will consolidate positions within each facility
- **Employee Benefits** – Reducing to an estimated 22% of wages for taxes, Workers comp, Health insurance and other miscellaneous benefits.

MANORCARE HEALTH SERVICES

AKRON

CENSUS

	2017		Projection	
OCCUPANCY	PATIENT DAYS		PATIENT DAYS	
Private Pay	1,637	4%	1,637	4%
Medicare	3,172	8%	3,172	8%
Medicaid	27,756	72%	27,756	72%
Hospice	2,004	5%	2,004	5%
HMO	4,048	10%	4,048	10%
ALF	0	0%	0	0%
TOTAL PATIENT DAYS	38,617	100%	38,617	100%

Notes:

- 2018 Average Census: 88.5%
- County Average Census: 83%
- Medicare Q-Mix: 8.2%

FACILITY HIGHLIGHTS

Address	1211 W Market St
City, State	Akron, OH
Site Size (Acres)	2.6
Building Area (Sq Ft)	48,314
Floors	3
Year Built	1973
Union Facility	No



MANORCARE HEALTH SERVICES

AKRON

REVENUE	2017	PPD	Projection	PPD
Routine Revenue				
Private Pay	\$438,365	\$267.79	\$438,365	\$267.79
Medicare	1,459,328	460.07	1,459,328	460.07
Medicaid	5,068,283	182.60	5,068,283	182.60
Hospice	368,413	183.84	368,413	183.84
HMO	1,829,154	451.87	1,829,154	451.87
TOTAL ROUTINE REVENUE	9,163,543	237.29	9,163,543	237.29
Ancillary Services Revenue	\$108,312	2.80	\$108,312	2.80
Other Revenues	\$31,315	0.81	\$31,315	0.81
TOTAL REVENUE	\$9,303,169	\$240.91	\$9,303,169	\$240.91

OPERATING EXPENSE	2017	PPD	Projection	PPD
Nursing Care	\$2,925,531	\$75.76	\$2,341,632	\$60.64
Therapy	808,818	20.94	603,000	15.61
Pharmacy	303,314	7.85	324,816	8.41
Ancillary Services	126,950	3.29	103,200	2.67
Dietary	571,807	14.81	509,820	13.20
Activities	134,233	3.48	48,000	1.24
Social Services	184,611	4.78	48,000	1.24
Housekeeping & Laundry	273,393	7.08	203,640	5.27
General Administrative	649,223	16.81	359,424	9.31
Employee Benefits	1,053,051	27.27	681,612	17.65
Provider Tax	537,924	13.93	554,928	14.37
Insurance	3,839	0.10	42,000	1.09
Real Estate Taxes	87,526	2.27	96,000	2.49
Property, Plant, & Maintenance	193,804	5.02	113,496	2.94
Utilities	214,704	5.56	191,616	4.96
Bad Debt	162,805	4.22	120,000	3.11
TOTAL OPERATING EXPENSE	\$8,231,532	\$213.16	\$6,341,184	\$164.21
EBITDARM	\$1,071,637	\$27.75	\$2,961,985	\$76.70
Management Fee	0	0.00	465,158	12.05
EBITDAR	\$1,071,637	\$27.75	\$2,496,827	\$64.66

FACILITY-SPECIFIC NOTES

- **Revenue and Census** – Assumed same revenue and census as prior year.
- **Direct Nursing** – Decreased HPPD closer to the 2.8 that Hillstone operates at in all other facilities.
- **Therapy** – Operator will outsource therapy to Adaptive Therapy at a rate of 87 cents per minute and 68% on Med B. This will significantly reduce therapy costs.
- **Pharmacy** – New contract \$20 PPD for all inclusive residents expected to reduce total pharmacy costs.
- **Dietary** – Food costs at \$6 PPD plus supplies. Staffing will be reduced to .5 HPPD.
- **Activities** – Staffing will be reduced in line with Hillstone operations to one activity director and one part-time aide. No need for hospitality aides.
- **Social Services** – Staffing will be reduced in line with Hillstone operations to one social worker.
- **Housekeeping** – Staffing will be reduced to .45 HPPD.
- **Administrative Costs** – Will eliminate extra overhead from Manorcare corporate allocation and will consolidate positions within each facility.
- **Employee Benefits** – Reducing to an estimated 22% of wages for taxes, Workers comp, Health insurance and other miscellaneous benefits.

MANORCARE HEALTH SERVICES

BELDEN VILLAGE

CENSUS

	2017		Projection	
OCCUPANCY	PATIENT DAYS		PATIENT DAYS	
Private Pay	1,957	6%	1,957	6%
Medicare	1,849	6%	1,849	6%
Medicaid	24,508	77%	24,508	77%
Hospice	1,501	5%	1,501	5%
HMO	1,842	6%	1,842	6%
ALF	0	0%	0	0%
TOTAL PATIENT DAYS	31,657	100%	31,657	100%

Notes:

- 2018 Average Census: 60.1%
- County Average Census: 80%
- Medicare Q-Mix: 5.8%

FACILITY HIGHLIGHTS

Address	5005 Higbee Ave NW
City, State	Canton, OH
Site Size (Acres)	5.85
Building Area (Sq Ft)	41,246
Floors	2
Year Built	1974
Union Facility	No



MANORCARE HEALTH SERVICES

BELDEN VILLAGE

REVENUE	2017	PPD	Projection	PPD
Routine Revenue				
Private Pay	\$481,559	\$246.07	\$481,559	\$246.07
Medicare	841,463	455.09	841,463	455.09
Medicaid	4,273,353	174.37	4,273,353	174.37
Hospice	281,019	187.22	281,019	187.22
HMO	890,682	483.54	890,682	483.54
TOTAL ROUTINE REVENUE	6,768,076	213.79	6,768,076	213.79
Ancillary Services Revenue	\$131,225	4.15	\$131,225	4.15
Other Revenues	\$19,070	0.60	\$19,070	0.60
TOTAL REVENUE	\$6,918,371	\$218.54	\$6,918,371	\$218.54

OPERATING EXPENSE	2017	PPD	Projection	PPD
Nursing Care	\$1,945,974	\$61.47	\$1,575,048	\$49.75
Therapy	545,132	17.22	219,000	6.92
Pharmacy	214,868	6.79	199,728	6.31
Ancillary Services	46,869	1.48	12,000	0.38
Dietary	539,986	17.06	360,060	11.37
Activities	201,670	6.37	55,560	1.76
Social Services	120,777	3.82	45,000	1.42
Housekeeping & Laundry	244,431	7.72	179,052	5.66
General Administrative	696,333	22.00	438,528	13.85
Employee Benefits	834,205	26.35	596,400	18.84
Provider Tax	675,853	21.35	697,224	22.02
Insurance	3,277	0.10	42,000	1.33
Real Estate Taxes	79,136	2.50	84,000	2.65
Property, Plant, & Maintenance	142,591	4.50	99,984	3.16
Utilities	187,293	5.92	159,576	5.04
Bad Debt	121,071	3.82	120,000	3.79
TOTAL OPERATING EXPENSE	\$6,599,466	\$208.47	\$4,883,160	\$154.25
EBITDARM	\$318,905	\$10.07	\$2,035,211	\$64.29
Management Fee	0	0.00	345,919	10.93
EBITDAR	\$318,905	\$10.07	\$1,689,293	\$53.36

FACILITY-SPECIFIC NOTES

- **Revenue and Census** – Assumed same revenue and census as prior year.
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- **Therapy** – Operator will outsource therapy to Adaptive Therapy at a rate of 87 cents per minute and 68% on Med B. This will significantly reduce therapy costs.
- **Pharmacy** – New contract \$20 PPD for all inclusive residents expected to reduce total pharmacy costs.
- **Dietary** – Food costs at \$6 PPD plus supplies. Staffing will be reduced to .5 HPPD.
- **Activities** – Staffing will be reduced in line with Hillstone operations to one activity director and one part-time aide. No need for hospitality aides.
- **Social Services** – Staffing will be reduced in line with Hillstone operations to one social worker.
- **Housekeeping** – Staffing will be reduced to .45 HPPD.
- **Administrative Costs** – Will eliminate extra overhead from Manorcare corporate allocation and will consolidate positions within each facility.
- **Employee Benefits** – Reducing to an estimated 22% of wages for taxes, Workers comp, Health insurance and other miscellaneous benefits.

HEARTLAND HEALTH CARE CENTER

BELLEFONTAINE

CENSUS

	2017		Projection	
OCCUPANCY	PATIENT DAYS		PATIENT DAYS	
Private Pay	2,301	9%	2,301	9%
Medicare	3,938	16%	3,938	16%
Medicaid	15,903	64%	15,903	64%
Hospice	975	4%	975	4%
HMO	1,553	6%	1,553	6%
ALF	0	0%	0	0%
TOTAL PATIENT DAYS	24,670	100%	24,670	100%

Notes:

- 2018 Average Census: 73.7%
- County Average Census: 77%
- Medicare Q-Mix: 16%

FACILITY HIGHLIGHTS

Address	221 North School St
City, State	Bellefontaine, OH
Site Size (Acres)	11.79
Building Area (Sq Ft)	28,127
Floors	1
Year Built	1984
Union Facility	No



HEARTLAND HEALTH CARE CENTER

BELLEFONTAINE

REVENUE	2017	PPD	Projection	PPD
Routine Revenue				
Private Pay	\$577,002	\$250.76	\$577,002	\$250.76
Medicare	1,857,081	471.58	1,857,081	471.58
Medicaid	2,767,671	174.03	2,767,671	174.03
Hospice	171,648	176.05	171,648	176.05
HMO	640,495	412.42	640,495	412.42
TOTAL ROUTINE REVENUE	6,013,896	243.77	6,013,896	243.77
Ancillary Services Revenue	\$192,553	7.81	\$192,553	7.81
Other Revenues	\$17,297	0.70	\$17,297	0.70
TOTAL REVENUE	\$6,223,746	\$252.28	\$6,223,746	\$252.28

OPERATING EXPENSE	2017	PPD	Projection	PPD
Nursing Care	\$1,799,592	\$72.95	\$1,408,584	\$57.10
Therapy	707,189	28.67	503,676	20.42
Pharmacy	184,051	7.46	169,800	6.88
Ancillary Services	39,748	1.61	22,800	0.92
Dietary	422,174	17.11	328,080	13.30
Activities	110,269	4.47	39,600	1.61
Social Services	103,032	4.18	66,000	2.68
Housekeeping & Laundry	130,570	5.29	135,720	5.50
General Administrative	540,238	21.90	289,704	11.74
Employee Benefits	780,483	31.64	471,180	19.10
Provider Tax	455,166	18.45	474,000	19.21
Insurance	2,395	0.10	48,000	1.95
Real Estate Taxes	36,219	1.47	42,000	1.70
Property, Plant, & Maintenance	95,985	3.89	82,560	3.35
Utilities	94,930	3.85	95,400	3.87
Bad Debt	108,916	4.41	120,000	4.86
TOTAL OPERATING EXPENSE	\$5,610,957	227.44	4,297,104	\$174.18
EBITDARM	\$612,788	\$24.84	\$1,926,642	\$78.10
Management Fee	0	0.00	311,187	12.61
EBITDAR	\$612,788	\$24.84	\$1,615,455	\$65.48

FACILITY-SPECIFIC NOTES

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- **Dietary** – Food costs at \$6 PPD plus supplies. Staffing will be reduced to .5 HPPD.
- **Activities** – Staffing will be reduced in line with Hillstone operations to one activity director.
- **Social Services** – Staffing will be reduced in line with Hillstone operations to one social worker.
- **Housekeeping** – Staffing will be reduced to .45 HPPD.
- **Administrative Costs** – Will eliminate extra overhead from Manorcare corporate allocation and will consolidate positions within each facility.
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HEARTLAND HEALTH CARE CENTER

EUCLID BEACH

CENSUS

	2017		Projection	
OCCUPANCY	PATIENT DAYS		PATIENT DAYS	
Private Pay	626	1%	626	1%
Medicare	2,733	5%	2,733	5%
Medicaid	40,268	81%	40,268	81%
Hospice	2,163	4%	2,163	4%
HMO	4,006	8%	4,006	8%
ALF	0	0%	0	0%
TOTAL PATIENT DAYS	49,796	100%	49,796	100%

Notes:

- 2018 Average Census: 96.7%
- County Average Census: 81%
- Medicare Q-Mix: 5.5%

FACILITY HIGHLIGHTS

Address	16101 Euclid Beach Blvd
City, State	Cleveland, OH
Site Size (Acres)	2.51
Building Area (Sq Ft)	52,753
Floors	2
Year Built	1975
Union Facility	No



HEARTLAND HEALTH CARE CENTER

EUCLID BEACH

REVENUE	2017	PPD	Projection	PPD
Routine Revenue				
Private Pay	\$180,510	\$288.35	\$180,510	\$288.35
Medicare	1,306,151	477.92	1,306,151	477.92
Medicaid	7,107,624	176.51	7,107,624	176.51
Hospice	395,597	182.89	395,597	182.89
HMO	1,812,281	452.39	1,812,281	452.39
TOTAL ROUTINE REVENUE	10,802,163	216.93	10,802,163	216.93
Ancillary Services Revenue	\$148,441	2.98	\$148,441	2.98
Other Revenues	\$12,130	0.24	\$12,130	0.24
TOTAL REVENUE	\$10,962,734	\$220.15	\$10,962,734	\$220.15

OPERATING EXPENSE	2017	PPD	Projection	PPD
Nursing Care	\$3,453,169	\$69.35	\$2,972,520	\$59.69
Therapy	812,507	16.32	543,000	10.90
Pharmacy	235,491	4.73	199,188	4.00
Ancillary Services	91,058	1.83	48,252	0.97
Dietary	733,043	14.72	721,824	14.50
Activities	188,476	3.78	80,196	1.61
Social Services	146,192	2.94	131,724	2.65
Housekeeping & Laundry	332,576	6.68	279,360	5.61
General Administrative	734,698	14.75	371,556	7.46
Employee Benefits	1,322,332	26.55	879,180	17.66
Provider Tax	685,042	13.76	706,704	14.19
Insurance	4,210	0.08	48,000	0.96
Real Estate Taxes	159,658	3.21	168,000	3.37
Property, Plant, & Maintenance	276,135	5.55	120,216	2.41
Utilities	356,856	7.17	422,784	8.49
Bad Debt	191,848	3.85	180,000	3.61
TOTAL OPERATING EXPENSE	\$9,723,290	\$195.26	\$7,872,504	\$158.10
EBITDARM	\$1,239,444	\$24.89	\$3,090,230	\$62.06
Management Fee	0	0.00	548,137	11.01
EBITDAR	\$1,239,444	\$24.89	\$2,542,093	\$51.05

FACILITY-SPECIFIC NOTES

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- **Dietary** – Food costs at \$6 PPD plus supplies. Staffing will be reduced to .5 HPPD.
- **Activities** – Staffing will be reduced in line with Hillstone operations to one activity director and one part-time aide.
- **Social Services** – Staffing will be reduced in line with Hillstone operations to two social workers.
- **Housekeeping** – Staffing will be reduced to .45 HPPD.
- **Administrative Costs** – Will eliminate extra overhead from Manorcare corporate allocation and will consolidate positions within each facility.
- **Employee Benefits** – Reducing to an estimated 22% of wages for taxes, workers comp, health insurance and other miscellaneous benefits.

HEARTLAND HEALTH CARE CENTER GREENVILLE

CENSUS

	2017		Projection	
OCCUPANCY	PATIENT DAYS		PATIENT DAYS	
Private Pay	1,490	6%	1,490	6%
Medicare	2,665	11%	2,665	11%
Medicaid	15,936	67%	15,936	67%
Hospice	1,372	6%	1,372	6%
HMO	2,147	9%	2,147	9%
ALF	0	0%	0	0%
TOTAL PATIENT DAYS	23,610	100%	23,610	100%

Notes:

- 2018 Average Census: 75.2%
- County Average Census: 81%
- Medicare Q-Mix: 11.3%

FACILITY HIGHLIGHTS

Address	243 Marion Drive
City, State	Greenville, OH
Site Size (Acres)	3.24
Building Area (Sq Ft)	30,197
Floors	1
Year Built	1961
Union Facility	No



HEARTLAND HEALTH CARE CENTER GREENVILLE

REVENUE	2017	PPD	Projection	PPD
Routine Revenue				
Private Pay	\$365,272	\$245.15	\$365,272	\$245.15
Medicare	1,220,522	457.98	1,220,522	457.98
Medicaid	2,653,459	166.51	2,653,459	166.51
Hospice	247,784	180.60	247,784	180.60
HMO	819,745	381.81	819,745	381.81
TOTAL ROUTINE REVENUE	5,306,781	224.77	5,306,781	224.77
Ancillary Services Revenue	\$135,623	5.74	\$135,623	5.74
Other Revenues	\$6,168	0.26	\$6,168	0.26
TOTAL REVENUE	\$5,448,572	\$230.77	\$5,448,572	\$230.77

OPERATING EXPENSE	2017	PPD	Projection	PPD
Nursing Care	\$1,747,754	\$74.03	\$1,413,024	\$59.85
Therapy	463,183	19.62	456,600	19.34
Pharmacy	151,686	6.42	218,280	9.25
Ancillary Services	66,487	2.82	46,200	1.96
Dietary	374,946	15.88	291,060	12.33
Activities	97,002	4.11	46,104	1.95
Social Services	81,180	3.44	64,800	2.74
Housekeeping & Laundry	143,535	6.08	136,800	5.79
General Administrative	526,856	22.31	319,152	13.52
Employee Benefits	704,513	29.84	492,000	20.84
Provider Tax	422,983	17.92	444,000	18.81
Insurance	2,461	0.10	42,000	1.78
Real Estate Taxes	41,069	1.74	43,200	1.83
Property, Plant, & Maintenance	76,621	3.25	100,020	4.24
Utilities	106,598	4.51	103,200	4.37
Bad Debt	63,271	2.68	120,000	5.08
TOTAL OPERATING EXPENSE	\$5,070,145	\$214.75	\$4,336,440	\$183.67
EBITDARM	\$378,428	\$16.03	\$1,112,132	\$47.10
Management Fee	0	0.00	272,429	11.54
EBITDAR	\$378,428	\$16.03	\$839,704	\$35.57

FACILITY-SPECIFIC NOTES

- **Revenue and Census** – Assumed same revenue and census as prior year.
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- **Pharmacy** – New contract \$20 PPD for all inclusive residents expected to reduce total pharmacy costs.
- **Dietary** – Food costs at \$6 PPD plus supplies. Staffing will be reduced to .5 HPPD.
- **Activities** – Staffing will be reduced in line with Hillstone operations to one activity director.
- **Social Services** – Staffing will be reduced in line with Hillstone operations to one social worker.
- **Housekeeping** – Staffing will be reduced to .45 HPPD.
- **Administrative Costs** – Will eliminate extra overhead from Manorcare corporate allocation and will consolidate positions within each facility.
- **Employee Benefits** – Reducing to an estimated 22% of wages for taxes, workers comp, health insurance and other miscellaneous benefits.

HEARTLAND HEALTH CARE CENTER

HOLLY GLEN

CENSUS

	2017		Projection	
OCCUPANCY	PATIENT DAYS		PATIENT DAYS	
Private Pay	743	3%	743	3%
Medicare	2,325	9%	2,325	9%
Medicaid	20,621	76%	20,621	76%
Hospice	580	2%	580	2%
HMO	3,013	11%	3,013	11%
ALF	0	0%	0	0%
TOTAL PATIENT DAYS	27,304	100%	27,304	100%

Notes:

- 2018 Average Census: 80.5%
- County Average Census: 84%
- Medicare Q-Mix: 8.5%

FACILITY HIGHLIGHTS

Address	4293 Monroe St
City, State	Toledo, OH
Site Size (Acres)	1.80
Building Area (Sq Ft)	30,620
Floors	1
Year Built	1969
Union Facility	No



HEARTLAND HEALTH CARE CENTER

HOLLY GLEN

REVENUE	2017	PPD	Projection	PPD
Routine Revenue				
Private Pay	\$228,197	\$307.13	\$228,197	\$307.13
Medicare	974,801	419.27	974,801	419.27
Medicaid	3,616,564	175.38	3,616,564	175.38
Hospice	108,284	186.70	108,284	186.70
HMO	1,360,910	451.68	1,360,910	451.68
TOTAL ROUTINE REVENUE	6,288,756	230.32	6,288,756	230.32
Ancillary Services Revenue	\$228,446	8.37	\$228,446	8.37
Other Revenues	\$45,763	1.68	\$45,763	1.68
TOTAL REVENUE	\$6,562,965	\$240.37	\$6,562,965	\$240.37

OPERATING EXPENSE	2017	PPD	Projection	PPD
Nursing Care	\$2,210,450	\$80.96	\$1,391,472	\$50.96
Therapy	612,881	22.45	487,356	17.85
Pharmacy	247,507	9.06	156,780	5.74
Ancillary Services	67,489	2.47	62,400	2.29
Dietary	521,127	19.09	322,920	11.83
Activities	51,905	1.90	37,200	1.36
Social Services	104,986	3.85	60,000	2.20
Housekeeping & Laundry	180,634	6.62	147,840	5.41
General Administrative	628,221	23.01	306,816	11.24
Employee Benefits	753,337	27.59	431,916	15.82
Provider Tax	459,764	16.84	480,000	17.58
Insurance	2,446	0.09	42,000	1.54
Real Estate Taxes	43,877	1.61	48,000	1.76
Property, Plant, & Maintenance	112,961	4.14	148,896	5.45
Utilities	126,060	4.62	99,528	3.65
Bad Debt	114,852	4.21	120,000	4.39
TOTAL OPERATING EXPENSE	\$6,238,497	\$228.48	\$4,343,124	\$159.07
EBITDARM	\$324,468	\$11.88	\$2,219,841	\$81.30
Management Fee	0	0.00	328,148	12.02
EBITDAR	\$324,468	\$11.88	\$1,891,693	\$69.28

FACILITY-SPECIFIC NOTES

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- **Dietary** – Food costs at \$6 PPD plus supplies. Staffing will be reduced to .5 HPPD.
- **Activities** – Staffing will be reduced in line with Hillstone operations to one activity director.
- **Social Services** – Staffing will be reduced in line with Hillstone operations to one social worker.
- **Housekeeping** – Staffing will be reduced to .45 HPPD.
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HEARTLAND HEALTH CARE CENTER JACKSON

CENSUS

	2017		Projection	
OCCUPANCY	PATIENT DAYS		PATIENT DAYS	
Private Pay	2,019	7%	2,019	7%
Medicare	2,457	9%	2,457	9%
Medicaid	17,902	66%	17,902	66%
Hospice	3,023	11%	3,023	11%
HMO	1,823	7%	1,823	7%
ALF	0	0%	0	0%
TOTAL PATIENT DAYS	27,224	100%	27,224	100%

Notes:

- 2018 Average Census: 91.8%
- County Average Census: 90%
- Medicare Q-Mix: 9%

FACILITY HIGHLIGHTS

Address	8668 State Rt #93
City, State	Jackson, OH
Site Size (Acres)	43.71
Building Area (Sq Ft)	25,370
Floors	1
Year Built	1978
Union Facility	No



HEARTLAND HEALTH CARE CENTER JACKSON

REVENUE	2017	PPD	Projection	PPD
Routine Revenue				
Private Pay	\$401,640	\$198.93	\$401,640	\$198.93
Medicare	1,049,478	427.14	1,049,478	427.14
Medicaid	2,960,966	165.40	2,960,966	165.40
Hospice	520,292	172.11	520,292	172.11
HMO	630,933	346.10	630,933	346.10
TOTAL ROUTINE REVENUE	5,563,309	204.35	5,563,309	204.35
Ancillary Services Revenue	\$59,762	2.20	\$59,762	2.20
Other Revenues	\$17,265	0.63	\$17,265	0.63
TOTAL REVENUE	\$5,640,335	\$207.18	\$5,640,335	\$207.18

OPERATING EXPENSE	2017	PPD	Projection	PPD
Nursing Care	\$1,550,239	\$56.94	\$1,538,136	\$56.50
Therapy	358,412	13.17	386,400	14.19
Pharmacy	173,854	6.39	175,200	6.44
Ancillary Services	32,519	1.19	38,400	1.41
Dietary	461,774	16.96	366,000	13.44
Activities	104,213	3.83	55,596	2.04
Social Services	102,584	3.77	49,992	1.84
Housekeeping & Laundry	145,155	5.33	138,000	5.07
General Administrative	450,635	16.55	274,512	10.08
Employee Benefits	694,070	25.49	533,712	19.60
Provider Tax	377,006	13.85	396,000	14.55
Insurance	2,178	0.08	45,600	1.67
Real Estate Taxes	27,816	1.02	36,000	1.32
Property, Plant, & Maintenance	102,858	3.78	97,200	3.57
Utilities	119,855	4.40	144,960	5.32
Bad Debt	98,706	3.63	120,000	4.41
TOTAL OPERATING EXPENSE	\$4,801,875	\$176.38	\$4,395,708	\$161.46
EBITDARM	\$838,460	\$30.80	\$1,244,627	\$45.72
Management Fee	0	0.00	282,017	10.36
EBITDAR	\$838,460	\$30.80	\$962,610	\$35.36

FACILITY-SPECIFIC NOTES

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- **Therapy** – Operator will outsource therapy to Adaptive Therapy at a rate of 87 cents per minute and 68% on Med B. This will significantly reduce therapy costs.
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- **Dietary** – Food costs at \$6 PPD plus supplies. Staffing will be reduced to .5 HPPD.
- **Activities** – Staffing will be reduced in line with Hillstone operations to one activity director and one part-time assistant.
- **Social Services** – Staffing will be reduced in line with Hillstone operations to one social worker.
- **Housekeeping** – Staffing will be reduced to .45 HPPD.
- **Administrative Costs** – Will eliminate extra overhead from Manorcare corporate allocation and will consolidate positions within each facility.
- **Employee Benefits** – Reducing to an estimated 22% of wages for taxes, workers comp, health insurance and other miscellaneous benefits.

HEARTLAND HEALTH CARE CENTER

MADEIRA

CENSUS

	2017		Projection	
OCCUPANCY	PATIENT DAYS		PATIENT DAYS	
Private Pay	2,065	5%	2,065	5%
Medicare	1,744	4%	1,744	4%
Medicaid	30,553	75%	30,553	75%
Hospice	3,611	9%	3,611	9%
HMO	3,001	7%	3,001	7%
ALF	0	0%	0	0%
TOTAL PATIENT DAYS	40,974	100%	40,974	100%

Notes:

- 2018 Average Census: 85.5%
- County Average Census: 86%
- Medicare Q-Mix: 4.3%

FACILITY HIGHLIGHTS

Address	5970 Kenwood Rd
City, State	Madeira, OH
Site Size (Acres)	6.06
Building Area (Sq Ft)	42,528
Floors	1
Year Built	1966
Union Facility	No



HEARTLAND HEALTH CARE CENTER MADEIRA

REVENUE	2017	PPD	Projection	PPD
Routine Revenue				
Private Pay	\$570,335	\$276.19	\$570,335	\$276.19
Medicare	746,348	427.95	746,348	427.95
Medicaid	5,272,914	172.58	5,272,914	172.58
Hospice	632,930	175.28	632,930	175.28
HMO	1,379,337	459.63	1,379,337	459.63
TOTAL ROUTINE REVENUE	8,601,864	209.93	8,601,864	209.93
Ancillary Services Revenue	\$94,866	2.32	\$94,866	2.32
Other Revenues	\$9,585	0.23	\$9,585	0.23
TOTAL REVENUE	\$8,706,314	\$212.48	\$8,706,314	\$212.48

OPERATING EXPENSE	2017	PPD	Projection	PPD
Nursing Care	\$3,497,377	\$85.36	\$2,494,524	\$60.88
Therapy	517,196	12.62	427,560	10.43
Pharmacy	201,450	4.92	170,808	4.17
Ancillary Services	66,874	1.63	38,400	0.94
Dietary	650,646	15.88	560,796	13.69
Activities	156,498	3.82	76,200	1.86
Social Services	114,656	2.80	66,000	1.61
Housekeeping & Laundry	301,472	7.36	240,360	5.87
General Administrative	734,463	17.93	351,936	8.59
Employee Benefits	1,023,400	24.98	888,192	21.68
Provider Tax	602,291	14.70	624,000	15.23
Insurance	3,204	0.08	54,000	1.32
Real Estate Taxes	101,329	2.47	108,000	2.64
Property, Plant, & Maintenance	188,424	4.60	159,000	3.88
Utilities	184,703	4.51	177,600	4.33
Bad Debt	144,893	3.54	180,000	4.39
TOTAL OPERATING EXPENSE	\$8,488,876	\$207.18	\$6,617,376	\$161.50
EBITDARM	\$217,438	\$5.31	\$2,088,938	\$50.98
Management Fee	0	0.00	435,316	10.62
EBITDAR	\$217,438	\$5.31	\$1,653,622	\$40.36

FACILITY-SPECIFIC NOTES

- **Revenue and Census** – Assumed same revenue and census as prior year.
- **Direct Nursing** – Decreased HPPD closer to the 2.8 that Hillstone operates at in all other facilities.
- **Therapy** – Operator will outsource therapy to Adaptive Therapy at a rate of 87 cents per minute and 68% on Med B. This will significantly reduce therapy costs.
- **Pharmacy** – New contract \$20 PPD for all inclusive residents expected to reduce total pharmacy costs.
- **Dietary** – Food costs at \$6 PPD plus supplies. Staffing will be reduced to .5 HPPD.
- **Activities** – Staffing will be reduced in line with Hillstone operations to one activity director and one full-time assistant.
- **Social Services** – Staffing will be reduced in line with Hillstone operations to one social worker.
- **Housekeeping** – Staffing will be reduced to .45 HPPD.
- **Administrative Costs** – Will eliminate extra overhead from Manorcare corporate allocation and will consolidate positions within each facility.
- **Employee Benefits** – Reducing to an estimated 22% of wages for taxes, workers comp, health insurance and other miscellaneous benefits.

HEARTLAND HEALTH CARE CENTER MAYFIELD

CENSUS

OCCUPANCY	2017		Projection	
	PATIENT DAYS		PATIENT DAYS	
Private Pay	1,002	2%	1,002	2%
Medicare	3,952	10%	3,952	10%
Medicaid	27,009	65%	27,009	65%
Hospice	3,789	9%	3,789	9%
HMO	5,698	14%	5,698	14%
ALF	0	0%	0	0%
TOTAL PATIENT DAYS	41,450	100%	41,450	100%

Notes:

- 2018 Average Census: 78.1%
- County Average Census: 81%
- Medicare Q-Mix: 9.5%

FACILITY HIGHLIGHTS

Address	6757 Mayfield Rd
City, State	Mayfield Heights, OH
Site Size (Acres)	5.24
Building Area (Sq Ft)	51,908
Floors	2
Year Built	1977
Union Facility	No



HEARTLAND HEALTH CARE CENTER

MAYFIELD

REVENUE	2017	PPD	Projection	PPD
Routine Revenue				
Private Pay	\$285,313	\$284.74	\$285,313	\$284.74
Medicare	1,849,435	467.97	1,849,435	467.97
Medicaid	4,766,724	176.49	4,766,724	176.49
Hospice	713,177	188.22	713,177	188.22
HMO	2,560,433	449.36	2,560,433	449.36
TOTAL ROUTINE REVENUE	10,175,083	245.48	10,175,083	245.48
Ancillary Services Revenue	\$344,349	8.31	\$344,349	8.31
Other Revenues	\$25,735	0.62	\$25,735	0.62
TOTAL REVENUE	\$10,545,167	\$254.41	\$10,545,167	\$254.41

OPERATING EXPENSE	2017	PPD	Projection	PPD
Nursing Care	\$3,339,703	\$80.57	\$2,384,808	\$57.53
Therapy	1,272,751	30.71	808,200	19.50
Pharmacy	332,201	8.01	267,564	6.46
Ancillary Services	122,907	2.97	115,200	2.78
Dietary	607,045	14.65	560,964	13.53
Activities	121,754	2.94	61,200	1.48
Social Services	208,259	5.02	99,996	2.41
Housekeeping & Laundry	271,302	6.55	255,384	6.16
General Administrative	689,028	16.62	381,408	9.20
Employee Benefits	1,243,878	30.01	755,400	18.22
Provider Tax	689,646	16.64	711,456	17.16
Insurance	3,955	0.10	48,000	1.16
Real Estate Taxes	203,218	4.90	216,000	5.21
Property, Plant, & Maintenance	50,578	1.22	135,564	3.27
Utilities	232,688	5.61	224,580	5.42
Bad Debt	65,188	1.57	60,000	1.45
TOTAL OPERATING EXPENSE	\$9,454,102	\$228.08	\$7,085,724	\$170.95
EBITDARM	\$1,091,065	\$26.32	\$3,459,443	\$83.46
Management Fee	0	0.00	527,258	12.72
EBITDAR	\$1,091,065	\$26.32	\$2,932,184	\$70.74

FACILITY-SPECIFIC NOTES

- **Revenue and Census** – Assumed same revenue and census as prior year.
- **Direct Nursing** – Decreased HPPD closer to the 2.8 that Hillstone operates at in all other facilities.
- **Therapy** – Operator will outsource therapy to Adaptive Therapy at a rate of 87 cents per minute and 68% on Med B. This will significantly reduce therapy costs.
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- **Activities** – Staffing will be reduced in line with Hillstone operations to one activity director and one part-time assistant.
- **Social Services** – Staffing will be reduced in line with Hillstone operations to two social workers.
- **Housekeeping** – Staffing will be reduced to .45 HPPD.
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MANORCARE HEALTH CARE CENTER

NORTH OLMSTED

CENSUS

	2017		Projection	
OCCUPANCY	PATIENT DAYS		PATIENT DAYS	
Private Pay	2,150	5%	2,150	5%
Medicare	2,173	5%	2,173	5%
Medicaid	32,649	69%	32,649	69%
Hospice	7,569	16%	7,569	16%
HMO	2,853	6%	2,853	6%
ALF	0	0%	0	0%
TOTAL PATIENT DAYS	47,394	100%	47,394	100%

Notes:

- 2018 Average Census: 77.1%
- County Average Census: 81%
- Medicare Q-Mix: 4.6%

FACILITY HIGHLIGHTS

Address	23225 Lorain Rd
City, State	N Olmsted, OH
Site Size (Acres)	4.66
Building Area (Sq Ft)	51,959
Floors	2
Year Built	1973
Union Facility	No



MANORCARE HEALTH CARE CENTER

NORTH OLMSTED

REVENUE	2017	PPD	Projection	PPD
Routine Revenue				
Private Pay	\$633,613	\$294.70	\$633,613	\$294.70
Medicare	1,047,199	481.91	1,047,199	481.91
Medicaid	5,672,585	173.74	5,672,585	173.74
Hospice	1,367,796	180.71	1,367,796	180.71
HMO	1,500,207	525.83	1,500,207	525.83
TOTAL ROUTINE REVENUE	10,221,400	215.67	10,221,400	215.67
Ancillary Services Revenue	\$244,674	5.16	\$244,674	5.16
Other Revenues	\$13,381	0.28	\$13,381	0.28
TOTAL REVENUE	\$10,479,455	\$221.11	\$10,479,455	\$221.11

OPERATING EXPENSE	2017	PPD	Projection	PPD
Nursing Care	\$3,681,936	\$77.69	\$3,147,732	\$66.42
Therapy	869,546	18.35	364,200	7.68
Pharmacy	216,509	4.57	214,128	4.52
Ancillary Services	105,454	2.23	116,520	2.46
Dietary	701,802	14.81	585,864	12.36
Activities	194,672	4.11	79,728	1.68
Social Services	164,271	3.47	129,996	2.74
Housekeeping & Laundry	265,458	5.60	255,792	5.40
General Administrative	655,248	13.83	368,580	7.78
Employee Benefits	1,277,969	26.96	917,916	19.37
Provider Tax	758,611	16.01	783,600	16.53
Insurance	4,172	0.09	54,000	1.14
Real Estate Taxes	153,444	3.24	168,000	3.54
Property, Plant, & Maintenance	155,360	3.28	133,896	2.83
Utilities	304,015	6.41	297,876	6.29
Bad Debt	183,390	3.87	144,000	3.04
TOTAL OPERATING EXPENSE	\$9,691,857	\$204.50	\$7,761,828	\$163.77
EBITDARM	\$787,598	\$16.62	\$2,717,627	\$57.34
Management Fee	0	0.00	523,973	11.06
EBITDAR	\$787,598	\$16.62	\$2,193,654	\$46.29

FACILITY-SPECIFIC NOTES

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HEARTLAND HEALTH CARE CENTER OREGON

CENSUS

	2017		Projection	
OCCUPANCY	PATIENT DAYS		PATIENT DAYS	
Private Pay	1,032	3%	1,032	3%
Medicare	4,007	11%	4,007	11%
Medicaid	23,788	66%	23,788	66%
Hospice	2,929	8%	2,929	8%
HMO	4,550	13%	4,550	13%
ALF	0	0%	0	0%
TOTAL PATIENT DAYS	36,306	100%	36,306	100%

Notes:

- 2018 Average Census: 76.9%
- County Average Census: 84%
- Medicare Q-Mix: 11%

FACILITY HIGHLIGHTS

Address	3953 Navarre Ave
City, State	Oregon, OH
Site Size (Acres)	6.94
Building Area (Sq Ft)	30,158
Floors	1
Year Built	1979
Union Facility	No



HEARTLAND HEALTH CARE CENTER OREGON

REVENUE	2017	PPD	Projection	PPD
Routine Revenue				
Private Pay	\$259,099	\$251.06	\$259,099	\$251.06
Medicare	1,901,093	474.44	1,901,093	474.44
Medicaid	4,154,377	174.64	4,154,377	174.64
Hospice	523,154	178.61	523,154	178.61
HMO	1,965,118	431.89	1,965,118	431.89
TOTAL ROUTINE REVENUE	8,802,841	242.46	8,802,841	242.46
Ancillary Services Revenue	\$118,164	3.25	\$118,164	3.25
Other Revenues	\$37,725	1.04	\$37,725	1.04
TOTAL REVENUE	\$8,958,730	\$246.76	\$8,958,730	\$246.76

OPERATING EXPENSE	2017	PPD	Projection	PPD
Nursing Care	\$2,910,118	\$80.16	\$2,169,504	\$59.76
Therapy	927,016	25.53	604,200	16.64
Pharmacy	362,897	10.00	339,780	9.36
Ancillary Services	88,634	2.44	30,000	0.83
Dietary	498,047	13.72	500,556	13.79
Activities	83,625	2.30	51,600	1.42
Social Services	93,012	2.56	82,764	2.28
Housekeeping & Laundry	256,592	7.07	211,200	5.82
General Administrative	589,229	16.23	381,624	10.51
Employee Benefits	956,811	26.35	684,168	18.84
Provider Tax	574,705	15.83	594,000	16.36
Insurance	2,605	0.07	48,000	1.32
Real Estate Taxes	64,784	1.78	67,200	1.85
Property, Plant, & Maintenance	156,123	4.30	120,720	3.33
Utilities	154,701	4.26	110,196	3.04
Bad Debt	120,791	3.33	144,000	3.97
TOTAL OPERATING EXPENSE	\$7,839,688	\$215.93	\$6,139,512	\$169.10
EBITDARM	\$1,119,041	\$30.82	\$2,819,218	\$77.65
Management Fee	0	0.00	447,936	12.34
EBITDAR	\$1,119,041	\$30.82	\$2,371,281	\$65.31

FACILITY-SPECIFIC NOTES

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- **Dietary** – Food costs at \$6 PPD plus supplies. Staffing will be reduced to .5 HPPD.
- **Activities** – Staffing will be reduced in line with Hillstone operations to one activity director and one weekend assistant.
- **Social Services** – Staffing will be reduced in line with Hillstone operations to two social workers.
- **Housekeeping** – Staffing will be reduced to .45 HPPD.
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HEARTLAND HEALTH CARE CENTER

PIQUA

CENSUS

	2017		Projection	
OCCUPANCY	PATIENT DAYS		PATIENT DAYS	
Private Pay	993	4%	993	4%
Medicare	3,134	13%	3,134	13%
Medicaid	15,267	63%	15,267	63%
Hospice	1,946	8%	1,946	8%
HMO	2,741	11%	2,741	11%
ALF	0	0%	0	0%
TOTAL PATIENT DAYS	24,085	100%	24,085	100%

Notes:

- 2018 Average Census: 73.3%
- County Average Census: 79%
- Medicare Q-Mix: 13%

FACILITY HIGHLIGHTS

Address	275 Kienle Drive
City, State	Piqua, OH
Site Size (Acres)	4.32
Building Area (Sq Ft)	28,142
Floors	1
Year Built	1983
Union Facility	No



HEARTLAND HEALTH CARE CENTER

PIQUA

REVENUE	2017	PPD	Projection	PPD
Routine Revenue				
Private Pay	\$302,243	\$304.37	\$302,243	\$304.37
Medicare	1,605,847	512.40	1,605,847	512.40
Medicaid	2,882,052	188.78	2,882,052	188.78
Hospice	389,570	200.19	389,570	200.19
HMO	1,260,951	460.03	1,260,951	460.03
TOTAL ROUTINE REVENUE	6,440,662	267.41	6,440,662	267.41
Ancillary Services Revenue	\$146,025	6.06	\$146,025	6.06
Other Revenues	\$12,486	0.52	\$12,486	0.52
TOTAL REVENUE	\$6,599,174	\$274.00	\$6,599,174	\$274.00

OPERATING EXPENSE	2017	PPD	Projection	PPD
Nursing Care	\$2,026,288	\$84.13	\$1,425,168	\$59.17
Therapy	636,289	26.42	502,800	20.88
Pharmacy	249,773	10.37	282,000	11.71
Ancillary Services	104,205	4.33	30,000	1.25
Dietary	416,992	17.31	311,400	12.93
Activities	74,234	3.08	49,200	2.04
Social Services	86,932	3.61	66,000	2.74
Housekeeping & Laundry	133,925	5.56	139,800	5.80
General Administrative	550,030	22.84	302,616	12.56
Employee Benefits	732,371	30.41	621,600	25.81
Provider Tax	455,166	18.90	480,000	19.93
Insurance	2,436	0.10	42,000	1.74
Real Estate Taxes	48,461	2.01	54,000	2.24
Property, Plant, & Maintenance	124,161	5.16	113,340	4.71
Utilities	150,106	6.23	135,600	5.63
Bad Debt	38,354	1.59	132,000	5.48
TOTAL OPERATING EXPENSE	\$5,829,723	\$242.05	\$4,687,524	\$194.62
EBITDARM	\$769,451	\$31.95	\$1,911,650	\$79.37
Management Fee	0	0.00	329,959	13.70
EBITDAR	\$769,451	\$31.95	\$1,581,691	\$65.67

FACILITY-SPECIFIC NOTES

- **Revenue and Census** – Assumed same revenue and census as prior year.
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- **Pharmacy** – New contract \$20 PPD for all inclusive residents expected to reduce total pharmacy costs.
- **Dietary** – Food costs at \$6 PPD plus supplies. Staffing will be reduced to .5 HPPD.
- **Activities** – Staffing will be reduced in line with Hillstone operations to one activity director.
- **Social Services** – Staffing will be reduced in line with Hillstone operations to one social worker.
- **Housekeeping** – Staffing will be reduced to .45 HPPD.
- **Administrative Costs** – Will eliminate extra overhead from Manorcare corporate allocation and will consolidate positions within each facility.
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HEARTLAND HEALTH CARE CENTER

PORTSMOUTH

CENSUS

	2017		Projection	
OCCUPANCY	PATIENT DAYS		PATIENT DAYS	
Private Pay	2,370	8%	2,370	8%
Medicare	5,808	19%	5,808	19%
Medicaid	18,802	61%	18,802	61%
Hospice	2,104	7%	2,104	7%
HMO	1,714	6%	1,714	6%
ALF	0	0%	0	0%
TOTAL PATIENT DAYS	30,802	100%	30,802	100%

Notes:

- 2018 Average Census: 74.6%
- County Average Census: 87%
- Medicare Q-Mix: 18.9%

FACILITY HIGHLIGHTS

Address	20 Easter Dr
City, State	Portsmouth, OH
Site Size (Acres)	3.3
Building Area (Sq Ft)	32,918
Floors	1
Year Built	1982
Union Facility	No



HEARTLAND HEALTH CARE CENTER PORTSMOUTH

REVENUE	2017	PPD	Projection	PPD
Routine Revenue				
Private Pay	\$651,781	\$275.01	\$651,781	\$275.01
Medicare	2,894,737	498.41	2,894,737	498.41
Medicaid	3,120,279	165.95	3,120,279	165.95
Hospice	363,528	172.78	363,528	172.78
HMO	775,884	452.67	775,884	452.67
TOTAL ROUTINE REVENUE	7,806,209	253.43	7,806,209	253.43
Ancillary Services Revenue	\$380,442	12.35	\$380,442	12.35
Other Revenues	\$16,312	0.53	\$16,312	0.53
TOTAL REVENUE	\$8,202,963	\$266.31	\$8,202,963	\$266.31

OPERATING EXPENSE	2017	PPD	Projection	PPD
Nursing Care	\$2,309,476	\$74.98	\$2,328,024	\$75.58
Therapy	1,028,957	33.41	681,660	22.13
Pharmacy	249,032	8.08	171,600	5.57
Ancillary Services	119,053	3.87	72,000	2.34
Dietary	483,704	15.70	436,800	14.18
Activities	87,097	2.83	43,488	1.41
Social Services	73,501	2.39	66,000	2.14
Housekeeping & Laundry	219,194	7.12	170,424	5.53
General Administrative	553,751	17.98	355,824	11.55
Employee Benefits	885,560	28.75	771,072	25.03
Provider Tax	556,314	18.06	576,000	18.70
Insurance	2,795	0.09	48,000	1.56
Real Estate Taxes	39,933	1.30	48,000	1.56
Property, Plant, & Maintenance	80,652	2.62	105,816	3.44
Utilities	141,022	4.58	124,704	4.05
Bad Debt	143,552	4.66	168,000	5.45
TOTAL OPERATING EXPENSE	\$6,973,595	\$226.40	\$6,167,412	\$200.23
EBITDARM	\$1,229,369	\$39.91	\$2,035,551	\$66.09
Management Fee	0	0.00	410,148	13.32
EBITDAR	\$1,229,369	\$39.91	\$1,625,403	\$52.77

FACILITY-SPECIFIC NOTES

- **Revenue and Census** – Assumed same revenue and census as prior year.
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- **Pharmacy** – New contract \$20 PPD for all inclusive residents expected to reduce total pharmacy costs.
- **Dietary** – Food costs at \$6 PPD plus supplies. Staffing will be reduced to .5 HPPD.
- **Activities** – Staffing will be reduced in line with Hillstone operations to one activity director and one part-time assistant.
- **Social Services** – Staffing will be reduced in line with Hillstone operations to one social worker.
- **Housekeeping** – Staffing will be reduced to .45 HPPD.
- **Administrative Costs** – Will eliminate extra overhead from Manorcare corporate allocation and will consolidate positions within each facility.
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HEARTLAND HEALTH CARE CENTER

SPRINGFIELD

CENSUS

	2017		Projection	
OCCUPANCY	PATIENT DAYS		PATIENT DAYS	
Private Pay	644	2%	644	2%
Medicare	1,964	7%	1,964	7%
Medicaid	18,347	64%	18,347	64%
Hospice	2,967	10%	2,967	10%
HMO	4,767	17%	4,767	17%
ALF	0	0%	0	0%
TOTAL PATIENT DAYS	28,698	100%	28,698	100%

Notes:

- 2018 Average Census: 62.3%
- County Average Census: 79%
- Medicare Q-Mix: 6.8%

FACILITY HIGHLIGHTS

Address	2615 Derr Rd
City, State	Springfield, OH
Site Size (Acres)	4.24
Building Area (Sq Ft)	41,411
Floors	1
Year Built	1980
Union Facility	No



HEARTLAND HEALTH CARE CENTER

SPRINGFIELD

REVENUE	2017	PPD	Projection	PPD
Routine Revenue				
Private Pay	\$247,004	\$383.55	\$247,004	\$383.55
Medicare	948,928	483.16	948,928	483.16
Medicaid	3,127,862	170.48	3,127,862	170.48
Hospice	548,332	184.81	548,332	184.81
HMO	1,980,476	415.46	1,980,476	415.46
TOTAL ROUTINE REVENUE	6,852,602	238.78	6,852,602	238.78
Ancillary Services Revenue	\$48,111	1.68	\$48,111	1.68
Other Revenues	\$18,482	0.64	\$18,482	0.64
TOTAL REVENUE	\$6,919,195	\$241.10	\$6,919,195	\$241.10

OPERATING EXPENSE	2017	PPD	Projection	PPD
Nursing Care	\$2,076,986	\$72.37	\$1,708,680	\$59.54
Therapy	631,503	22.01	596,400	20.78
Pharmacy	347,468	12.11	265,800	9.26
Ancillary Services	112,111	3.91	87,600	3.05
Dietary	469,641	16.36	375,840	13.10
Activities	68,865	2.40	40,032	1.39
Social Services	127,236	4.43	66,000	2.30
Housekeeping & Laundry	172,440	6.01	165,600	5.77
General Administrative	632,563	22.04	353,964	12.33
Employee Benefits	813,699	28.35	613,068	21.36
Provider Tax	579,303	20.19	600,000	20.91
Insurance	3,317	0.12	48,000	1.67
Real Estate Taxes	84,188	2.93	88,800	3.09
Property, Plant, & Maintenance	96,435	3.36	103,956	3.62
Utilities	141,122	4.92	125,160	4.36
Bad Debt	121,086	4.22	144,000	5.02
TOTAL OPERATING EXPENSE	\$6,477,962	\$225.73	\$5,382,900	\$187.57
EBITDARM	\$441,233	\$15.38	\$1,536,295	\$53.53
Management Fee	0	0.00	345,960	12.06
EBITDAR	\$441,233	\$15.38	\$1,190,335	\$41.48

FACILITY-SPECIFIC NOTES

- **Revenue and Census** – Assumed same revenue and census as prior year.
- **Direct Nursing** – Decreased HPPD closer to the 2.8 that Hillstone operates at in all other facilities.
- **Therapy** – Operator will outsource therapy to Adaptive Therapy at a rate of 87 cents per minute and 68% on Med B. This will significantly reduce therapy costs.
- **Pharmacy** – New contract \$20 PPD for all inclusive residents expected to reduce total pharmacy costs.
- **Dietary** – Food costs at \$6 PPD plus supplies. Staffing will be reduced to .5 HPPD.
- **Activities** – Staffing will be reduced in line with Hillstone operations to one activity director.
- **Social Services** – Staffing will be reduced in line with Hillstone operations to one social worker.
- **Housekeeping** – Staffing will be reduced to .45 HPPD.
- **Administrative Costs** – Will eliminate extra overhead from Manorcare corporate allocation and will consolidate positions within each facility.
- **Employee Benefits** – Reducing to an estimated 22% of wages for taxes, workers comp, health insurance and other miscellaneous benefits.

HEARTLAND HEALTH CARE CENTER

UPTOWN WESTERVILLE

CENSUS

	2017		Projection	
OCCUPANCY	PATIENT DAYS		PATIENT DAYS	
Private Pay	4,751	9%	4,751	9%
Medicare	3,850	8%	3,850	8%
Medicaid	31,820	63%	31,820	63%
Hospice	5,122	10%	5,122	10%
HMO	5,327	10%	5,327	10%
ALF	0	0%	0	0%
TOTAL PATIENT DAYS	50,809	100%	50,809	100%

Notes:

- 2018 Average Census: 89.1%
- County Average Census: 84%
- Medicare Q-Mix: 7.6%

FACILITY HIGHLIGHTS

Address	140 Old County Line Rd
City, State	Westerville, OH
Site Size (Acres)	4.0
Building Area (Sq Ft)	52,211
Floors	1
Year Built	1967
Union Facility	No



HEARTLAND HEALTH CARE CENTER

UPTOWN WESTERVILLE

REVENUE	2017	PPD	Projection	PPD
Routine Revenue				
Private Pay	\$1,285,822	\$270.64	\$1,285,822	\$270.64
Medicare	2,001,902	519.97	2,001,902	519.97
Medicaid	6,018,187	189.13	6,018,187	189.13
Hospice	983,989	192.11	983,989	192.11
HMO	2,402,879	451.08	2,402,879	451.08
TOTAL ROUTINE REVENUE	12,692,779	249.81	12,692,779	249.81
Ancillary Services Revenue	\$146,372	2.88	\$146,372	2.88
Other Revenues	\$19,433	0.38	\$19,433	0.38
TOTAL REVENUE	\$12,858,583	\$253.08	\$12,858,583	\$253.08

OPERATING EXPENSE	2017	PPD	Projection	PPD
Nursing Care	\$4,427,933	\$87.15	\$2,996,796	\$58.98
Therapy	1,119,084	22.03	830,400	16.34
Pharmacy	412,852	8.13	480,000	9.45
Ancillary Services	181,608	3.57	158,400	3.12
Dietary	750,876	14.78	681,600	13.41
Activities	206,689	4.07	72,192	1.42
Social Services	150,680	2.97	132,000	2.60
Housekeeping & Laundry	252,245	4.96	200,400	3.94
General Administrative	889,351	17.50	449,736	8.85
Employee Benefits	1,311,053	25.80	1,144,800	22.53
Provider Tax	799,989	15.75	828,000	16.30
Insurance	3,911	0.08	54,000	1.06
Real Estate Taxes	172,046	3.39	180,000	3.54
Property, Plant, & Maintenance	136,776	2.69	141,276	2.78
Utilities	240,118	4.73	236,400	4.65
Bad Debt	225,025	4.43	240,000	4.72
TOTAL OPERATING EXPENSE	\$11,280,237	\$222.01	\$8,826,000	\$173.71
EBITDARM	\$1,578,346	\$31.06	\$4,032,583	\$79.37
Management Fee	0	0.00	642,929	12.65
EBITDAR	\$1,578,346	\$31.06	\$3,389,654	\$66.71

FACILITY-SPECIFIC NOTES

- **Revenue and Census** – Assumed same revenue and census as prior year.
- **Direct Nursing** – Decreased HPPD closer to the 2.8 that Hillstone operates at in all other facilities.
- **Therapy** – Operator will outsource therapy to Adaptive Therapy at a rate of 87 cents per minute and 68% on Med B. This will significantly reduce therapy costs.
- **Pharmacy** – New contract \$20 PPD for all inclusive residents expected to reduce total pharmacy costs.
- **Dietary** – Food costs at \$6 PPD plus supplies. Staffing will be reduced to .5 HPPD.
- **Activities** – Staffing will be reduced in line with Hillstone operations to one activity director and one assistant.
- **Social Services** – Staffing will be reduced in line with Hillstone operations to two social workers.
- **Housekeeping** – Staffing will be reduced to .45 HPPD.
- **Administrative Costs** – Will eliminate extra overhead from Manorcare corporate allocation and will consolidate positions within each facility.
- **Employee Benefits** – Reducing to an estimated 22% of wages for taxes, workers comp, health insurance and other miscellaneous benefits.

HEARTLAND HEALTH CARE CENTER

WATERVILLE

CENSUS

	2017		Projection	
OCCUPANCY	PATIENT DAYS		PATIENT DAYS	
Private Pay	2,504	7%	2,504	7%
Medicare	2,972	8%	2,972	8%
Medicaid	25,640	67%	25,640	67%
Hospice	4,219	11%	4,219	11%
HMO	2,706	7%	2,706	7%
ALF	0	0%	0	0%
TOTAL PATIENT DAYS	38,041	100%	38,041	100%

Notes:

- 2018 Average Census: 80.3%
- County Average Census: 84%
- Medicare Q-Mix: 7.8%

FACILITY HIGHLIGHTS

Address	8885 Browning Dr
City, State	Waterville, OH
Site Size (Acres)	5.5
Building Area (Sq Ft)	40,040
Floors	1
Year Built	1983
Union Facility	No



HEARTLAND HEALTH CARE CENTER WATERVILLE

REVENUE	2017	PPD	Projection	PPD
Routine Revenue				
Private Pay	\$626,135	\$250.05	\$626,135	\$250.05
Medicare	1,541,049	518.52	1,541,049	518.52
Medicaid	5,621,130	219.23	5,621,130	219.23
Hospice	930,108	220.46	930,108	220.46
HMO	1,379,892	509.94	1,379,892	509.94
TOTAL ROUTINE REVENUE	10,098,314	265.46	10,098,314	265.46
Ancillary Services Revenue	\$127,806	3.36	\$127,806	3.36
Other Revenues	\$24,131	0.63	\$24,131	0.63
TOTAL REVENUE	\$10,250,250	\$269.45	\$10,250,250	\$269.45

OPERATING EXPENSE	2017	PPD	Projection	PPD
Nursing Care	\$3,910,863	\$102.81	\$2,256,240	\$59.31
Therapy	1,119,712	29.43	951,996	25.03
Pharmacy	269,818	7.09	195,600	5.14
Ancillary Services	83,913	2.21	68,400	1.80
Dietary	542,742	14.27	456,480	12.00
Activities	193,941	5.10	44,400	1.17
Social Services	95,842	2.52	66,000	1.73
Housekeeping & Laundry	277,927	7.31	214,200	5.63
General Administrative	842,066	22.14	334,212	8.79
Employee Benefits	1,241,858	32.65	802,284	21.09
Provider Tax	579,303	15.23	600,000	15.77
Insurance	3,019	0.08	48,000	1.26
Real Estate Taxes	37,901	1.00	38,400	1.01
Property, Plant, & Maintenance	175,726	4.62	116,748	3.07
Utilities	236,374	6.21	255,600	6.72
Bad Debt	179,379	4.72	144,000	3.79
TOTAL OPERATING EXPENSE	\$9,790,386	\$257.36	\$6,592,560	\$173.30
EBITDARM	\$459,864	\$12.09	\$3,657,690	\$96.15
Management Fee	0	0.00	512,513	13.47
EBITDAR	\$459,864	\$12.09	\$3,145,178	\$82.68

FACILITY-SPECIFIC NOTES

- **Revenue and Census** – Assumed same revenue and census as prior year.
- **Direct Nursing** – Decreased HPPD closer to the 2.8 that Hillstone operates at in all other facilities.
- **Therapy** – Operator will outsource therapy to Adaptive Therapy at a rate of 87 cents per minute and 68% on Med B. This will significantly reduce therapy costs.
- **Pharmacy** – New contract \$20 PPD for all inclusive residents expected to reduce total pharmacy costs.
- **Dietary** – Food costs at \$6 PPD plus supplies. Staffing will be reduced to .5 HPPD.
- **Activities** – Staffing will be reduced in line with Hillstone operations to one activity director and one weekend assistant.
- **Social Services** – Staffing will be reduced in line with Hillstone operations to one social worker.
- **Housekeeping** – Staffing will be reduced to .45 HPPD.
- **Administrative Costs** – Will eliminate extra overhead from Manorcare corporate allocation and will consolidate positions within each facility.
- **Employee Benefits** – Reducing to an estimated 22% of wages for taxes, workers comp, health insurance and other miscellaneous benefits.

HEARTLAND HEALTH CARE CENTER WAUSEON

CENSUS

	2017		Projection	
OCCUPANCY	PATIENT DAYS		PATIENT DAYS	
Private Pay	2,989	19%	2,989	19%
Medicare	953	6%	953	6%
Medicaid	8,888	58%	8,888	58%
Hospice	1,167	8%	1,167	8%
HMO	1,433	9%	1,433	9%
ALF	0	0%	0	0%
TOTAL PATIENT DAYS	15,430	100%	15,430	100%

Notes:

- 2018 Average Census: 87%
- County Average Census: 86%
- Medicare Q-Mix: 6.2%

FACILITY HIGHLIGHTS

Address	8885 Browning Dr
City, State	Waterville, OH
Site Size (Acres)	5.5
Building Area (Sq Ft)	40,040
Floors	1
Year Built	1983
Union Facility	No



HEARTLAND HEALTH CARE CENTER WAUSEON

REVENUE	2017	PPD	Projection	PPD
Routine Revenue				
Private Pay	\$766,388	\$256.40	\$766,388	\$256.40
Medicare	486,075	510.05	486,075	510.05
Medicaid	1,661,003	186.88	1,661,003	186.88
Hospice	210,441	180.33	210,441	180.33
HMO	643,353	448.96	643,353	448.96
TOTAL ROUTINE REVENUE	3,767,259	244.15	3,767,259	244.15
Ancillary Services Revenue	\$70,362	4.56	70,362	4.56
Other Revenues	\$30,566	1.98	30,566	1.98
TOTAL REVENUE	\$3,868,187	\$250.69	\$3,868,187	\$250.69

OPERATING EXPENSE	2017	PPD	Projection	PPD
Nursing Care	\$1,253,077	\$81.21	\$810,708	\$52.54
Therapy	248,117	16.08	223,392	14.48
Pharmacy	79,888	5.18	73,548	4.77
Ancillary Services	37,828	2.45	17,400	1.13
Dietary	231,465	15.00	182,568	11.83
Activities	55,413	3.59	46,104	2.99
Social Services	67,421	4.37	39,996	2.59
Housekeeping & Laundry	88,243	5.72	93,168	6.04
General Administrative	345,410	22.39	188,052	12.19
Employee Benefits	436,679	28.30	270,972	17.56
Provider Tax	243,675	15.79	252,000	16.33
Insurance	1,116	0.07	36,000	2.33
Real Estate Taxes	19,236	1.25	19,200	1.24
Property, Plant, & Maintenance	66,470	4.31	64,332	4.17
Utilities	77,048	4.99	65,880	4.27
Bad Debt	25,884	1.68	84,000	5.44
TOTAL OPERATING EXPENSE	\$3,276,972	\$212.38	\$2,467,320	\$159.90
EBITDARM	\$591,215	\$38.32	\$1,400,867	\$90.79
Management Fee	0	0.00	193,409	12.53
EBITDAR	\$591,215	\$38.32	\$1,207,458	\$78.25

FACILITY-SPECIFIC NOTES

- **Revenue and Census** – Assumed same revenue and census as prior year.
- **Direct Nursing** – Decreased HPPD closer to the 2.8 that Hillstone operates at in all other facilities.
- **Therapy** – Operator will outsource therapy to Adaptive Therapy at a rate of 87 cents per minute and 68% on Med B. This will significantly reduce therapy costs.
- **Pharmacy** – New contract \$20 PPD for all inclusive residents expected to reduce total pharmacy costs.
- **Dietary** – Food costs at \$6 PPD plus supplies. Staffing will be reduced to .5 HPPD.
- **Activities** – Staffing will be reduced in line with Hillstone operations to one activity director and one assistant.
- **Social Services** – Staffing will be reduced in line with Hillstone operations to one social service designee.
- **Housekeeping** – Staffing will be reduced to .45 HPPD.
- **Administrative Costs** – Will eliminate extra overhead from Manorcare corporate allocation and will consolidate positions within each facility.
- **Employee Benefits** – Reducing to an estimated 22% of wages for taxes, workers comp, health insurance and other miscellaneous benefits.

HEARTLAND HEALTH CARE CENTER

WOODRIDGE CAMPUS

CENSUS

	2017		Projection	
OCCUPANCY	PATIENT DAYS		PATIENT DAYS	
Private Pay	1,430	2%	1,430	2%
Medicare	1,994	3%	1,994	3%
Medicaid	57,944	76%	57,944	76%
Hospice	2,132	3%	2,132	3%
HMO	3,701	5%	3,701	5%
ALF	9,094	0%	9,094	12%
TOTAL PATIENT DAYS	76,314	88%	76,314	100%

Notes:

- 2018 Average Census: 88.3%
- County Average Census: 88%
- Medicare Q-Mix: 2.6%

FACILITY HIGHLIGHTS

Address	3801 Woodridge Blvd
City, State	Fairfield, OH
Site Size (Acres)	12.37
Building Area (Sq Ft)	58,000
Floors	5
Year Built	1983
Building Area (Sq Ft)	18,662
Floors	2
Year Built	1984
Union Facility	No



HEARTLAND HEALTH CARE CENTER

WOODRIDGE CAMPUS

REVENUE	2017	PPD	Projection	PPD
Routine Revenue				
Private Pay	\$371,670	\$259.91	\$371,670	\$259.91
Medicare	908,574	455.65	908,574	455.65
Medicaid	6,450,490	111.32	6,450,490	111.32
Hospice	374,273	175.55	374,273	175.55
HMO	1,614,259	436.17	1,614,259	436.17
ALF	1,925,597	0.00	1,925,597	0.00
TOTAL ROUTINE REVENUE	11,644,864	152.59	11,644,864	152.59
Ancillary Services Revenue	\$88,439	1.16	88,439	1.16
Other Revenues	\$149,803	1.96	149,803	1.96
TOTAL REVENUE	\$11,883,106	\$155.71	\$11,883,106	\$155.71

OPERATING EXPENSE	2017	PPD	Projection	PPD
Nursing Care	\$3,819,427	\$50.05	\$2,912,052	\$38.16
Therapy	682,635	8.95	514,200	6.74
Pharmacy	276,208	3.62	163,200	2.14
Ancillary Services	108,568	1.42	104,400	1.37
Dietary	1,142,316	14.97	879,828	11.53
Activities	185,594	2.43	115,800	1.52
Social Services	227,996	2.99	66,000	0.86
Housekeeping & Laundry	347,193	4.55	250,992	3.29
General Administrative	767,936	10.06	398,052	5.22
Employee Benefits	1,449,676	19.00	1,048,200	13.74
Provider Tax	514,936	6.75	540,000	7.08
Insurance	6,403	0.08	72,000	0.94
Real Estate Taxes	232,581	3.05	240,000	3.14
Property, Plant, & Maintenance	239,792	3.14	165,600	2.17
Utilities	346,925	4.55	304,560	3.99
Bad Debt	5,777	0.08	180,000	2.36
TOTAL OPERATING EXPENSE	\$10,353,960	\$135.68	\$7,954,884	\$104.24
EBITDARM	\$1,529,146	\$20.04	\$3,928,222	\$51.47
Management Fee	0	0.00	594,155	7.79
EBITDAR	\$1,529,146	\$20.04	\$3,334,067	\$43.69

FACILITY-SPECIFIC NOTES

- **Revenue and Census** – Assumed same revenue and census as prior year.
- **Direct Nursing** – Decreased HPPD closer to the 2.8 that Hillstone operates at in all other facilities.
- **Therapy** – Operator will outsource therapy to Adaptive Therapy at a rate of 87 cents per minute and 68% on Med B. This will significantly reduce therapy costs.
- **Pharmacy** – New contract \$20 PPD for all inclusive residents expected to reduce total pharmacy costs.
- **Dietary** – Food costs at \$6 PPD plus supplies. Staffing will be reduced to .5 HPPD.
- **Activities** – Staffing will be reduced in line with Hillstone operations to 3 activity staff.
- **Social Services** – Staffing will be reduced in line with Hillstone operations to one social worker.
- **Housekeeping** – Staffing will be reduced to .45 HPPD.
- **Administrative Costs** – Will eliminate extra overhead from Manorcare corporate allocation and will consolidate positions within each facility.
- **Employee Benefits** – Reducing to an estimated 22% of wages for taxes, workers comp, health insurance and other miscellaneous benefits.

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THIS INVESTMENT SUMMARY AND THE LIMITED LIABILITY COMPANY AGREEMENT PURSUANT TO WHICH INVESTORS WILL PURCHASE LIMITED LIABILITY COMPANY INTERESTS IN PROPCO HAVE NOT BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION, ANY SECURITIES ADMINISTRATOR UNDER STATE SECURITIES LAWS OR ANY OTHER GOVERNMENTAL OR SELF-REGULATORY AUTHORITY. NO GOVERNMENTAL AUTHORITY HAS PASSED ON THE MERITS OF THIS INVESTMENT SUMMARY. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THE INTERESTS IN PROPCO ARE ILLIQUID SECURITIES AND MEMBERS OF PROPCO WILL NOT BE ENTITLED TO WITHDRAW FROM PROPCO PRIOR TO ITS TERMINATION. THE TRANSFERABILITY OF A LIMITED LIABILITY COMPANY INTEREST IN PROPCO WILL BE SUBJECT TO SIGNIFICANT RESTRICTIONS. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISK OF AN INVESTMENT IN PROPCO FOR AN INDEFINITE PERIOD OF TIME.

THE HISTORICAL RESULTS ACHIEVED BY THE PROPERTIES ARE NOT A PREDICTION OF FUTURE PERFORMANCE AND THERE CAN BE NO ASSURANCE THAT THESE OR COMPARABLE RETURNS WILL CONTINUE TO BE ACHIEVED.

PRESENTED BY

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