



200 E. Randolph St., 46th Floor
Chicago, IL 60601

March 29, 2023

Avi Rothner
Altitude Investments, LTD
2201 Main Street
Evanston, Illinois 60202

Subject: Altitude Investments - New Jersey Subacute
Care Consent to include within Quarter 4 2022 Financial Report

We hereby give our full consent to Altitude Investments, Ltd to the inclusion of our Appraisal Report dated March 23, 2023 (effective date December 31, 2022) regarding the Altitude Investments - New Jersey Subacute Care which includes 2 assets.

The report, in its entirety, can be included in accordance with the Israeli Securities Law within the Quarter 4 2022 Financial Report to be published by the Company during and no later than March 31, 2023 ("the Report") and for the Israel Securities Authority.

In addition, we hereby give our full consent to the inclusion of a copy of this letter within the Company's Report.

We appreciate this opportunity to provide valuation services to Altitude Investments, LTD.

JLL Valuation and Advisory Services, LLC

A handwritten signature in black ink, appearing to read "Bryan J. Lockard".

Bryan J. Lockard, MRICS
Managing Director
New Jersey Certified General Appraiser #42RG00271800
Telephone: 813-387-1301
Email: bryan.lockard@am.jll.com

Valuation Advisory

Client: Altitude Investment, Ltd

Property: Altitude Investments - New Jersey Subacute Care

Month/Year: March 23, 2023





200 E Randolph St 46th Floor
Chicago, IL 60601

March 23, 2023

Avi Rothner
Altitude Investment, Ltd
2201 Main Street
Evanston, Illinois 60202

Altitude Investments - New Jersey Subacute Care

Pursuant to your request, we have performed an appraisal of the above-referenced property. Accompanying this letter is an Appraisal Report that contains an identification of the property, factual data concerning the property and its surroundings, comparable market data, and appropriate analyses.

The subject, identified as Altitude Investments - New Jersey Subacute Care, is a leased portfolio consisting of one operating skilled nursing facility (SNF) and one vacant former skilled nursing facility summarized as follows:

SUBJECT PORTFOLIO SUMMARY

| Name | Address | City | State | GBA (SF) | Yr. Built | Op. Beds |
|--|---------------|---------|------------|----------|-----------|----------|
| Andover Subacute and Rehabilitation I | 1 Obrien Lane | Andover | New Jersey | 45,048 | 1964 | 159 |
| Andover Subacute and Rehabilitation II | 99 Mulford Rd | Andover | New Jersey | 121,260 | 1974 | - |
| Total/Average | | | | 166,308 | 1969 | 159 |

Source: Compiled by JLL

The subject portfolio contains 159 operating nursing care beds (159 licensed beds) and a vacant non-licensed building which previously operated with 543 beds. Andover Subacute and Rehabilitation I is operated by Alliance Care and Andover Subacute and Rehabilitation II has been delicensed and is vacant. The tenant has stopped making lease payments on both properties, thus we have considered the in place lease void.

For the purposes of this analysis, we have projected a new market lease for Andover Subacute and Rehabilitation I and have analyzed vacant building sales for Andover Subacute and Rehabilitation II. The market lease is based on a market coverage ratio of 1.40 of the perspective tenant operations which we have also projected and are detailed later in the report.

Per the scope of this assignment, each asset under Altitude Investments - New Jersey Subacute Care has been appraised by JLL licensed appraisers, and analyzed on an individual asset and market basis. The value presented does represent the leased fee and fee simple market value of each asset.

The opinion of value stated within the report takes into the account the individual properties would be bundled and sold as one portfolio encompassing the two properties within the state of New Jersey.

Change in Value Conclusion:

- For the purposes of this analysis, we have projected one year of lease vacancy for Andover Subacute and Rehabilitation I and used vacant building sales for Andover Subacute and Rehabilitation II due to the licensure status.
- Andover Subacute and Rehabilitation II previously had a receiver in place managing the property but the property has since closed. The most likely purchaser would be a non-skilled nursing user, thus we have valued the building as vacant.
- Projected contract rent for Andover Subacute and Rehabilitation I in Year 1 is discounted to \$0 and returning to full market rent in Year 2 at \$2,106,635.
- Our projected lease coverage is 0.00 in Year 1, 1.08 in Year 2, with a stabilized lease coverage of 1.40 in Year 3.
- The capitalization rate, yield capitalization rate and terminal capitalization rate for Andover Subacute and Rehabilitation I remained stable; 9.25%, 10.75%, and 10.00% respectively. The risk associated with recent changes with the portfolio have been reflected in our vacancy. Strong market appetite for skilled nursing facilities warrants no change in rates.

The current owner has been in two recent negotiations with sophisticated third party skilled nursing owner/operators. The first offer was prior to Andover Subacute and Rehabilitation II losing its license and the second recently under the expectation the property would receive its license back after some time to achieve good standing with the state. Both offers are reported to be above JLL conclusions as we have valued Andover Subacute and Rehabilitation II as a vacant building with no projected lease.

At the request of the client, JLL has provided a value as of December 31, 2022. Our analyses and forecasts have resulted in the value conclusion(s) below:

Market Value Conclusion

| Appraisal Premise | Interest Appraised | Property | Date of Value | Value Conclusion |
|-------------------|---|--|--------------------------|---------------------|
| As Is | Leased Fee Interest | Andover Subacute and Rehabilitation I | December 31, 2022 | \$21,500,000 |
| As Is | Fee Simple Interest | Andover Subacute and Rehabilitation II | December 31, 2022 | \$14,600,000 |
| Total | Lease Fee or Fee Simple Interest | Altitude Investments - New Jersey Subacute Care | December 31, 2022 | \$36,100,000 |

Source: Compiled by JLL



The concluded market value presented above does not include the value of furniture, fixtures and equipment (FF&E), or business value.

Our valuation is based on terms of cash and a reasonable exposure time of six months prior to the effective date of value. The estimated marketing period is six months. The specified assets of the business exclude certain items not normally conveyed, such as cash on hand, accounts receivable, accounts payable, management company trademarks, and proprietary management systems. Please refer to the assumptions and limiting conditions section where any extraordinary assumptions and hypothetical conditions specific to this engagement are discussed.

The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to any non-intended users does not extend reliance to any such party, and JLL will not be responsible for any unauthorized use of or reliance upon the report, its conclusions or contents (or any portion thereof).

The report, in its entirety, can be included within the Company's financial statements as of December 31, 2022 to be published by the Company no later than March 31, 2023.

In addition, we hereby give our full consent to the inclusion of a copy of this letter and this report within the Company's financial statements as of December 31, 2022.

We appreciate this opportunity to provide valuation services to Altitude Investment, Ltd.

JLL Valuation and Advisory Services, LLC



Bryan J. Lockard, MRICS
Managing Director
New Jersey Certified General Appraiser #42RG00271800
Telephone: 813-387-1301
Email: bryan.lockard@jll.com



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Certification

We hereby certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- The reported analyses, opinions, and conclusions developed and this report have been prepared in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
- I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- Bryan J. Lockard, MRICS did not conduct an inspection of the property that is the subject of this report. JLL has relied on previous inspections and publicly available information
- Jim Palac assisted in the verification, presentation and analysis of factual data. Various analysts employed by JLL procured the comparable data used in this report (improved sales, land sales, rental comparables, and expense comparables). The firm continuously gathers such data. Bryan J. Lockard, MRICS has developed the value conclusions herein.
- USPAP requires the appraiser to disclose “any services regarding the subject property performed by the appraiser, as an appraiser or in any other capacity, within the three year period immediately preceding the agreement to perform the assignment.” Pursuant to that requirement, to the best of our knowledge:
 - Bryan J. Lockard, MRICS has appraised this property within the past three years.



Bryan J. Lockard, MRICS
Managing Director
New Jersey Certified General Appraiser #42RG00271800
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Summary of Salient Facts and Conclusions

| | |
|-----------------------------------|---|
| Portfolio Name: | Altitude Investments - New Jersey Subacute Care |
| Management Company: | None |
| Property Identification: | New Jersey |
| Purpose of the Appraisal: | To estimate the fair market value of the real estate |
| Assets Appraised: | Real Estate |
| Property Rights Appraised: | Leased Fee Estate (Andover Subacute and Rehabilitation I) and Fee Simple (Andover Subacute and Rehabilitation II) |
| Site Size (Acres): | 25.92 |

Improvement Summary -

| | |
|----------------------------------|-------------------------------------|
| Property Type: | Seniors Housing and Vacant Building |
| Care Provided: | Nursing Care and Vacant Building |
| Year of Construction | 1964 and 1974 |
| Construction Type | Class C |
| Gross Building Area (SF): | 166,308 |
| Number of Buildings: | 2 |
| Number of Stories: | 2 |
| Total Units/Beds: | 159 |
| Number of Licensed Beds: | 159 |

Highest & Best Use Summary -

| | |
|---------------------|---|
| As Vacant: | Development of a seniors housing property |
| As Improved: | Continued use as a seniors housing property |

Key Financial Metrics - Andover Subacute and Rehabilitation I

| | |
|--|--------|
| Stabilized Leased Fee Occupancy | 100% |
| Credit Loss | None |
| Overall Capitalization Rate | 9.25% |
| Yield Capitalization Rate | 10.75% |
| Terminal Capitalization Rate | 10.00% |

Tenant Operating Metrics - Andover Subacute and Rehabilitation I Year 2

| | |
|-------------------------------------|--------------|
| Effective Gross Income | \$16,384,957 |
| Operating Expenses (No Rent) | \$13,435,668 |
| Net Operating Income | \$2,949,289 |
| Expense Ratio | 82.00% |

Lease Metrics - Andover Subacute and Rehabilitation I Year 2

| | |
|--|-------------|
| Effective Gross Income | \$2,106,635 |
| Operating Expenses | \$0 |
| Net Operating Income | \$2,106,635 |
| Expense Ratio | 0% |
| Stabilized Lease Coverage | 1.40 |
| Income Loss Year 1 Lease Coverage | 0.00 |
| Income Loss Year 2 Lease Coverage | 1.08 |

Please note, the projected tenant operations above do not include the projected short-term income loss and are only for the operating building. The vacant building was valued separately.

The property deduction for Income Loss are included within the addenda of this report. The income loss deduction totals \$676,383 which was calculated separately. The total income loss was utilized in determining the short-term impact on lease coverage.

Value Indication - Andover Subacute and Rehabilitation I

| Approach to Value | Value Indication | Per Bed Indication |
|--|------------------|--------------------|
| The Income Capitalization Approach- Yield Capitalization | \$21,500,000 | \$135,220 |
| The Sales Comparison Approach | \$21,300,000 | \$133,962 |

Value Indication - Andover Subacute and Rehabilitation II

| Approach to Value | Value Indication | Per SF Indication |
|-------------------------------|------------------|-------------------|
| The Sales Comparison Approach | \$14,600,000 | \$120.40 |

Total Value Conclusion(s)

| Scenario | Effective Date | Conclusion |
|--|-------------------|--------------|
| Market Value of the Leased Fee and Fee Simple Estate | December 31, 2022 | \$36,100,000 |

The concluded market value presented above does not include the value of the furniture, fixtures, and equipment (FF&E), or business value.

General Information

Identification of the Subject

The subject, identified as Altitude Investments - New Jersey Subacute Care, is a leased portfolio consisting of one operating skilled nursing facility (SNF) and one vacant former skilled nursing facility summarized as follows:

SUBJECT PORTFOLIO SUMMARY

| Name | Address | City | State | GBA (SF) | Yr. Built | Op. Beds |
|--|---------------|---------|------------|----------|-----------|----------|
| Andover Subacute and Rehabilitation I | 1 Obrien Lane | Andover | New Jersey | 45,048 | 1964 | 159 |
| Andover Subacute and Rehabilitation II | 99 Mulford Rd | Andover | New Jersey | 121,260 | 1974 | - |
| Total/Average | | | | 166,308 | 1969 | 159 |

Source: Compiled by JLL

The subject portfolio contains 159 operating nursing care beds (159 licensed beds) and a vacant non-licensed building which previously operated with 543 beds. Andover Subacute and Rehabilitation I is operated by Alliance Care and Andover Subacute and Rehabilitation II has been delicensed and is vacant. The tenant has stopped making lease payments on both properties, thus we have considered the in place lease void.

For the purposes of this analysis, we have projected a new market lease for Andover Subacute and Rehabilitation I and have analyzed vacant building sales for Andover Subacute and Rehabilitation II. The market lease is based on a market coverage ratio of 1.40 of the perspective tenant operations which we have also projected and are detailed later in the report.

Purpose of the Appraisal

The purpose of this appraisal is to estimate the market value of the subject under the following scenario(s):

- Market Value of the Leased Fee and Fee Simple Estate

Client, Intended User(s) and Intended Use(s)

The effective date of appraisal is December 31, 2022, and the date of the report is March 23, 2023. Altitude Investment, Ltd, future shareholders and prospective bond holders are the intended users of this report, subject to JLL's written consent to publication.

The intended use is to update financial reporting and bond prospectuses.

Prior Services

USPAP requires the appraiser to disclose “any services regarding the subject property performed by the appraiser, as an appraiser or in any other capacity, within the three year period immediately preceding the agreement to perform the assignment.” Pursuant to that requirement, to the best of our knowledge, we:

- Bryan J. Lockard, MRICS has appraised this property within the past three years.

Definition of Market Values

For purposes of this appraisal, market value and as is market value are defined as:

Market value: The most probable price which a property should bring in a competitive and open market, under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.¹

As Is Market Value: The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal’s effective date.²

The purpose of this appraisal is to estimate the Fair Value/Market Value of the subject property. According to the International Financial Report Standards 13 set by the International Accounting Standards Board, the Fair Value is defined as follow:

Fair Value – The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (IFRS 13, para.9).

¹. 12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990 as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994.

². *The Dictionary of Real Estate Appraisal* (Chicago, IL: Appraisal Institute, Sixth Edition).

Assets Appraised

Seniors housing and health care assets are generally considered to be business enterprises and may have value in excess of the real estate value. Such assets can be valued based upon the liquidation premise or the going concern premise. The liquidation premise would only be used if the highest and best use of the asset is to sell the component parts separately. This is not the case with the subject, so the subject is valued based upon the going concern premise. The term going concern is defined as follows:

One of the premises under which the total assets of a business (TAB) can be valued; the assumption that a company is expected to continue operating well into the future (usually indefinitely). Under the going concern premise, the value of a business is equal to the sum of the value of the tangible assets and the value of the intangible assets, which may include the value of excess profit, where asset values are derived consistent with the going concern premise.³

When a property is valued based upon the going concern premise, the valuation may include real estate, FF&E and intangibles. These assets in total compromise the Total Assets of a Business (TAB), defined as follows:

The tangible property (real property and personal property, including inventory and furniture, fixtures and equipment) and intangible property (cash, workforce, contracts, name, patents, copyrights and other residual intangible assets, to include capitalized economic profit).⁴

When appraised based upon the going concern premise, the Market Value of the Total Assets of the Business (MVTAB) is defined as follows:

The market value of all of the tangible and intangible assets of a business as if sold in aggregate as a going concern.⁵

Definitions of the components that compromise the TAB are as follows:

Real property: All interests, benefits, and rights inherent in the ownership of physical real estate; the bundle of rights with which the ownership of the real estate is endowed. In some states, real property is defined by statute and is synonymous with real estate.⁶

Furniture, fixtures and equipment (FF&E): The movable property of a business enterprise not classified as stock or inventory or leasehold improvements; frequently found in the

³. *The Dictionary of Real Estate Appraisal* (Chicago, IL: Appraisal Institute, Sixth Edition).

⁴. *The Dictionary of Real Estate Appraisal* (Chicago, IL: Appraisal Institute, Sixth Edition).

⁵. *The Dictionary of Real Estate Appraisal* (Chicago, IL: Appraisal Institute, Sixth Edition).

⁶. *The Dictionary of Real Estate Appraisal* (Chicago, IL: Appraisal Institute, Sixth Edition).

ownership of hotels or motels, restaurants, assisted living facilities, service stations, car washes, greenhouses and nurseries, and other service intensive properties. Furniture, fixtures and equipment frequently wears out much more rapidly than other components of those properties.⁷

Business enterprise value: A term applied to the concept of the value contribution of the total intangible assets of a continuing business enterprise such as marketing and management skill, an assembled workforce, working capital, trade names, franchises, patents, trademarks, contracts, leases, and operating agreements.⁸

However, it should be noted that some of the assets included in the definition of TAB are not commonly included in the value or sale of a seniors housing facility. Items normally excluded are: cash on hand, working capital, accounts receivable, and accounts payable. As such, our valuation focuses upon the specified assets of the business, which excludes the items noted.

Property Rights Appraised

Definitions of the three major classes of property rights are as follows:

Fee simple estate: Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.⁹

Leased fee interest: A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease)¹⁰

Leasehold estate: The tenant's possessory interest created by a lease.¹¹

The property rights valued in this appraisal are fee simple and leased fee.

The definition of a lease is as follows:

Lease: A contract in which rights to use and occupy land or structures are transferred by the owner to another for a specified period of time in return for a specified rent.¹²

The properties are not currently leased. For the purposes of this analysis, we have projected market lease payments which are detailed later in the report.

⁷. *The Dictionary of Real Estate Appraisal* (Chicago, IL: Appraisal Institute, Sixth Edition).

⁸. *The Dictionary of Real Estate Appraisal* (Chicago, IL: Appraisal Institute, Sixth Edition).

⁹. *The Dictionary of Real Estate Appraisal* (Chicago, IL: Appraisal Institute, Sixth Edition).

¹⁰. *The Dictionary of Real Estate Appraisal* (Chicago, IL: Appraisal Institute, Sixth Edition).

¹¹. *The Dictionary of Real Estate Appraisal* (Chicago, IL: Appraisal Institute, Sixth Edition).

¹². *The Dictionary of Real Estate Appraisal* (Chicago, IL: Appraisal Institute, Sixth Edition).

Scope of Work

USPAP states:

For each appraisal and appraisal review assignment, an appraiser must:

1. Identify the problem to be solved;
2. Determine and perform the scope of work necessary to develop credible assignment results; and
3. Disclose the scope of work in the report.

Inspection

Bryan J. Lockard, MRICS did not conduct an inspection of the subject of this report. JLL has relied on prior experience with the subject properties and property type, information provided by the operator and other third party sources.

Data Collection

Three types of data are normally gathered while completing an appraisal: general, specific, and competitive supply and demand.

General Data

General data concerns the social, economic, governmental, and environmental forces that impact property values. This data is found in the area description and analysis and the neighborhood description and analysis sections of this report. We have gathered the general data from a variety of sources and publications, which are noted in the analyses. In addition, the general data concerning the neighborhood is based upon observations made during our inspection of the neighborhood.

Specific Data

The data relating to the property being appraised and to comparable properties is referred to as specific data. We obtained specific data regarding the subject from the property owner and/or operator. Documents we have relied upon for specific data pertaining to the subject are listed in the assumptions and limiting conditions section. Additional data pertaining to the subject has been gathered from zoning maps, tax records, and other resources maintained in our library, city halls and chambers of commerce, and various State of New Jersey offices.

The specific comparable data has been gathered from market participants. The extent of the comparable market data collection process varies for each type of comparable data. Refer to discussions preceding the presentation of data in the approaches to value for descriptions of the data sources consulted and the search criteria.

Competitive Supply and Demand Data

An analysis of seniors housing supply and demand conditions is included in this report.

Approaches to Value

The three approaches to value are:

The Income Capitalization Approach, typically referred to as the income approach is used to value commercial and investment properties. It capitalizes an income stream into a present value. This can be accomplished using revenue multipliers or a capitalization rate applied to net operating income (NOI). The NOI is gross potential income (GPI), less vacancy, less operating expenses, but excluding debt service or depreciation charges applied by accountants. NOI is synonymous with EBITDA. Alternatively, multiple years of NOI can be valued by a discounted cash flow analysis (DCF) model.

The Sales Comparison Approach, derives a value indication by comparing the subject being appraised to similar properties that have recently sold.

The Cost Approach, based on the principle of substitution which asserts that no prudent buyer or investor will pay more for a property than that amount for which the site could be acquired, and which improvements that have equal desirability and utility can be constructed without undue delay. It is a method of appraising property based on the depreciated reproduction or replacement cost new of improvements, plus the market value of the site.

In appraising the subject, we have applied the approaches to value as follows:

Approaches to Value

| Approach to Value | Developed | Applicability |
|---|-----------|--|
| Income Capitalization-Direct Capitalization | No | Not Applicable |
| Income Capitalization-Yield Capitalization | Yes | Highly Applicable for Operating Building |
| Sales Comparison | Yes | Highly Applicable for Vacant Building |
| Cost | No | Not Applicable |

Please note, the direct capitalization approach was not utilized in developing a market value for the subject portfolio due to the uneven lease payment projections, however was utilized in support for our yield rate conclusions as discussed later in this report. This is considered to best reflect the actions of market participants. WE have utilized vacant building sales for the vacant building in the portfolio.

The cost approach was not developed. The subject portfolio is dated, with an average construction of 1969 and the cost approach is generally only reliable for new or nearly new properties. The direct capitalization approach was not applicable given the uneven lease payment projections.

Report Type

Standards Rule 2-2 of the Uniform Standards of Professional Appraisal Practice sets forth two different reporting options, as follows:

Appraisal Report: should summarize all pertinent data considered and summarize all analyses developed in arriving at the conclusion of value.

Restricted Report: merely states the major conclusions without discussion of the data considered and the analyses conducted.

This report is intended to comply with the requirements for an Appraisal Report.

Compliance

We have developed this appraisal in compliance with:

- The requirements of the Code of Ethics and the Standards of Professional Practice of the Appraisal Institute; and
- The Uniform Standards of Professional Appraisal Practice promulgated by the Appraisal Foundation.

Ownership, History and Management of the Subject

USPAP Standards Rules 1-5(a) and (b) require an appraiser, when the value opinion to be developed is market value, and if such information is available to the appraiser in the normal course of business, to analyze (1) all agreements of sale, options, or listings of the subject property current as of the effective date of the appraisal and (2) all sales of the subject property that occurred within three years prior to the effective date of the appraisal. The subject's current ownership, ownership history, current status, and management are discussed below.

OWNERSHIP SUMMARY

| Property | Current Owner | Sale Date | Purchase Price | Pending | 3-Yr. | Op. Beds |
|--|-----------------------------|---------------|----------------|---------|--------|----------|
| | | | | Sale | Change | |
| Andover Subacute and Rehabilitation I | BNJD O'Briend Proeprty, LLC | March 1, 2017 | \$81,000,000 | No | No | 159 |
| Andover Subacute and Rehabilitation II | BNJD Mulford Property, LLC | March 1, 2017 | Included Above | No | No | - |

Source: Compiled by JLL

The current owner has been in two recent negotiations with sophisticated third party skilled nursing owner/operators. The first offer was prior to Andover Subacute and Rehabilitation II losing its license and the second recently under the expectation the property would receive its license back after some time to achieve good standing with the state. Both offers are reported to be above JLL conclusions as we have valued Andover Subacute and Rehabilitation II as a vacant building with no projected lease.

As noted above, the portfolio was acquired on March 1, 2017 for approximately \$81,000,000. After discussions with the buyer, we understand the total consideration was negotiated in December 2016. No per property allocation was provided between the two facilities, however, an allocation for FF&E, land, and buildings and improvements was provided; the agreed allocation was five percent to FF&E, ten percent to land, and seventy five percent to the buildings and improvements.

On December 6 , 2016, BNJD Mulford Property, LLC and BNJD O'Brien Property, LLC entered into a lease agreement, as landlords, with Alliance Care Holdings, LLC, as tenant. Based on discussions with the buyer, the subject portfolio was not openly marketed and purchased in an off-market transaction from an inexperienced operator. At the time of sale, the subject portfolio was historically operating below market, however, the buyer was able to turn around operations, resulting in an annualized NOI of approximately \$9.5 million, and was able to immediately lease the subject portfolio. Further, there was limited business value included at the time of sale. Given the described events is not representative of a fair market transaction, no weight will be placed on the recent transition.

JLL is unaware of any sales within the previous three years.

Management

The subject portfolio contains 159 operating nursing care beds (159 licensed beds) and a vacant non-licensed building which previously operated with 543 beds. Andover Subacute and Rehabilitation I is operated by Alliance Care and Andover Subacute and Rehabilitation II has been delicensed and is vacant. The tenant has stopped making lease payments on both properties, thus we have considered the in place lease void.

We assume competent management under a third party lease agreement for the operating building and have concluded to market terms.

Assumptions and Limiting Conditions

The use of this report is subject to the following assumptions and limiting conditions:

- All reports and work product we deliver to you (collectively called “report”) represents an opinion of value, based on historical information and forecasts of market conditions. Actual results may vary from those forecast in the report. There is no guaranty or warranty that the opinion of value reflects the actual value of the property.
- The conclusions stated in our report apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events. Assessed values may change significantly and unexpectedly over short periods. We are not liable for any conclusions in the report that may be different if there are subsequent changes in value. We are not liable for loss relating to reliance upon our report more than three months after its date.
- There may be differences between projected and actual results because events and circumstances frequently do not occur as predicted, and those differences may be material. We are not liable for any loss arising from these differences.
- We are not obligated to predict future political, economic or social trends. We assume no responsibility for economic factors that may affect or alter the opinions in the report if the economic factors were not present as of the date of the letter of transmittal accompanying the report.
- The report reflects an appraisal of the property free of any liens or encumbrances unless otherwise stated.
- We assume responsible ownership and competent property management.
- The appraisal process requires information from a wide variety of sources. We have assumed that all information furnished by others is correct and complete, up to date and can be relied upon, but no warranty is given for its accuracy. We do not accept responsibility for erroneous information provided by others. We assume that no information that has a material effect on our appraisal has been withheld.
- We assume the following, unless informed to the contrary in writing: Each property has a good and marketable title. All documentation is satisfactorily drawn and that there are no encumbrances, restrictions, easements or other adverse title conditions, which would have a material effect on the value of the interest under consideration. There is no material litigation pending involving the property. All information provided by the Client, or its agents, is correct, up to date and can be relied upon. We are not responsible for considerations requiring expertise in other fields, including but not limited to: legal descriptions, interpretation of legal documents and other legal matters, geologic considerations such as soils and seismic stability, engineering, or environmental and toxic contaminants. We recommend that you engage suitable consultants to advise you on these matters.

- We assume that all engineering studies correct. The plot plans and illustrative material in the report are included only to help the reader visualize the property.
- We assume that there are no hidden or unapparent conditions of the property, subsoil or structures that render it more or less valuable. We are not responsible for such conditions or for obtaining the engineering studies that may be required to discover them.
- We assume that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the report. We have not made or requested any environmental impact studies in conjunction with the report. We reserve the right to revise or rescind any opinion of value that is based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the report assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
- Unless otherwise stated in the report, you should assume that we did not observe any hazardous materials on the property. We have no knowledge of the existence of such materials on or in the property; however, we are not qualified to detect such substances, and we are not providing environmental services. The presence of substances such as asbestos, urea-formaldehyde foam insulation and other potentially hazardous materials may affect the value of the property. Our report assumes that there is no such material on or in the property that would cause a loss in value. We do not assume responsibility for such conditions or for any expertise or engineering knowledge required to discover them. We encourage you to retain an expert in this field, if desired. We are not responsible for any such environmental conditions that exist or for any engineering or testing that might be required to discover whether such conditions exist. We are not experts in the field of environmental conditions, and the report is not an environmental assessment of the property.
- We may have reviewed available flood maps and may have noted in the report whether the property is generally located within or out of an identified Special Flood Hazard Area. However, we are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property. Any opinion of value we include in our report assumes that floodplain and/or wetlands interpretations are accurate.
- The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether it is in compliance with the ADA. We claim no expertise in ADA issues, and render no opinion regarding compliance of the property with ADA regulations.
- We assume that the property conforms to all applicable zoning and use regulations and restrictions unless we have identified, described and considered a non-conformity in the report.

- We assume that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the opinion of value contained in the report is based.
- We assume that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
- We have not made any investigation of the financial standing of actual or prospective tenants unless specifically noted in the report. Where properties are valued with the benefit of leasing, we assume, unless we are informed otherwise, that the tenants are capable of meeting their financial obligations under the leases, all rent and other amounts payable under the leases have been paid when due, and that there are no undisclosed breaches of the leases.
- We did not conduct a formal survey of the property and assume no responsibility for any survey matters. The Client has supplied the spatial data, including sketches and/or surveys included in the report, and we assume that data is correct, up to date and can be relied upon.
- Unless otherwise stated, the opinion of value included in our report excludes any additional value attributable to goodwill, or to fixtures and fittings which are only of value, in situ, to the present occupier. We have made no allowance for any plant, machinery or equipment unless they form an integral part of the building and would normally be included in a sale of the building. We do not normally carry out or commission investigations into the capacity or condition of services being provided to the property. We assume that the services, and any associated controls or software, are in working order and free from defect. We also assume that the services are of sufficient capacity to meet current and future needs.
- In the case of property where construction work is in progress, such as refurbishment or repairs, or where developments are in progress, we have relied upon cost information supplied to us by the Client or its appointed experts or upon industry accepted cost guides. In the case of property where construction work is in progress, or has recently been completed, we do not make allowance for any liability already incurred, but not yet discharged, in respect of completed work, or obligations in favor of contractors, subcontractors or any members of the professional or design team. We assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
- Any allocation in the report of value between the land and the improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

- The report is confidential to the party to whom it is addressed and those other intended users specified in the report for the specific purpose to which it refers. Use of the report for any other purpose or use by any party not identified as an intended user of the report without our prior written consent is prohibited, and we accept no responsibility for any use of the report in violation of the terms of this Agreement.
- We are not required to testify or provide court-related consultation or to be in attendance in court unless we have agreed to do so in writing.
- Neither the whole report, nor any part, nor reference thereto, may be published in any manner without our prior written approval.
- We may rely on, and will not verify, the accuracy and sufficiency of documents, information and assumptions provided to it by the Client or others. We will not verify documents, information and assumptions derived from industry sources or that JLL or its affiliates have prepared in the regular course of business. We are not liable for any deficiency in the report arising from the inaccuracy or insufficiency of such information, documents and assumptions. However, our report will be based on our professional evaluation of all such available sources of information.
- JLL IS NOT LIABLE TO ANY PERSON OR ENTITY FOR LOSS OF PROFITS, CONSEQUENTIAL, PUNITIVE, EXEMPLARY OR SIMILAR DAMAGES IN CONNECTION WITH THIS AGREEMENT. IN NO EVENT SHALL THE LIABILITY OF JLL AND ITS AFFILIATES IN CONNECTION WITH THIS AGREEMENT EXCEED THE FEE PAID TO JLL HEREUNDER.
- Unless expressly advised to the contrary, we assume that appropriate insurance coverage is and will continue to be available on commercially acceptable terms.
- We assume that no material changes in any applicable federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
- We may determine during the course of the assignment that additional Hypothetical Conditions and Extraordinary Assumptions may be required in order to complete the assignment. The report will be subject to those Hypothetical Conditions and Extraordinary Assumptions. Each person that is permitted to use the report agrees to be bound by all the Assumptions and Limiting Conditions and any Hypothetical Conditions and Extraordinary Assumptions stated in the report.

Extraordinary Assumptions

USPAP defines an extraordinary assumption as “an assignment-specific assumption as of the effective date regarding uncertain information used in the analysis which, if found to be false, could alter the appraiser’s opinion of conclusions.” Our appraisal is subject to the following extraordinary assumptions:

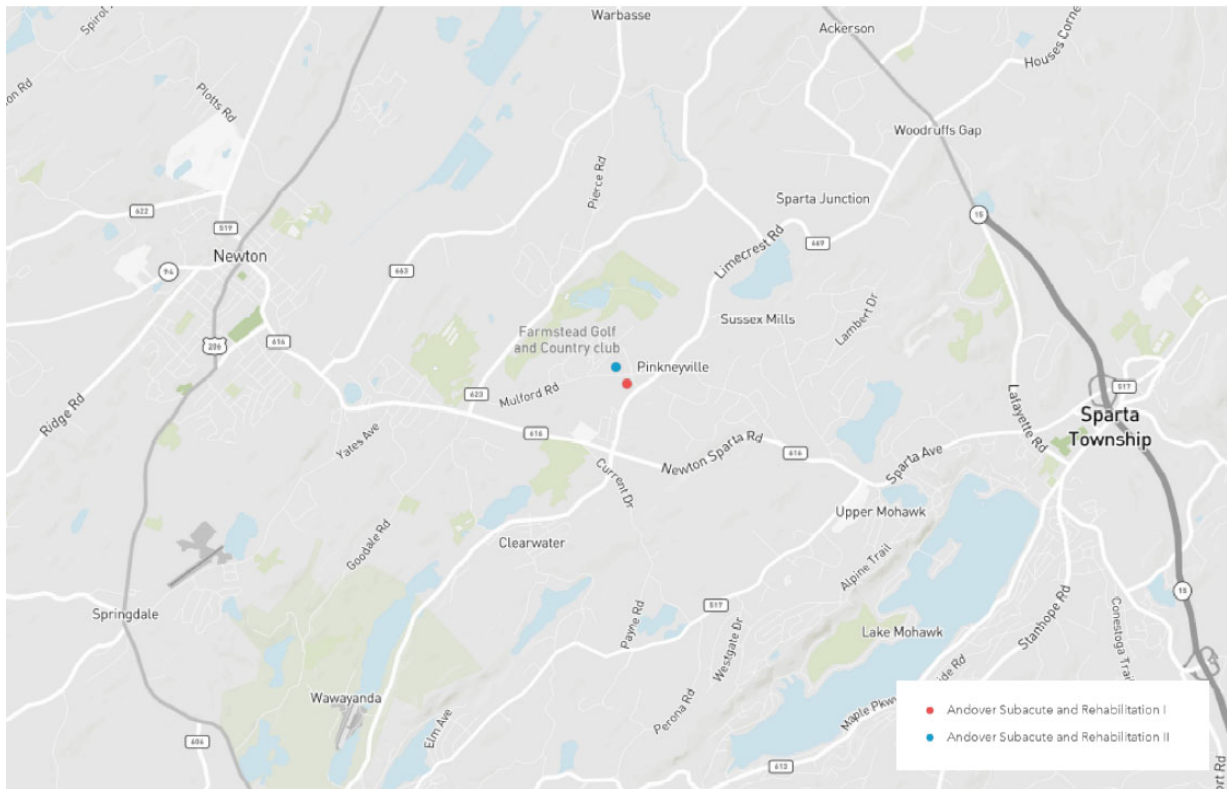
- JLL has not performed physical inspections of the subject, but have relied upon information provided by the client and public records in identifying the subject properties. It is further assumed that the subject assets are in average to good condition for their age and have been adequately maintained to operate in accordance with market standards for similar skilled nursing facilities.
- For purposes of this analysis, a retrospective date of value as of December 31, 2022 was provided. JLL assumes no material changes both physically and market related between the report date and date of value.
- Per the scope of this analysis, each asset under the Altitude Investments portfolio has been appraised by JLL licensed appraisers, and analyzed on an individual asset and market basis. The value presented does represent JLL’s estimate of market operations of each asset.
- The current lease agreement is in place but the tenant is not paying rent, thus we have considered the in place lease void. For the purposes of this analysis, we have projected a new lease for the operating property only and have valued the vacant building based on similar vacant building sales. We have assumed competent management from the new prospective tenant.
- We assume a new prospective tenant will take over for the current operator at similar occupancy for Andover Subacute and Rehabilitation I.
- We assume a prospective tenant will take over within the first 12 months and a third party lease agreement will be put in place. Further, rent will be discounted for Year 1 and full rent in Year 2.

Hypothetical Conditions

USPAP defines a hypothetical condition as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.” Our analysis is based upon the following hypothetical conditions:

- None

Area Analysis



Andover Subacute and Rehabilitation I

The subject is located along the northeastern boundary of Andover Township and is considered a rural location. Bedford is bordered by Lafayette Township to the north, Andover to the south, Sparta to the east, and Fedon Township to the west. Specifically, the subject site is located on O'Brien Lane west of NJ Route 206 and east to Route 56. It should be noted the subject is directly south of Andover Subacute and Rehabilitation II.

Andover Subacute and Rehabilitation II

The subject is located along the northeastern boundary of Andover Township and is considered a rural location. Bedford is bordered by Lafayette Township to the north, Andover to the south, Sparta to the east, and Fedon Township to the west. Specifically, the subject site is located on O'Brien Lane west of NJ Route 206 and east to Route 56. It should be noted the subject is directly north of Andover Subacute and Rehabilitation I.

Conclusion

In aggregate, the portfolio site contains a land total of 1,129,074 square feet. The shape of each site is mostly rectangular and the topography is mostly level. Overall, each site is considered to have average functional utility. Each is physically suited for a wide range of uses and are well suited for the present use.

Improvement Description and Analysis

Introduction

The following definitions of the Seniors Housing Classifications were jointly developed by the American Seniors Housing Association (ASHA) and the National Investment Center (NIC):

Active Adult Community: Age-restricted housing can be provided in a multifamily or a single-family residential setting. Often referred to as “55+” or “active adult” communities, these can be either rented or owned units or homes that regulate residency based on age. Additional amenities are typically provided through organized social activities, common spaces, and recreational options such as golf and fitness. There are wide-ranging and expanding models for these types of communities, from “low maintenance” and “empty nester” single family communities to rental senior apartments that provide amenities ranging from socialization opportunities to limited personal assistance such as transportation. These services are typically provided “A-La-Carte” giving the resident the option to customize their rental package. The typical age-restricted housing community does not provide residents access to care.

Senior Apartments: Market-rate units in age-restricted communities where at least 80% of the residents are age 55 or older. Although optional meal plans may be offered at these senior apartments, the base monthly fee does not include meals in a common dining facility. Therefore, “senior apartments” are different from “independent living units.”

Independent Living (IL): Designed for seniors who pay for some services (e.g., meals, housekeeping, transportation) as part of a monthly fee or rental rate, and who require little, if any assistance with Activities of Daily Living. Typically, independent living units are not licensed for health care — although the residents of independent living units may receive home health care services provided to them by either an outside agency or by a licensed affiliate of the property management. In order to qualify as having independent living units (rather than seniors apartments), the community must contain a common dining facility that provides at least one daily meal as part of the monthly fee.

Assisted Living (AL): Designed for frail seniors who need assistance with Activities of Daily Living (bathing, eating, dressing, toilet, transfer in/out of bed, etc.) but do not require continuous skilled nursing care. These beds can be offered in a separate wing, separate floor, or separate building and typically have state licensure requirements for the delivery of assisted living services.

Independent and Assisted Living (IAL): Single communities offering both independent and assisted living within the same building or on the same campus.

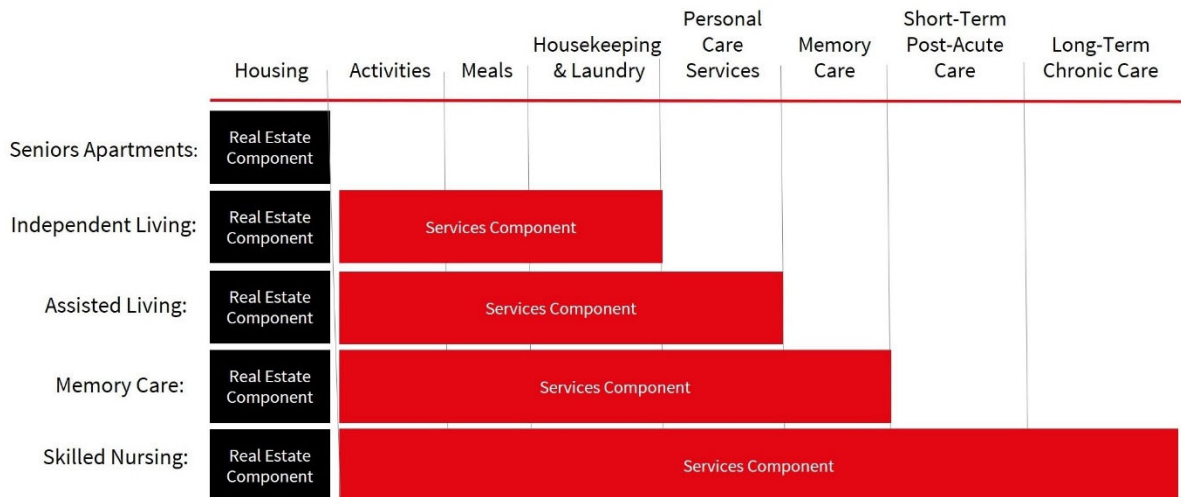
Nursing Care (NC) or Skilled Nursing Facility (SNF): Licensed daily rate or rental properties that are technically referred to as skilled nursing facilities (SNF) where the majority of individuals require 24-hour nursing and/or medical care. In most cases, these properties are licensed for Medicaid and/or Medicare reimbursement. These properties may include a minority of assisted living and/or Alzheimer’s/dementia units.

Continuing Care Retirement Communities (CCRCs): feature a combination of independent living units and skilled nursing beds, as well as properties that [must] comprise both independent living units and nursing care beds but may also include some assisted living beds and/or memory care beds. CCRC is also referred to as “Life Plan Community,” (LPCs).

Further, the below graph and discussion outline the range of services offered across different property types according to the *NIC Investment guide 5th Edition*. Besides housing (shelter and amenities), seniors housing and care properties offer residents myriad services:

- Hospitality Services: meals, transportation, housekeeping, entertainment, and concierge services
- Care Services: assistance with bathing, grooming, dressing, eating, medication management, and other activities of daily living (ADLs)
- Medical Services: skilled nursing, rehab therapy, and chronic care

The care and medical service mix at the property increases with the residents’ needs. Independent living typically serves the most able residents and offers primarily hospitality services. Nursing care on the other hand, serves residents with the greatest medical needs and, accordingly, has the most intensive services.



A continuing trend in seniors housing and care has been the rising acuity levels of residents upon initial move-in across the care segments. As a result, independent living and assisted living operators

often care for residents who already have some ADL needs. In addition, skilled nursing operators increasingly are serving residents in need of short-term rehabilitation services or those with high-acuity medical care needs who were previously served for a more extended period of time in an acute care hospital, a long-term acute care hospital, or an in-patient rehabilitation facility. Some independent living and assisted living operators now provide home healthcare, therapy, and other services to residents in order to better meet the needs of residents in their properties. Others allow residents independently to engage third-party service providers to meet care needs that could not otherwise be accommodated in their properties either by the decision of the operator or by the state regulatory framework.

Unit/Bed Mix and Building Areas

The following is a tabulation of the subject's unit/bed mix.

Unit Mix - Andover Subacute and Rehabilitation I

| Unit Type | Number of Units | Total Beds |
|---------------|-----------------|------------|
| Nursing Care | 77 | 159 |
| Totals | 77 | 159 |

The subject portfolio contains 159 operating nursing care beds (159 licensed beds) and a vacant non-licensed building which previously operated with 543 beds. Andover Subacute and Rehabilitation I is operated by Alliance Care and Andover Subacute and Rehabilitation II has been delicensed and is vacant. The tenant has stopped making lease payments on both properties, thus we have considered the in place lease void.

Overall, the unit mix is considered typical and well accepted by the market.

Summary of Construction Components

A summary of the improvements follows.

IMPROVEMENT SUMMARY

| Name | Care Level | Units | Beds | Yr. Built | Reno | Condition | GBA (SF) | Construction Class | Size Site (Acres) |
|--|------------|-------|------|-----------|------|-----------|----------|--------------------|-------------------|
| Andover Subacute and Rehabilitation I | SNF | 191 | 159 | 1964 | N/A | Average | 45,048 | Class C | 9.24 |
| Andover Subacute and Rehabilitation II | Vacant | - | - | 1974 | N/A | Average | 121,260 | Class C | 16.68 |
| Total/Average | | 191 | 159 | 1969 | - | | 166,308 | | 25.92 |

Source: Compiled by JLL

Each property is generally considered similar in construction standards, with typical seniors housing and skilled nursing construction as follows:

Size and Shape -

| | |
|---------------------------|---|
| Gross Building Area (SF): | 166,308 total 45,048; Andover Subacute and Rehabilitation I 121,260; Andover Subacute and Rehabilitation II |
| Basement: | No |
| Stories: | 2 |
| Building Shape: | Irregular |

Age and Life -

| | |
|------------------------------|------|
| Average Year Built: | 1969 |
| Chronological Age (Years): | 51 |
| Effective Age (Years): | 30 |
| Total Economic Life (Years): | 55 |
| Remaining Economic Life: | 25 |

Living Unit Finish and Mechanicals -

| | |
|-----------------|--|
| Floor Surfaces: | Vinyl |
| Bathrooms: | One bathroom per unit with sink, toilet and walk-in shower, or one half-bathroom per unit with sink and toilet |
| Kitchen: | None |
| Closets: | One or two per resident |

Common Area Finish and Mechanicals -

| | |
|-------------------------|--|
| Common Area Room Types: | Offices, lounge areas, activity room, dining room and therapy room |
| Floor Surfaces: | Carpet and vinyl |

Safety and Health Care –

| | |
|------------------|-----------------------------------|
| Fire Protection: | Fire sprinkler system with alarms |
|------------------|-----------------------------------|

Other Improvements -

| | |
|-------------------|--------------------------------|
| Other Structures: | None |
| Signage: | Monument sign at front of site |

Ratings -

| | |
|-------------------------|-----------------|
| Construction Quality: | Average to Good |
| Layout: | Regular |
| Unit\Bed Configuration: | Regular |
| Overall Condition: | Average to Good |

JLL assumes that the subject is up to code for fire, plumbing and electrical systems are typical for the property type, that there is adequate landscaping and the subject contains typical FF&E items.

Amenities

The subject's amenities include:

- Dining area
- Lobby
- Lounges
- TV viewing areas
- Courtyard
- Therapy room

Effective Age and Remaining Economic Life

According to Marshall & Swift the life expectancy for a Class C, average to good quality facility of the subject's use is 55 years. To support this, we can look to the implied life assigned to buildings involved in recent transactions. We conducted valuations of several large portfolios of seniors housing facilities, including a mix of nursing facilities and assisted living. Important statistics are as follows:

- Portfolio A had 261 assets in operation. The average age was 36 years. Of the total 261 assets, 22% were already 40 years old. The entire portfolio was leased to an operator for a term of 20 years, implying a life of at least 56 years (36-year average + 20-year lease).
- Portfolio B had 336 assets with an average age of 24 years. The portfolio was leased for a maximum term of 22 years, implying a life of at least 46 years.
- Portfolio C had 19 assets with an average age of 45 years. The portfolio was leased for a maximum term of 20 years, implying a life of at least 65 years.

In addition, barriers to entry can limit competition and serve to extend the economic life of a building. A significant barrier to entry in the nursing facility sector is CON requirements. The subject is located in a state with CON requirements, which will likely result in the subject having a longer than typical economic life.

Based upon the preceding, we conclude the total economic life of the subject portfolio to be 55 years. The subject portfolio was built in 1969 on average, thus the actual chronological age is 51 years. The subject portfolio has been routinely updated. The level of maintenance received appears to have been average.

We have concluded the average effective age of the subject portfolio to be 30 years. Therefore, the concluded remaining economic life of the subject is 25 years (55 years less 30 years).

Functional Utility and Functional Obsolescence

For a portfolio of its vintage, the subject has average functional utility. Like many facilities of its age, the subject has shared bathrooms and a large number of semi-private beds. This is common in the market and has no negative impact upon the subject operationally. However, newer facilities tend to have more private rooms and bathrooms. The impact of this will be considered in selecting the appropriate capitalization rate for the subject.

Deferred Maintenance / Capital Expenditures

Based on discussions with management, no items of deferred maintenance were reported, and further, we understand the properties are well-maintained with a regular capital expenditure program.

Conclusion

The subject portfolio totals 159 beds. On average, the portfolio was built in 1969 and contains in aggregate 166,308 square feet (45,048 and 121,260 respectively). Overall construction quality is rated as average to good and condition is also average to good.

Regulatory Overview

Zoning

The zoning classification of each property is located within the addenda of this report.

Deed Restrictions

We have assumed that the subject is not affected by any adverse deed restrictions. However, this is a legal matter, and an attorney should be consulted for verification of this assumption.

New Jersey Nursing Facility Licensing

The state of New Jersey licenses and regulates nursing facilities. The following summarizes license requirements:

| | |
|-------------------------------|--|
| License Type: | Nursing Home |
| Regulatory Agency: | Department of Health and Senior Service (DHSS) |
| Certificate of Need Required: | Yes |
| License Required: | Yes |
| Provider Bed Tax: | Yes. The Provider Bed Tax is \$14.67 per non-Medicare resident day. It should be noted nursing facilities are reimbursed for a portion of the bed tax as an add-on rate to their Medicaid rate. |
| Inspections: | Required by the Department for the issuance of a license and to maintain a license. If violations occur, the Department may suspend or revoke a license or may refer the violation to the Attorney General for injunction and/or the assessment of civil penalties and/or emergency closure. |

Potential Changes in the Regulatory Environment

We are not aware of any pending changes in the regulatory environment in the state of New Jersey that would negatively impact the subject.

Conclusion

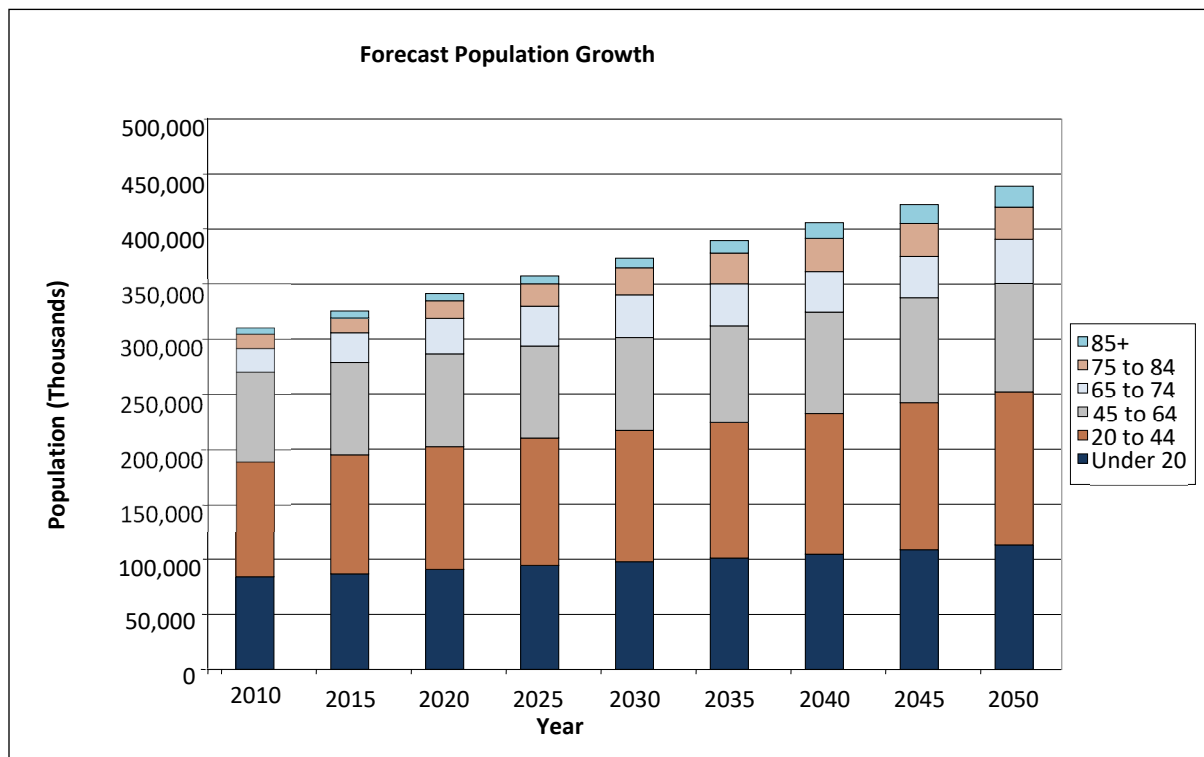
The subject portfolio is licensed for 159 licensed beds with 543 recently delicensed beds. We have valued the delicensed building as vacant. The number of operating beds is 159 beds. We are not aware of any changes in the regulatory environment that would negatively impact the subject.

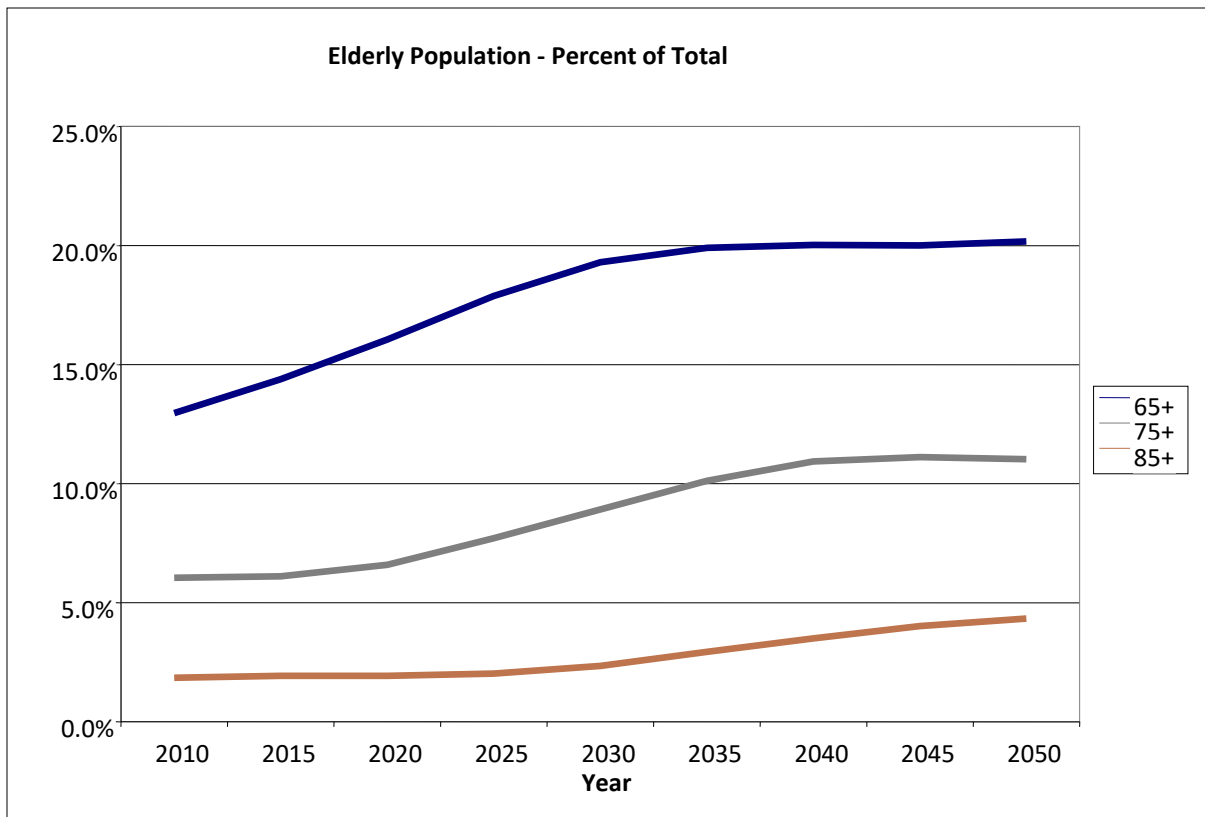
Seniors Housing Market Analysis

Aging Trends

There is no denying that the demographic trends impacting the seniors housing sector are positive. As of the 2010 Census, there were 40.3 million elderly Americans (those aged 65 and older), making up nearly 13% of the total population. The elderly population is expected to almost double by the year 2030 to 72 million, to make up 19% of the total population. The 2010 Census also indicated that there were 5.5 million Americans aged 85 and older, almost 2% of the total population. This population is expected to almost double by 2030 and become 2.3% of the total population. In 2050, as many as one in five Americans could be elderly.

Much of the forecast growth will occur between 2010 and 2030, due to the Baby Boomer generation entering their elderly years. This is most apparent when comparing growth rates. Between 2010 and 2030, the overall U.S. population is forecast to grow at an annual pace of 0.9% per year. Remarkably, growth in all three seniors sectors is much stronger: 3.0% per year for the 65+ population, 2.9% per year for the 75+ population, and 2.1% per year for the 85+ population. These strong rates of growth will lead to growing demand for seniors housing.





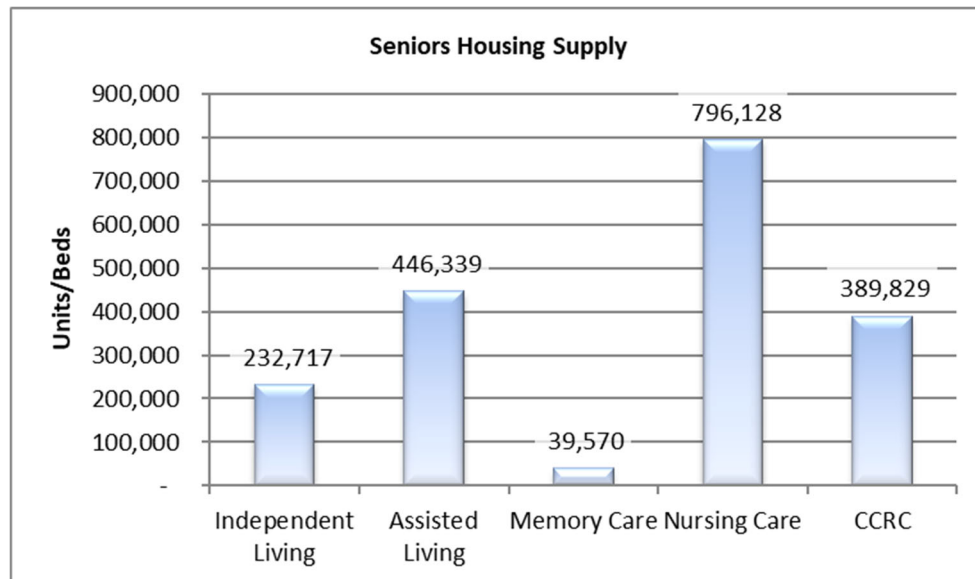
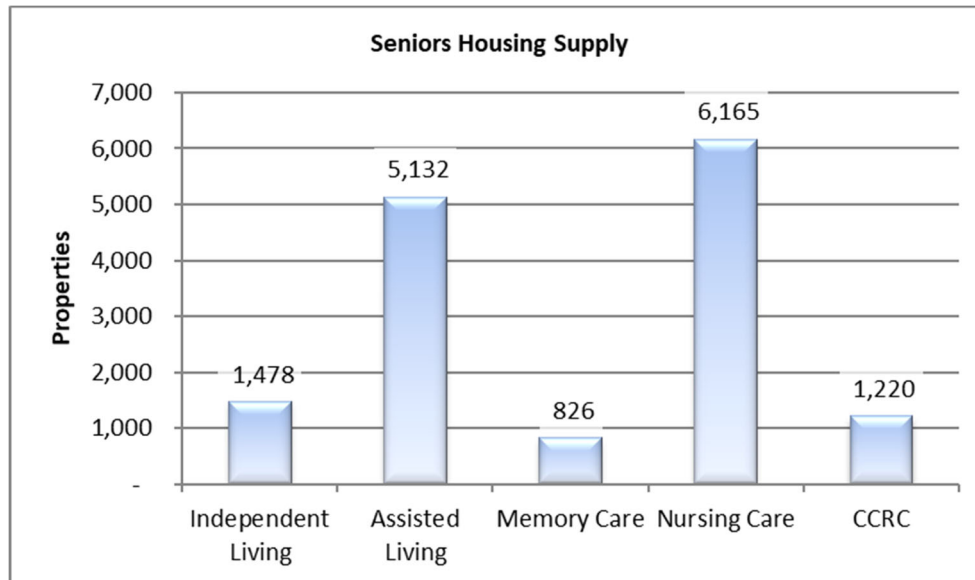
Other Factors Leading to Increased Demand

In addition to demographic trends, the following factors are leading to increasing demand for seniors housing and long-term care:

- Need for assistance with ADLs. According to census figures, about 6.5 million seniors need assistance with ADLs. As the number of seniors continues to increase, that number is expected to double by 2020.
- More elderly living alone. Women continue to outlive men, and the likelihood that either men or women will live alone increases with age. Societal factors, such as rising divorce rates and the growing numbers of people choosing not to marry, also contribute to this trend.
- Changes in the role of women. Women have traditionally been the primary caregivers of older people. However, the number of women in the work force grew from 20.5% in 1915 to more than 58% in 2010. With this change, fewer women are serving as caregivers, creating the need for the elderly to seek assistance outside the home.

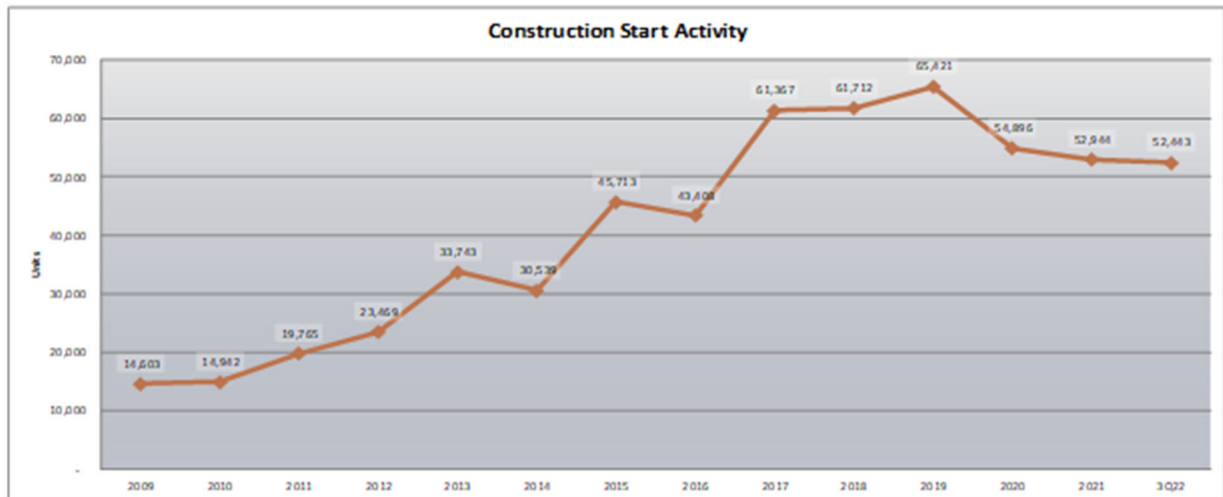
National Senior Housing Supply Trends

Senior apartments and independent living supply is typically expressed in terms of units, while assisted living and nursing supply is expressed in terms of beds. NIC MAP Construction Monitor estimated there were 14,889 seniors housing properties consisting of 1,915,575 units/beds in the primary and secondary markets of the U.S. as of the 4th quarter 2022, as shown below.



New Development

According to *NIC Map Construction Monitor* for the 4th quarter of 2022, national construction start activity (not including senior apartments) was as follows.

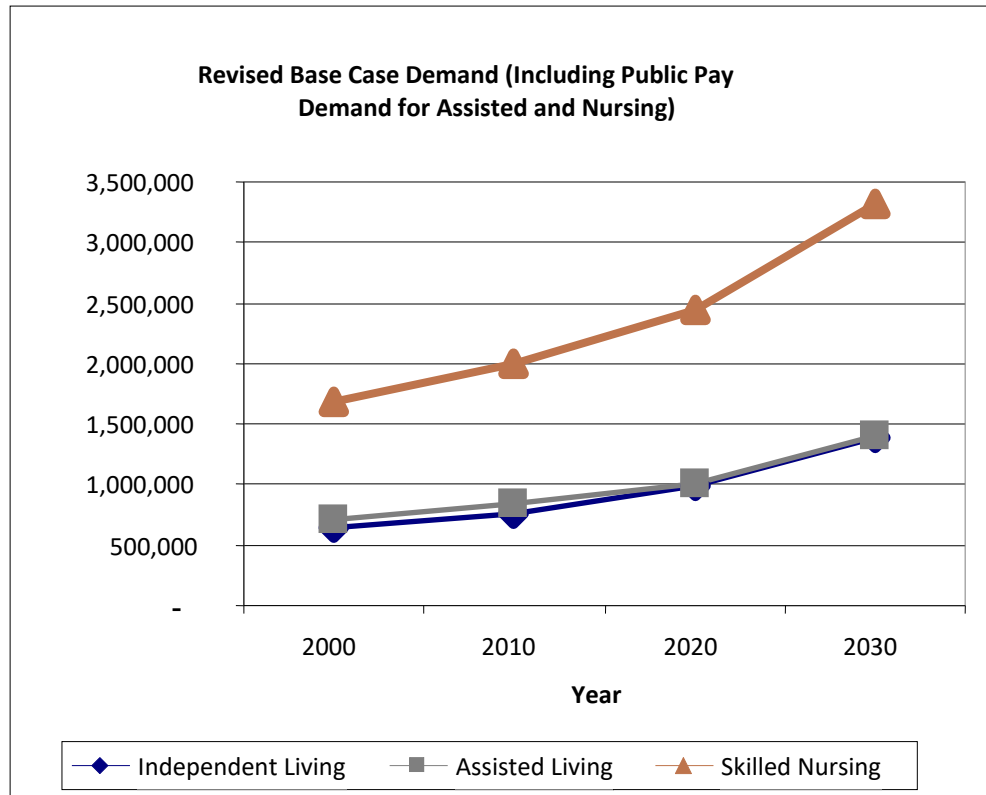


There were 509 seniors housing properties under construction as of the 4th quarter of 2022. The majority of the construction was within new properties with construction in these properties totaling 45,219 units spread across 343 properties. In addition, there were also 166 existing properties undergoing expansions totaling 9,496 units.

National Demand Trends

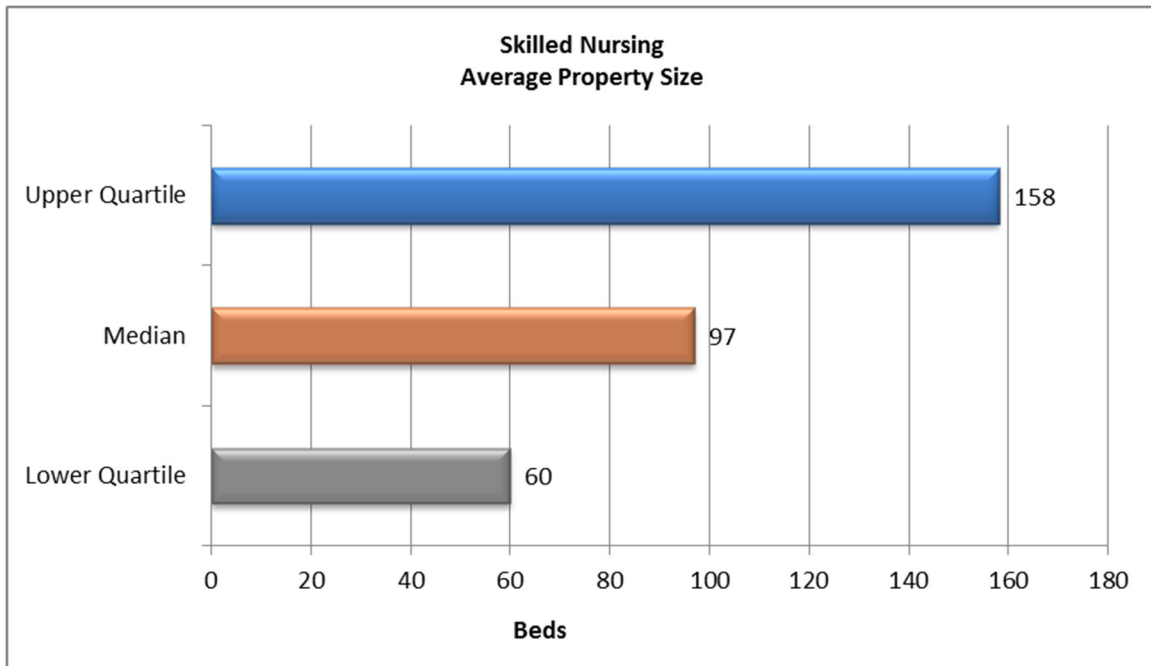
As noted previously, demographic trends will lead to growing demand for seniors housing over the coming years. Most industry analysts agree that the level of assisted and independent living units that are supportable is not yet known. As the public becomes more educated as to seniors housing options, an increasing percentage of seniors may elect to occupy some form of seniors housing.

To date the most comprehensive estimate of demand for seniors housing was published in *The Case for Investing in Seniors Housing and Long Term Care Properties with Updated Projections*. The study, conducted by NIC in partnership with Price Waterhouse, LLP, produced the following base case estimates of effective demand for seniors housing.



Property Size - Skilled Nursing

Nursing facilities provide various levels of health care service on a 24-hour basis in addition to shelter, dietary, housekeeping, laundry, and social needs. Skilled care is a level of nursing and supportive care provided by licensed nurses to patients who need 24-hour nursing services on an extended basis. The upper quartile of beds is 158, and the lower quartile of beds is 60. In addition, the median number of beds is 97. It is noted that the 2012 data is the most recent available.



Source: *The State of Seniors Housing 2012*, ASHA

Occupancy

The table on the following page shows the occupancy performance by region compared to a year ago from the National Investment Center for Seniors Housing & Care (NIC).

Performance by Region Current Quarter vs. One Year Ago

| | Occupancy (%) | | Stabilized Occupancy (%) | | Annual Rent Growth (%) | | Annual Inventory Growth (%) | | Annual Absorption (%) | |
|---------------------------------------|---------------|--------------|-----------------------------|--------------|---------------------------|-------------|-----------------------------------|--------------|--------------------------|-------------|
| | 3Q21 | 3Q22 | 3Q21 | 3Q22 | 3Q21 | 3Q22 | 3Q21 | 3Q22 | 3Q21 | 3Q22 |
| | | | | | | | | | | |
| Independent Living¹ | 83.4% | 85.2% | 84.9% | 86.4% | 1.7% | 4.1% | 1.8% | 1.2% | -0.1% | 3.4% |
| East North Central | 82.6% | 83.7% | 83.9% | 84.7% | 1.5% | 2.9% | 1.5% | 1.5% | -0.7% | 2.8% |
| Mid-Atlantic | 84.8% | 86.6% | 86.9% | 88.2% | 1.8% | 3.4% | 1.8% | 0.9% | 0.0% | 3.0% |
| Mountain | 81.8% | 82.9% | 83.5% | 84.4% | 2.6% | 5.1% | 1.9% | 1.8% | 1.7% | 3.0% |
| Northeast | 86.0% | 88.4% | 87.4% | 89.3% | 1.6% | 4.2% | 1.6% | 0.2% | -0.1% | 2.9% |
| Pacific | 85.1% | 86.1% | 86.5% | 87.7% | 1.9% | 4.9% | 1.4% | 1.5% | -0.8% | 2.8% |
| Southeast | 81.3% | 83.5% | 82.4% | 84.3% | 0.9% | 4.9% | 2.0% | 1.3% | -0.9% | 4.1% |
| Southwest | 79.6% | 82.9% | 81.3% | 84.0% | 1.3% | 4.4% | 1.2% | 2.1% | 0.4% | 6.3% |
| West North Central | 84.0% | 86.1% | 86.5% | 87.2% | 3.5% | 3.0% | 4.0% | 0.4% | 1.7% | 2.9% |
| Assisted Living¹ | 76.4% | 80.4% | 78.6% | 82.0% | 2.2% | 4.7% | 2.7% | 1.5% | 0.1% | 6.9% |
| East North Central | 74.9% | 79.1% | 76.8% | 80.3% | 2.3% | 4.0% | 2.6% | 1.9% | -0.8% | 7.5% |
| Mid-Atlantic | 74.8% | 78.8% | 76.4% | 80.5% | 2.7% | 3.6% | 2.3% | 2.5% | 0.1% | 8.0% |
| Mountain | 76.2% | 80.6% | 77.9% | 81.9% | 2.0% | 4.4% | 2.1% | 1.2% | 1.2% | 7.0% |
| Northeast | 77.2% | 81.4% | 80.0% | 83.4% | 2.0% | 4.8% | 2.5% | 1.4% | 0.3% | 7.0% |
| Pacific | 77.6% | 80.5% | 79.8% | 82.4% | 2.4% | 6.3% | 2.9% | 1.7% | -1.8% | 5.6% |
| Southeast | 76.1% | 80.3% | 78.9% | 82.0% | 1.4% | 3.6% | 3.6% | 1.6% | 1.6% | 7.2% |
| Southwest | 75.5% | 80.1% | 76.7% | 81.2% | 1.8% | 3.7% | 1.4% | -0.7% | 1.1% | 5.2% |
| West North Central | 77.8% | 82.2% | 80.8% | 83.7% | 3.9% | 6.5% | 3.3% | 2.3% | 1.1% | 8.0% |
| Nursing Care¹ | 76.4% | 79.3% | 76.6% | 79.3% | 2.0% | 2.8% | -0.8% | -0.9% | -0.4% | 2.8% |
| East North Central | 73.3% | 75.7% | 73.4% | 75.7% | 2.0% | 3.2% | -0.6% | -0.9% | -4.1% | 2.3% |
| Mid-Atlantic | 79.1% | 81.6% | 79.1% | 81.6% | 2.9% | 2.7% | -0.8% | -0.8% | -0.6% | 2.4% |
| Mountain | 76.8% | 78.7% | 76.9% | 78.9% | 0.9% | 2.4% | -1.4% | -1.1% | -1.5% | 1.5% |
| Northeast | 80.2% | 83.3% | 80.2% | 83.3% | 1.6% | 2.3% | -1.1% | -1.0% | 2.1% | 2.9% |
| Pacific | 80.1% | 83.2% | 80.2% | 83.2% | 4.2% | 4.3% | 0.4% | -0.6% | 1.5% | 3.2% |
| Southeast | 77.2% | 81.0% | 77.7% | 81.1% | 1.5% | 2.4% | -0.3% | -0.4% | -1.2% | 4.4% |
| Southwest | 66.1% | 68.7% | 66.2% | 68.8% | 1.3% | 2.1% | -1.1% | -0.9% | -1.1% | 3.1% |
| West North Central | 73.1% | 75.2% | 73.1% | 75.1% | 2.2% | 3.7% | -1.4% | -2.4% | -2.5% | 0.3% |
| CCRCs¹ | 85.3% | 86.8% | 85.6% | 86.9% | 2.3% | 4.2% | 0.8% | -0.4% | -1.0% | 1.3% |
| East North Central | 83.3% | 84.5% | 83.4% | 84.5% | 2.1% | 3.3% | 0.4% | -0.1% | -2.6% | 1.3% |
| Mid-Atlantic | 88.0% | 89.0% | 88.6% | 89.3% | 1.8% | 3.6% | 0.7% | -0.6% | -0.8% | 0.6% |
| Mountain | 84.8% | 84.6% | 85.5% | 85.1% | 4.5% | 5.7% | 3.2% | -0.6% | 0.8% | -0.8% |
| Northeast | 87.6% | 89.3% | 87.6% | 89.3% | 1.6% | 4.5% | 0.0% | -0.7% | -1.2% | 1.2% |
| Pacific | 89.0% | 89.6% | 89.0% | 89.6% | 3.3% | 5.1% | 0.5% | -0.2% | 0.1% | 0.5% |
| Southeast | 83.4% | 84.9% | 83.5% | 85.2% | 0.7% | 5.1% | 0.6% | 0.6% | -2.6% | 2.3% |
| Southwest | 80.8% | 82.9% | 81.7% | 82.9% | 3.1% | 4.3% | 1.2% | 0.8% | 0.9% | 3.3% |
| West North Central | 82.2% | 85.1% | 82.9% | 85.1% | 5.8% | 2.4% | 2.3% | -1.6% | 1.8% | 2.0% |

1. Represents aggregate property type data for all markets.

The preceding table represents aggregate property type data collected from the NICMAP 99 markets (primary and secondary market aggregate), as shown below:

East North Central: Includes Akron, OH; Chicago, IL; Cincinnati, OH; Cleveland, OH; Columbus, OH; Dayton, OH; Detroit, MI; Grand Rapids, MI; Indianapolis, IN; Madison, WI; Milwaukee, WI; Toledo, OH; and Youngstown, OH.

Mid-Atlantic: Includes Baltimore, MD; Charleston, SC; Charlotte, NC; Columbia, SC; Greensboro, NC; Greenville, SC; Louisville, KY; Raleigh, NC; Richmond, VA; Virginia Beach, VA; and Washington, DC.

Mountain: Includes Albuquerque, NM; Boise, ID; Colorado Springs, CO; Denver, CO; Las Vegas, NV; Ogden, UT; Phoenix, AZ; Salt Lake City, UT; and Tucson, AZ.

Northeast: Includes Albany, NY; Allentown, PA; Boston, MA; Bridgeport, CT; Buffalo, NY; Harrisburg, PA; Hartford, CT; Lancaster, PA; New Haven, CT; New York, NY; Philadelphia, PA; Pittsburgh, PA; Portland, ME; Providence, RI; Rochester, NY; Scranton, PA; Springfield, MA; Syracuse, NY; and Worcester, MA.

Pacific: Includes Bakersfield, CA; Fresno, CA; Los Angeles, CA; Modesto, CA; Portland, OR; Riverside, CA; Sacramento, CA; San Diego, CA; San Francisco, CA; San Jose, CA; Seattle, WA; Stockton, CA; and Ventura, CA.

Southeast: Includes Atlanta, GA; Augusta, GA; Birmingham, AL; Chattanooga, TN; Daytona Beach, FL; Fort Myers, FL; Jackson, MS; Jacksonville, FL; Knoxville, TN; Lakeland, FL; Melbourne, FL; Memphis, TN; Miami, FL; Nashville, TN; Orlando, FL; Sarasota, FL; and Tampa, FL.

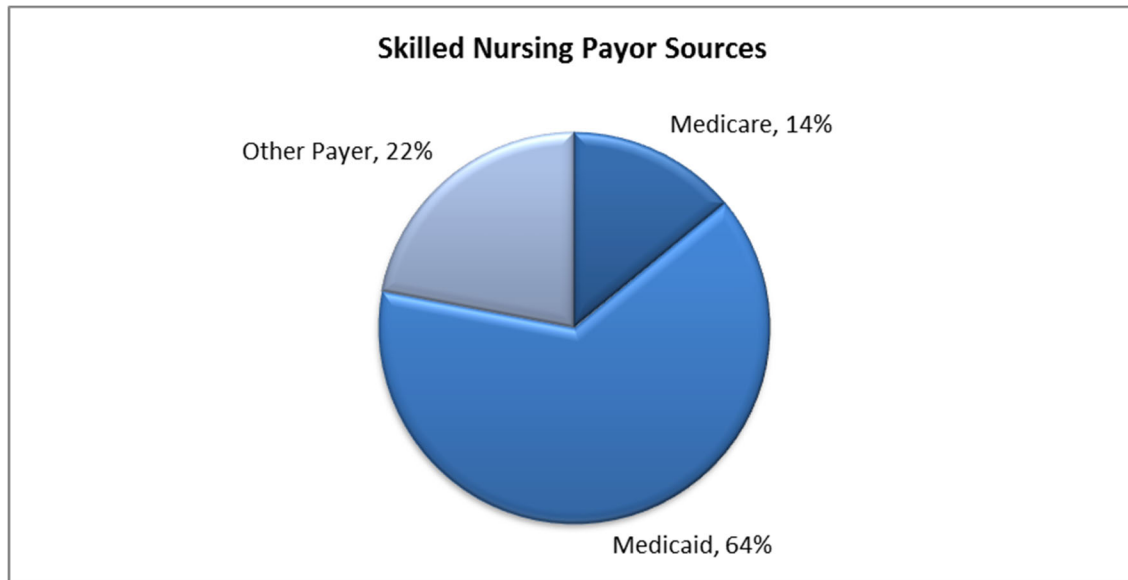
Southwest: Includes Austin, TX; Baton Rouge, LA; Dallas, TX; El Paso, TX; Houston, TX; Little Rock, AR; McAllen, TX; New Orleans, LA; Oklahoma City, OK; San Antonio, TX; and Tulsa, OK.

West North Central: Includes Des Moines, IA; Kansas City, MO; Minneapolis, MN; Omaha, NE; St. Louis, MO; and Wichita, KS.

Payment Types

Skilled Nursing

The majority of nursing home stays are funded by Medicare, Medicaid, or private long-term care insurance.



Source: American Health Care Association, Online Survey, Certification and Reporting (OSCAR)

Medicaid

Medicaid (Title XIX of the Social Security Act) is a joint federal and state health insurance plan for the indigent. Each state administers its own program and provides various benefit levels within broad federal guidelines. Thus, the form and manner of reimbursement vary significantly from state to state.

The Medicaid benefit payment for long-term nursing care service is the lifeblood of the nursing home industry. With some exceptions, the federal government usually provides matching funds of a minimum of 50% of the cost of a state's Medicaid program. The federal participation match rate for each state is calculated using a formula based on the state's average per capita income.

Medicaid predominantly pays nursing homes on a per diem basis, sometimes cost-based, as opposed to per discharge or per diagnosis. Generally, Medicaid per diem rates are raised by a percentage substantially less than the Consumer Price Index inflation rate. In fiscal years when a state is experiencing a budget constraint, the tendency is to allow few or no rate increases.

Among the large for-profit nursing facility companies, Medicaid typically comprises 65% to 70% of the resident census and typically generates around 45% of revenue for nursing facilities. According to AHCA, the average Medicaid rate for nursing home care was projected to be \$182.59 in 2013. Higher Medicare payments subsidize lower Medicaid payments in nursing facilities.

During an economic downturn, demand for Medicaid rises as more people fall into poverty or lose their employer sponsored coverage and become uninsured. At the same time, state revenues decline, affecting states' ability to balance their budgets and fund programs such as Medicaid. As a result, states must grapple with increasing pressures to limit program spending in Medicaid and manage the increase of newly eligible enrollees in the program.

In 2002, revenues plummeted, and Medicaid spending and enrollment growth peaked resulting in state budget pressures. Every state adopted measures to control provider payments and spending for prescription drugs. These actions had immediate effects on Medicaid spending. Often as a last resort, states also turned to Medicaid benefit and eligibility cuts as well as increased co-payment requirements in an effort to control costs. Most efforts to control Medicaid long-term care spending were focused on reductions for institutional care while states continued to expand community based long-term care options.

Federal fiscal relief legislation during the last economic downturn was successful in helping to avoid deeper Medicaid cuts and preserve eligibility. In 2003, Congress passed the Jobs and Growth Tax Relief Reconciliation Act that provided \$20 billion in temporary federal fiscal relief to states, of which \$10 billion came in the form of a uniform increase in the federal matching rate (FMAP) for Medicaid expenditures. To receive the increased FMAP, states were required to maintain existing eligibility levels; thus, helping states avoid deep cuts and preserve eligibility.

In recent years, many states have established nursing facility provider tax programs. Under this program, nursing facilities are assessed an amount (within federal limits and other regulatory requirements) which can be used by the state, along with federal matching funds, to provide Medicaid rate increases to providers. Prior to fiscal year (FY) 2004, only 20 states assessed provider taxes on nursing homes. In FY 2012, more than twice as many (43 states, plus the District of Columbia) implemented nursing home tax programs. Total tax collections exceed \$5 billion. Overall, provider taxes on nursing homes generate more than \$6.0 billion in matching federal funds. In states with such programs, these taxes are used to reimburse an average of \$24 per patient day in allowable Medicaid nursing home costs.

In June 2012, the Medicaid provisions of the health care law were upheld but limited by the Supreme Court in a way that increased the possibility that not all states would choose to participate in the new version of Medicaid. Under the original health care law, the federal government would have covered all costs from the Medicaid expansion for the first three years, beginning in 2014. Afterward (between 2016 and 2020), the states would have to pay a share that would rise up to 10% of the new costs. According to the law, states that refused to participate would lose all of their existing Medicaid funds. However, the United States Supreme Court ruled in National Federation of Independent Business v. Sebelius that states do not have to agree to this expansion in order to continue to receive previously established levels of Medicaid funding, and many states have chosen to continue with pre-Affordable Care Act funding levels and eligibility standards.

Nursing home providers in most states will have to continue to rely on Medicare, other payers, and other revenue sources to help bridge the gap between Medicaid rates and the cost of caring for residents. There is no predictability or stability in many states relative to Medicaid rate increases. The length and depth of this economic downturn, the outcome of pending federal regulations and the availability of federal fiscal relief will play a large role in determining how Medicaid programs and the individuals served by the program will fare during this downturn.

Medicare

Medicare reimbursement for nursing facilities consists of two parts:

Medicare Part A: Provides payment for post-hospital care in a Medicare certified nursing facility. Medicare Part A may provide payment for post-hospital care in a nursing facility for up to 100 days if Medicare coverage requirements, or “the 5 rules”, are met. A resident is entitled to full coverage for the first 20 days; from the 21st day through the 100th day, Medicare pays for all covered services except a daily co pay amount for which the resident is responsible. That means the resident has to pay the co pay either with his or her own money or, if eligible, through Medicaid or private insurance (i.e. medi-gap policy). A nursing facility resident will not be entitled to any Medicare Part A coverage unless he or she is admitted to a nursing facility within 30 days following a 3-day hospital stay. Medicare certified nursing facilities are reimbursed for providing nursing facilities stays based upon the Prospective Payment System (PPS).

Medicare Part B: Seniors are required to enroll in Medicare Part B. Medicare, which pays for doctors’ services, outpatient hospital care, and some other medical services that Part A does not cover, such as the services of physical and occupational therapists, and some home health care. Part B helps pay for these covered services and supplies when they are medically necessary.

Fiscal Year Beginning October 1, 2018

In 2018, CMS proposed an increase to the FY 2019 rates of 2.4%, as mandated by the Bipartisan Budget Act of 2018. It was reported that without this legislation, the update would have been 1.9%. According to a report by Reed Smith, LLP, the update is reduced by 2% for nursing facilities that do not submit the required quality data under the new Quality Reporting Program, or QRP. No additional QRP measures are currently proposed, rather, the CMS is in favor of potentially removing some prior measures after a cost benefit analysis. As part of the announcements, the CMS is proposing a new rate structure for Medicare payments, based on resident needs rather than therapy needs. In short, the proposed PDPM would identify and adjust the following five case-mix components to characterize a resident’s care: Physical Therapy (PT), Occupational Therapy (OT), Speech-Language Pathology, Non-Therapy Ancillary (NTA), and Nursing. Within these components, the patient is assigned to one of 10 clinical categories based on their primary diagnosis (determined by ICD-10 codes recorded in MDS

item I8000). CMS would apply variable per diem payment adjustments to account for changes in resource use over the course of a stay for the PT, OT, and NTA components. The sum of each of five components would be combined with the non-case-mix component to determine the full SNF PPS per diem rate for that resident. CMS implemented the PDPM effective October 1, 2019, or FY 2020.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed by Congress signed into law by President Trump on March 27th, 2020. This over \$2 trillion economic relief package delivers commitment to protecting the American people from the public health and economic impacts of COVID-19. The CARES Act provides fast and direct economic assistance for American workers, families, and small businesses, and preserve jobs for our American industries.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 does two things. First, it temporarily suspends the Medicare sequester from taking effect between May 1, 2020 and December 31, 2020. However, this has recently been extended through December 31, 2021. This means that Medicare plans and providers would receive an increase in payment rates of approximately 2.0% more than what they otherwise would have received during this time. Second, it extended the mandatory sequester for one additional year. This means that mandatory spending for all non-exempt programs, including Medicare and non-Medicare, will be reduced through 2030.

In September 2021, the U.S. Department of Health and Human Services (HHS), through the Health Resources and Services Administration (HRSA) made \$25.5 billion in new funding available for health care providers affected by the COVID-19 pandemic. This funding included \$8.5 billion in American Rescue Plan (ARP) resources for providers who serve rural Medicaid, Children's Health Insurance Program (CHIP), or Medicare patients, and an additional \$17 billion for Provider Relief Fund (PRF) Phase 4 for a broad range of providers who can document revenue loss and expenses associated with the pandemic. PRF Phase 4 payments were based on providers' lost revenues and expenditures between July 1, 2020, and March 31, 2021. Phase 4 has reimbursed smaller providers who have low margins in rural or isolated communities.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 has done two things. First, it temporarily suspended the Medicare sequester from May 1, 2020 through March 31, 2022. It should be noted that this has been extended several times during the pandemic. This means that Medicare plans and providers would receive an increase in payment rates of approximately 2.0% more than what they otherwise would have received during this time. Second, it extended the mandatory sequester through March 31, 2022. This means that mandatory spending for all nonexempt programs, including Medicare and non-Medicare, will be reduced through 2030.

Conclusion

Based on influential overall market and submarket area trends, construction outlook, and the performance of competing properties, JLL expects the mix of property fundamentals and economic conditions in the seniors housing segment to have a negative impact on the subject property's performance in the near-term due to the economic uncertainties surrounding COVID-19.

Across the seniors housing and care sector, operators have transitioned from “emergency response mode” and are actively in “recovery mode” with absorption rates and rent growth being reported at all-time highs. While employing a gained understanding of the additional operational burdens, staffing shortages advance once again as the top concern for maintaining healthy operations and providing the necessary services and care.

In the short-term, federal stimulus programs have provided much needed relief. The \$2.2 trillion CARES Act included \$100 billion for qualified healthcare providers. The Department of Health & Human Services (HHS) distributed nearly \$4.9 billion to nursing homes impacted by COVID-19. Coronavirus Stimulus Bill includes \$200 million for nursing homes infection-control efforts, with industry lobbyists working for additional government relief.

For the long term, curtailed construction caused by this pandemic only magnifies the long-term supply shortage. Medium and long-term investment remains bullish as experts prepare for the “silver tsunami”, with the leading-edge baby boomer now within a ten-year investment cycle of occupancy. Considering global economic impact of COVID-19, the need to serve the middle-income population will continue to grow.

Highest and Best Use Analysis

Highest and best use is shaped and determined by forces within the market such as supply and demand. The four criteria used in evaluating the highest and best use of a property are:

- Legally permissible
- Physically possible
- Financially feasible
- Maximally productive

The four criteria are applied in sequential order. A property often will have numerous uses that are legally permissible, but the test of physical possibility may remove some options from consideration, fewer still may meet the test of financial feasibility, and only a single use is maximally productive.

Highest and Best Use of the Land as Though Vacant

The analysis of the highest and best use of the land as though vacant assumes that the property being appraised is vacant or can be made vacant by demolishing any improvements. This determination is crucial to determine the value of the site as though vacant and is also used in examining improvements and their conformance to the highest and best use of the site.

Legally Permissible

Private restrictions, zoning, building codes, historical district regulations, and environmental regulations must all be considered in determining the legally permissible uses of a site. Potential changes in these restrictions must also be addressed.

The subject portfolio current zoning varies, however, all are considered to be legally conforming. Seniors housing is a permitted use. There are no known zoning changes pending or contemplated.

Physically Possible

The physical characteristics of the subject site were discussed in detail in the site analysis section. The site is functional in size and shape and is serviced by standard municipal utilities. The site has average accessibility and average visibility. Overall functional utility is considered to be average. The site is suitable for a broad range of uses, including seniors housing.

Financially Feasible

An analysis of local market conditions provides an indication of the financial feasibility of a given use. The market analysis presented earlier in this report assessed the local market and indicated that there is demand for the subject. Further, the income and expense analysis that follows reveals the subject is forecasted to produce a positive return. Therefore, development of a seniors housing facility is a financially feasible use.

Maximally Productive

The final test of highest and best use of the site as though vacant is whether the use is maximally productive, yielding the highest land value. Analysis of physically possible, legally permissible, and financially feasible uses indicates that the maximally productive use of the site as though vacant is for development of a seniors housing facility. While there are potentially other feasible uses, this use is believed to provide the highest net return to the site.

Highest and Best Use of the Property as Improved

This analysis considers the subject as improved.

Legally Permissible

The current use is a legal use. Other legal uses of the improvements would be residential or commercial.

Physically Possible

The physical characteristics of the subject improvements were discussed in detail in the Improvement Description and Analysis section of this report. Overall, the current layout and position of the improvements are considered functional. Since seniors housing facilities are specialized facilities, there are no other physically possible uses of the structure that would not require substantial reconstruction or demolition.

Financially Feasible

Operation of the subject as a seniors housing facility is a financially feasible use, yielding a positive value.

Maximally Productive

The maximally productive use of the subject as improved is for continued use as healthcare facility. The subject is valued based upon a skilled nursing facility for the operating building. The most likely potential purchaser is a REIT, investor, or healthcare owner/operator.

Income Capitalization Approach

The income capitalization approach is based upon the premise that the present value of a property is based upon the present worth of future benefits. There are two primary methods that are normally utilized in developing the income capitalization approach – the yield capitalization method and the direct capitalization method. Development of the direct capitalization method is presented below.

The direct capitalization method is a method that converts an income estimate for a single year into an estimate of value through the application of a capitalization rate. An overall capitalization rate (R_0) is normally used. The R_0 reflects the relationship between a single year's income and value. The most common way to estimate overall capitalization rates is via analysis of comparable sales. The direct capitalization method is developed in four basic steps:

- Analyze the market and contractual income of the subject.
- From available market data, estimate a proper allowance for vacancy and credit loss forecast to occur during the projected period of ownership.
- Estimate and project anticipated fixed and operating expenses to be incurred by the real estate.
- Select and apply an appropriate capitalization rate.

Please note, the subject is encumbered by a lease and therefore a capitalization rate is applied to the lease payment.

Income and Expense Analysis – Tenant Operations

This appraisal analyzes and reports the leased fee interest of the property owner. The subject portfolio is encumbered by individual lease agreements, which are discussed in detail later in this report. As part of this analysis, the tenant net operating income is analyzed for lease coverage conclusions. The income and expenses provided to us are summarized in the following tables:

Tenant Operations -

| Item | 2019 Actual \$ | 2020 Actual \$ | 2021 Actual \$ | 2022 YTD Ann. \$ |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|
| Income - | | | | |
| Andover Subacute and Rehabilitation I | \$14,118,730 | \$13,390,631 | \$14,071,820 | \$13,896,404 |
| Total Income | \$14,118,730 | \$13,390,631 | \$14,071,820 | \$13,896,404 |
| Expenses - | | | | |
| Andover Subacute and Rehabilitation I | \$11,615,660 | \$11,758,452 | \$10,524,630 | \$12,105,850 |
| Total Expenses | \$11,615,660 | \$11,758,452 | \$10,524,630 | \$12,105,850 |
| Net Operating Inc. | \$2,503,070 | \$1,632,179 | \$3,547,190 | \$1,790,553 |

Important items relating to the financials are as follows:

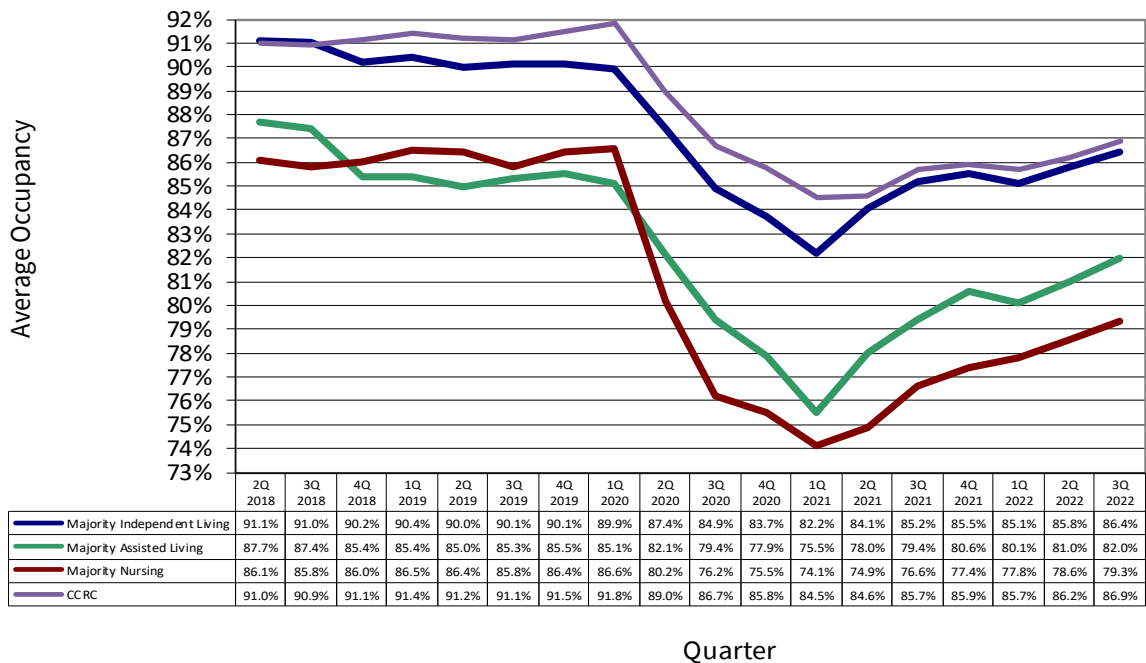
- Any costs associated with mortgage financing, including principal and interest expenses and closing fees, have been excluded;
- Depreciation expenses have been excluded;
- Contractual adjustments, if any, have been netted against income for the appropriate payer source; and
- Partial year data has been annualized. Please note, 2022 data is January through June for Andover Subacute and Rehabilitation I.
- The COVID-19 stimulus are not included in the historical data. The COVID-19 related expenses were not detailed and are included within the historical indications.

Projected Census and Occupancy for the Subject

National Occupancy Data

NIC MAP reports the following occupancy levels for the recent past in 99 primary and secondary markets. These are indicative of national trends.

Occupancy Levels - NIC MAP 99 Markets



As can be seen in the chart above, occupancy decreased across the board in the second quarter of 2020, which at the time reflected the reluctance of potential residents to move into seniors housing during the pandemic, but did not reflect the underlying market conditions that are expected over the long term. Occupancy finally began to trend upward in the second quarter of 2021, and this trend is continuing as the market recovers.

Based on key findings from NIC Map Data for 4Q2022:

- Overall seniors housing occupancy grew to 84.9%; and
- Nursing care occupancy averaged 80.1%, a 600 basis point increase from 1Q21.

Historical Data

Historical occupancy has been as follows:

Tenant Operations -

| Name | 2019 Actual | 2020 Actual | 2021 Actual | 2022 YTD Ann. | JLL Estimate |
|---------------------------------------|-------------|-------------|-------------|---------------|--------------|
| Andover Subacute and Rehabilitation I | 90% | 74% | 74% | 76% | 85% |

Source: Compiled by JLL

Portfolio occupancy has decreased from 90% to 74% between 2019 and 2022 Annualized (in aggregate). The occupancy for the subject portfolio has been impacted by COVID-19. Seniors housing vaccinations are complete for all willing and existing residents. This is widely expected to reverse current decreasing occupancy trends for the industry including the subject. The income loss is calculated separately and included in our Year 1 and Year 2 deductions. Any decrease in occupancy will be short-term, thus we have placed most weight on pre COVID-19 indications.

Occupancy Conclusion

It should be noted, there have been regulatory issues at Andover Subacute and Rehabilitation II and the property does not have a license, thus we have valued the property as a vacant building.

Considering the subject's historical occupancy levels, 543 beds gone from the market, and the subject's overall market appeal, occupancy is forecast at 85%. The stabilized occupancy forecast is based upon anticipated physical occupancy. The portfolio's occupancy has been affected by COVID-19 since March 2020 but is considered temporary. Admissions are open and proper protocols in place and we expect occupancy to return to stabilized levels once a new tenant is in place.

Tenant Effective Gross Income

Using the concluded rates, occupancy, and payor mix, total effective gross income for the subject portfolio is as follows:

Tenant Income -

| Item | 2019 Actual \$ | 2020 Actual \$ | 2021 Actual \$ | 2022 YTD Ann. \$ | JLL Conclusions \$ |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|
| Income - | | | | | |
| Andover Subacute and Rehabilitation I | \$14,118,730 | \$13,390,631 | \$14,071,820 | \$13,896,404 | \$15,907,725 |
| Total Income | \$14,118,730 | \$13,390,631 | \$14,071,820 | \$13,896,404 | \$15,907,725 |

The 2020, 2021 and 2022 YTD decrease in income is primarily due to lower occupancy. The subject has proper protocols in place now and we expect occupancy to return to stabilized levels. The new Medicaid rates were also utilized.

The JLL Conclusion considers historical and current indications, however most weight is placed on stabilized operations and current reimbursement indications. Most notably, JLL conclusions placed significant weight on the following changes:

- Current Medicaid rates; and
- JLL projections are for a new prospective tenant.

Our estimate is compared to the comparables below:

Total Effective Gross Income

| Item | Expense Comparable 1 | Expense Comparable 2 | Expense Comparable 3 | Expense Comparable 4 | Expense Comp Average | JLL Pro Forma |
|--------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------|
| Income in \$ | \$10,097,015 | \$14,444,428 | \$8,846,971 | \$15,496,417 | \$12,221,208 | \$16,384,957 |
| Income PRD | \$371.54 | \$285.25 | \$337.75 | \$325.85 | \$330.10 | \$332.15 |
| Income % | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

Please note, the expense comparables are individual properties and JLL has placed weight on income per resident day income percentage in support for our conclusions.

Please note, JLL projections are for a new prospective tenant. The JLL Conclusion is consistent with recent historical indications and trends. As detailed throughout this report, market data was extracted and utilized in determining these estimates. Historical operations of the subject were also considered which appear to be relatively stable (except as noted above). Overall, JLL projections appear reasonable with the concluded effective gross income well supported by market extracted indications.

Tenant Operating Expenses

We will now forecast operating expenses for the subject on a stabilized basis.

Labor and supply costs are expected to increase in the short-term due to the COVID-19 situation. We have discussed these increased costs with the operator which are considered to be atypical and have reconciled in line with the expense comparables.

Income and Expense Comparables

In forecasting income and expenses, we will rely upon the subject's figures. We will also rely upon expense data derived from four Income and Expense Comparables. The expense data has been trended to the current year at an annual rate of 3.00% per year. The expense comparables are profiled as follows (with trended financial data shown):

Income and Expense Comparables

| Item | Comparable Number | | | |
|---------------------------|--|-------------------------------|------------------------------|------------------------|
| | 1 | 2 | 3 | 4 |
| Name | Crest Manor Living & Rehabilitation Center | Complete Care at Summit Ridge | AristaCare at Hillsdale Park | AristaCare at Ivy Hill |
| City | Fairport | West Orange | Hillsdale | Philadelphia |
| State | New York | New Jersey | Pennsylvania | Pennsylvania |
| Operating Beds | 80 | 152 | 74 | 145 |
| Potential Res. Days | 29,200 | 55,480 | 27,010 | 52,925 |
| Actual Res. Days | 27,176 | 50,637 | 26,194 | 47,556 |
| Occupancy % | 93.1% | 91.3% | 97.0% | 89.9% |
| Payor Mix% | | | | |
| Independent Living | 0.0% | 0.0% | 0.0% | 0.0% |
| Assisted Living | 0.0% | 0.0% | 0.0% | 0.0% |
| Private Pay Nursing | 23.4% | 2.3% | 9.0% | 0.7% |
| Ins./Managed Care Nursing | 11.3% | 3.7% | 3.3% | 6.2% |
| Medicaid Nursing | 46.3% | 83.3% | 77.5% | 86.9% |
| Medicare Nursing | 15.5% | 5.6% | 10.2% | 6.2% |
| VA/Hospice Nursing | 3.5% | 5.0% | 0.0% | 0.0% |

| ITEM | \$ | PRD | % | \$ | PRD | % | \$ | PRD | % | \$ | PRD | % |
|---|---------------------|-----------------|---------------|---------------------|-----------------|---------------|--------------------|-----------------|---------------|---------------------|-----------------|---------------|
| Income - | | | | | | | | | | | | |
| Room & Board - | | | | | | | | | | | | |
| Independent Living | \$0 | \$0.00 | 0.0% | \$0 | \$0.00 | 0.0% | \$0 | \$0.00 | 0.0% | \$0 | \$0.00 | 0.0% |
| Assisted Living | \$0 | \$0.00 | 0.0% | \$0 | \$0.00 | 0.0% | \$0 | \$0.00 | 0.0% | \$0 | \$0.00 | 0.0% |
| Private Pay Nursing | \$2,993,625 | \$470.40 | 29.6% | \$430,488 | \$362.97 | 3.0% | \$735,302 | \$310.52 | 8.3% | \$261,180 | \$824.25 | 1.7% |
| Ins./Managed Care Nursing | \$1,465,015 | \$477.51 | 14.5% | \$746,036 | \$398.74 | 5.2% | \$353,292 | \$414.66 | 4.0% | \$1,401,058 | \$473.63 | 9.0% |
| Medicaid Nursing | \$2,756,042 | \$219.01 | 27.3% | \$10,273,345 | \$243.54 | 71.1% | \$5,821,476 | \$286.77 | 65.8% | \$10,611,113 | \$256.78 | 68.5% |
| Medicare Nursing | \$2,449,760 | \$581.06 | 24.3% | \$1,884,691 | \$659.91 | 13.0% | \$1,520,613 | \$568.67 | 17.2% | \$2,009,094 | \$679.18 | 13.0% |
| VA/Hospice Nursing | \$200,888 | \$212.81 | 2.0% | \$628,279 | \$247.35 | 4.3% | \$0 | \$0.00 | 0.0% | \$0 | \$0.00 | 0.0% |
| Total Room & Board | \$9,865,330 | \$363.02 | 97.7% | \$13,962,839 | \$275.74 | 96.7% | \$8,430,683 | \$321.86 | 95.3% | \$14,282,444 | \$300.33 | 92.2% |
| Therapy & Other - | | | | | | | | | | | | |
| Therapy & Ancillary Income | \$233,411 | \$8.59 | 2.3% | \$472,615 | \$9.33 | 3.3% | \$415,525 | \$15.86 | 4.7% | \$637,082 | \$13.40 | 4.1% |
| Other Income | -\$1,726 | -\$0.06 | 0.0% | \$8,974 | \$0.18 | 0.1% | \$764 | \$0.03 | 0.0% | \$576,890 | \$12.13 | 3.7% |
| Total Therapy & Other Income | \$231,685 | \$8.53 | 2.3% | \$481,589 | \$9.51 | 3.3% | \$416,288 | \$15.89 | 4.7% | \$1,213,972 | \$25.53 | 7.8% |
| Income Summary - | | | | | | | | | | | | |
| Total Room & Board Income | \$9,865,330 | \$363.02 | 97.7% | \$13,962,839 | \$275.74 | 96.7% | \$8,430,683 | \$321.86 | 95.3% | \$14,282,444 | \$300.33 | 92.2% |
| Total Therapy & Other Income | \$231,685 | \$8.53 | 2.3% | \$481,589 | \$9.51 | 3.3% | \$416,288 | \$15.89 | 4.7% | \$1,213,972 | \$25.53 | 7.8% |
| Prior Period Adjustments | \$0 | \$0.00 | 0.0% | \$0 | \$0.00 | 0.0% | \$0 | \$0.00 | 0.0% | \$0 | \$0.00 | 0.0% |
| Contractual Adjustments | \$0 | \$0.00 | 0.0% | \$0 | \$0.00 | 0.0% | \$0 | \$0.00 | 0.0% | \$0 | \$0.00 | 0.0% |
| Total Income | \$10,097,015 | \$371.54 | 100.0% | \$14,444,428 | \$285.25 | 100.0% | \$8,846,971 | \$337.75 | 100.0% | \$15,496,417 | \$325.85 | 100.0% |
| Expenses - | | | | | | | | | | | | |
| Nursing | \$2,439,678 | \$89.77 | 24.2% | \$5,351,272 | \$105.68 | 37.0% | \$2,693,871 | \$102.84 | 30.4% | \$5,690,139 | \$119.65 | 36.7% |
| Contract Nursing | \$547,162 | \$20.13 | 5.4% | \$0 | \$0.00 | 0.0% | \$0 | \$0.00 | 0.0% | \$0 | \$0.00 | 0.0% |
| Dietary | \$697,651 | \$25.67 | 6.9% | \$1,022,449 | \$20.19 | 7.1% | \$559,634 | \$21.36 | 6.3% | \$961,940 | \$20.23 | 6.2% |
| Therapy and Ancillary | \$766,945 | \$28.22 | 7.6% | \$840,785 | \$16.60 | 5.8% | \$791,688 | \$30.22 | 8.9% | \$1,384,223 | \$29.11 | 8.9% |
| Admin & General | \$1,126,540 | \$41.45 | 11.2% | \$690,814 | \$13.64 | 4.8% | \$552,809 | \$21.10 | 6.2% | \$712,286 | \$14.98 | 4.6% |
| Housekeeping and Laundry | \$311,419 | \$11.46 | 3.1% | \$462,638 | \$9.14 | 3.2% | \$266,450 | \$10.17 | 3.0% | \$776,439 | \$16.33 | 5.0% |
| Activities and Recreation | \$267,801 | \$9.85 | 2.7% | \$333,584 | \$6.59 | 2.3% | \$278,684 | \$10.64 | 3.2% | \$428,344 | \$9.01 | 2.8% |
| Repairs and Maintenance | \$190,094 | \$6.99 | 1.9% | \$266,658 | \$5.27 | 1.8% | \$208,210 | \$7.95 | 2.4% | \$319,167 | \$6.71 | 2.1% |
| Utilities | \$86,263 | \$3.17 | 0.9% | \$251,740 | \$4.97 | 1.7% | \$159,097 | \$6.07 | 1.8% | \$215,646 | \$4.53 | 1.4% |
| Bad Debt | \$105,410 | \$3.88 | 1.0% | \$197,989 | \$3.91 | 1.4% | \$76,659 | \$2.93 | 0.9% | \$132,000 | \$2.78 | 0.9% |
| Real Estate Taxes | \$0 | \$0.00 | 0.0% | \$497,792 | \$9.83 | 3.4% | \$27,299 | \$1.04 | 0.3% | \$150,073 | \$3.16 | 1.0% |
| PL/GL Insurance | \$108,137 | \$3.98 | 1.1% | \$219,883 | \$4.34 | 1.5% | \$93,766 | \$3.58 | 1.1% | \$293,246 | \$6.17 | 1.9% |
| Workers Compensation | \$0 | \$0.00 | 0.0% | \$0 | \$0.00 | 0.0% | \$0 | \$0.00 | 0.0% | \$77,979 | \$1.64 | 0.5% |
| Other Insurance | \$0 | \$0.00 | 0.0% | \$0 | \$0.00 | 0.0% | \$0 | \$0.00 | 0.0% | \$0 | \$0.00 | 0.0% |
| Provider Bed Tax | \$421,620 | \$15.51 | 4.2% | \$687,906 | \$13.59 | 4.8% | \$680,871 | \$25.99 | 7.7% | \$352,184 | \$7.41 | 2.3% |
| Uncateg. Salary & Benefits | \$315,961 | \$11.63 | 3.1% | \$1,095,641 | \$21.64 | 7.6% | \$632,985 | \$24.17 | 7.2% | \$1,237,499 | \$26.02 | 8.0% |
| Management Fee | \$1,529,941 | \$56.30 | 15.2% | \$722,082 | \$14.26 | 5.0% | \$396,185 | \$15.13 | 4.5% | \$705,595 | \$14.84 | 4.6% |
| Reserves for Replacements | \$0 | \$0.00 | 0.0% | \$0 | \$0.00 | 0.0% | \$0 | \$0.00 | 0.0% | \$0 | \$0.00 | 0.0% |
| Total Expenses | \$8,914,621 | \$328.03 | 88.3% | \$12,641,233 | \$249.64 | 87.5% | \$7,418,208 | \$283.20 | 83.9% | \$13,436,759 | \$282.54 | 86.7% |

Tenant Paid Management Fees

Management fees are fees paid to a management company that is responsible for the operation of a nursing facility. Management company responsibilities vary from facility to facility; however, some of the typical responsibilities of management companies are financial performance, occupancy, profitability of the business, compliance with government regulations, business activities such as billing and collection of receivables, marketing, documentation, and assistance in budgeting. The management is also responsible for the maintenance and repairing of the subject property and



grounds, supervision of day-to-day operations, and providing monthly or quarterly reports on occupancy cash flow, operating expenses, and capital accounts.

The State of Seniors Housing 2022 provided the following information pertaining to management fees:

Management Fees (Percentage of Total Revenue)

| Community Type | Minimum | Average | Maximum |
|-----------------------------|-------------|-------------|--------------|
| Independent Living | 2.4% | 4.5% | 6.2% |
| Independent/Assisted Living | 3.2% | 4.9% | 9.5% |
| IL/AL/MC | 3.0% | 4.8% | 6.6% |
| Assisted Living | 2.0% | 4.6% | 8.1% |
| Assisted Living/Memory Care | 1.2% | 5.2% | 10.7% |
| Memory Care | 1.0% | 4.8% | 8.4% |
| CCRC | 1.5% | 4.2% | 11.9% |
| All Communities | 1.0% | 4.6% | 11.9% |

Source: The State of Seniors Housing 2022

Typically, management fees charged by unaffiliated third party companies are in the range of 4% to 7% of EGI for seniors housing projects. Although the comparables actually reported a variety of management expenses, we have shown an expense of 5.0% so that the comparables can be compared to the subject on a consistent basis in the analysis of total expenses.

Tenant Paid Reserves for Replacements

Realty Rates Investor Survey 3Q22 indicated the following capital expenditure/replacement reserve requirements:

Reserve Requirements for Health Care/Senior Housing

| | Per Unit |
|---------|----------|
| Minimum | \$275 |
| Maximum | \$750 |
| Typical | \$419 |

Source: 3rd Quarter 2022 Realty Rates Investor Survey

Note that these are expressed as amount per unit, not beds. Based on the foregoing, reserve of \$375 per bed has been utilized.

Total Tenant Expenses

Total forecast expenses are as follows, in comparison to the historicals and expense comparables.

Comparison of Expenses

| Item | Total Expenses | Expenses PRD | Expenses as a Percent of EGI |
|---|---------------------|-----------------|------------------------------|
| Year Ending 12/31/2019 | \$11,615,660 | \$221.82 | 82.27% |
| Year Ending 12/31/2020 | \$11,758,452 | \$275.26 | 87.81% |
| Year Ending 12/31/2021 | \$10,524,630 | \$245.40 | 74.79% |
| Year to Date Annualized Ending 06/30/2022 | \$12,105,850 | \$272.96 | 87.11% |
| JLL Pro Forma | \$13,044,338 | \$264.43 | 82.00% |
| Expense Comp 1 | \$7,919,531 | \$291.42 | 78.43% |
| Expense Comp 2 | \$12,698,372 | \$250.77 | 87.91% |
| Expense Comp 3 | \$7,492,122 | \$286.02 | 84.69% |
| Expense Comp 4 | \$13,560,360 | \$285.14 | 87.51% |

Please note, the 2020, 2021 and 2022 YTD financials have inflated expense levels affected by COVID-19 which are not included in the JLL Pro Forma total presented above. The forecast expenses are reasonable in comparison to the historicals and comparables.

Based on discussions with management, the following expense departments were adjusted:

- Administrative: bad debt has been normalized based on market extracted data, or at approximately 1.25% to 2.00% of revenue JLL has concluded based on market extracted data.
- Management fees have been normalized based on market extracted data, or at approximately 5.00% of revenue.

Tenant Income and Expense Pro Forma

The following table summarizes:

- Our pro forma conclusions for the current year

JLL Stabilized Pro Forma

| Item | 2019 Actual \$ | 2020 Actual \$ | 2021 Actual \$ | 2022 YTD Ann. \$ | JLL Conclusion \$ |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| Income - | | | | | |
| Andover Subacute and Rehabilitation I | \$14,118,730 | \$13,390,631 | \$14,071,820 | \$13,896,404 | \$15,907,725 |
| Total Income | \$14,118,730 | \$13,390,631 | \$14,071,820 | \$13,896,404 | \$15,907,725 |
| Expenses - | | | | | |
| Andover Subacute and Rehabilitation I | \$11,615,660 | \$11,758,452 | \$10,524,630 | \$12,105,850 | \$13,044,338 |
| Total Expenses | \$11,615,660 | \$11,758,452 | \$10,524,630 | \$12,105,850 | \$13,044,338 |
| Net Operating Inc. | \$2,503,070 | \$1,632,179 | \$3,547,190 | \$1,790,553 | \$2,863,387 |

Our projections above do not include the income loss is calculated separately which is included in our Years 1 thru 2 deductions.

Our pro forma income and expenses are contrasted with the financials and comparable data as follows:

Total Income and Expense Comparison

| Item | Year Ending 12/31/2019 | Year Ending 12/31/2020 | Year Ending 12/31/2021 | Year to Date Annualized Ending 06/30/2022 | Expense Comparable 1 | Expense Comparable 2 | Expense Comparable 3 | Expense Comparable 4 | Expense Comp Average | JLL Pro Forma |
|----------------------|---------------------------|---------------------------|---------------------------|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|------------------|
| | | | | | | | | | | |
| Effective Gross Inc. | \$14,118,730 | \$13,390,631 | \$14,071,820 | \$13,896,404 | \$10,097,015 | \$14,444,428 | \$8,846,971 | \$15,496,417 | \$12,221,208 | \$15,907,725 |
| Expenses | \$11,615,660 | \$11,758,452 | \$10,524,630 | \$12,105,850 | \$8,914,621 | \$12,641,233 | \$7,418,208 | \$13,436,759 | \$10,602,705 | \$13,044,338 |
| Net Operating Income | \$2,503,070 | \$1,632,179 | \$3,547,190 | \$1,790,553 | \$1,182,394 | \$1,803,195 | \$1,428,763 | \$2,059,658 | \$1,618,502 | \$2,863,387 |
| Expense % | 82.3% | 87.8% | 74.8% | 87.1% | 88.3% | 87.5% | 83.9% | 86.7% | 86.8% | 82.0% |

Comparison of Net Operating Income

| Item | Net Operating Income | NOI PRD | NOI as a Percent of EGI |
|---|-------------------------|----------------|----------------------------|
| Year Ending 12/31/2019 | \$2,503,070 | \$47.80 | 17.73% |
| Year Ending 12/31/2020 | \$1,632,179 | \$38.21 | 12.19% |
| Year Ending 12/31/2021 | \$3,547,190 | \$82.71 | 25.21% |
| Year to Date Annualized Ending 06/30/2022 | \$1,790,553 | \$41.75 | 12.89% |
| JLL Pro Forma | \$2,863,387 | \$58.05 | 18.00% |
| Expense Comp 1 | \$2,177,484 | \$80.13 | 21.57% |
| Expense Comp 2 | \$1,746,056 | \$34.48 | 12.09% |
| Expense Comp 3 | \$1,354,849 | \$51.72 | 15.31% |
| Expense Comp 4 | \$1,936,057 | \$40.71 | 12.49% |

Please note, the 2020, 2021 and 2022 YTD financials have inflated expense levels affected by COVID-19 which are not included in the JLL Pro Forma total presented above. Based upon the preceding, our forecasts are reasonable and well supported. The above net operating income reflects tenant operations and is used to calculate lease coverage in our analysis later in this report.

Capitalization Rate

We will rely upon several methods to estimate an appropriate capitalization rate.

JLL Seniors Housing Investor Survey Capitalization Rate Trends - 2023

The JLL Investor Survey focuses on transactional professionals who specialize in the seniors housing and care space. The sample set for this survey surpassed 125 respondents, encompassing some of the most influential leaders in the sector. The intention of this survey was to garner insights into current market sentiment from industry leaders and to provide expectations for the year ahead.

Capitalization Rates by Investment Class

Respondents were asked to select the most appropriate capitalization rate range, applied to year 1 stabilized net operating income, inclusive of market level management fees and replacement reserves, for core or primary market locations, broken out by asset class. Capitalization rates are being compared to Fourth Quarter 2021.

| Core | Class A | | | | | Class B | | | | | Class C | | | | |
|--------------------------|---------------|----------------|----------------|------------|-----------------|---------------|----------------|----------------|------------|-----------------|---------------|----------------|----------------|------------|-----------------|
| | Q4 '22 Low | Q4 '22 High | Q4 '22 Avg. | Q4 2021 | Change (bps) | Q4 '22 Low | Q4 '22 High | Q4 '22 Avg. | Q4 2021 | Change (bps) | Q4 '22 Low | Q4 '22 High | Q4 '22 Avg. | Q4 2021 | Change (bps) |
| Capitalization Rates (%) | | | | | | | | | | | | | | | |
| Active Adult | 4.0 | 7.0 | 5.2 | 4.8 | 42.0 | 4.5 | 7.5 | 5.7 | 5.3 | 37.0 | 5.0 | 8.0 | 6.4 | 6.6 | -20.0 |
| Independent Living | 4.5 | 7.0 | 5.9 | 5.5 | 43.8 | 5.0 | 7.5 | 6.4 | 6.1 | 30.0 | 5.0 | 8.5 | 7.0 | 7.4 | -40.0 |
| Assisted Living | 5.0 | 8.0 | 6.5 | 6.1 | 40.0 | 5.5 | 8.5 | 7.2 | 6.8 | 42.0 | 6.0 | 9.5 | 7.8 | 7.9 | -10.0 |
| Memory Care | 6.5 | 9.5 | 7.7 | 7.2 | 50.0 | 6.5 | 11.5 | 8.4 | 7.9 | 50.0 | 7.5 | 12.5 | 9.0 | 8.6 | 40.0 |
| Nursing Care | 9.0 | 14.0 | 11.3 | 10.8 | 50.0 | 9.5 | 14.5 | 12.0 | 11.8 | 20.0 | 9.5 | 14.5 | 12.7 | 12.8 | -10.0 |
| CCRC/LPC | 6.0 | 10.5 | 8.1 | 7.2 | 90.0 | 6.5 | 11.0 | 8.6 | 8.1 | 50.0 | 7.0 | 11.0 | 9.2 | 8.7 | 50.0 |

| Non-Core | Class A | | | | | Class B | | | | | Class C | | | | |
|--------------------------|---------------|----------------|----------------|------------|-----------------|---------------|----------------|----------------|------------|-----------------|---------------|----------------|----------------|------------|-----------------|
| | Q4 '22 Low | Q4 '22 High | Q4 '22 Avg. | Q4 2021 | Change (bps) | Q4 '22 Low | Q4 '22 High | Q4 '22 Avg. | Q4 2021 | Change (bps) | Q4 '22 Low | Q4 '22 High | Q4 '22 Avg. | Q4 2021 | Change (bps) |
| Capitalization Rates (%) | | | | | | | | | | | | | | | |
| Active Adult | 4.0 | 7.5 | 5.7 | 5.7 | 0.0 | 4.5 | 7.5 | 6.2 | 6.3 | -5.0 | 5.0 | 8.0 | 6.7 | 7.2 | -52.0 |
| Independent Living | 5.0 | 8.0 | 6.3 | 6.1 | 20.0 | 5.5 | 8.5 | 6.8 | 6.7 | 10.0 | 6.0 | 8.5 | 7.3 | 8.1 | -80.0 |
| Assisted Living | 5.0 | 9.0 | 7.0 | 6.6 | 40.0 | 6.0 | 9.0 | 7.5 | 7.4 | 10.0 | 6.5 | 9.5 | 8.1 | 8.4 | -30.0 |
| Memory Care | 6.5 | 11.5 | 8.2 | 7.4 | 80.0 | 7.0 | 12.0 | 8.8 | 8.4 | 40.0 | 7.5 | 12.5 | 9.5 | 9.5 | 0.0 |
| Nursing Care | 9.0 | 14.5 | 11.8 | 11.2 | 60.0 | 9.5 | 14.5 | 12.3 | 12.4 | -10.0 | 10.0 | 14.5 | 13.0 | 13.5 | -50.0 |
| CCRC/LPC | 6.0 | 1.0 | 8.4 | 7.6 | 80.0 | 6.5 | 11.0 | 8.9 | 8.6 | 30.0 | 6.5 | 11.0 | 9.4 | 9.5 | -10.0 |

Spreads by Investment Class

The charts below summarize the resulting cap rate spreads in basis points between core and non-core and by investment class from Fourth Quarter 2022.

| Core Investment Class | Investment Class Spreads | | |
|-----------------------|--------------------------|-----|-----|
| | A-B | B-C | A-C |
| Active Adult | 50 | 70 | 120 |
| Independent Living | 50 | 60 | 110 |
| Assisted Living | 70 | 60 | 130 |
| Memory Care | 70 | 60 | 130 |
| Nursing Care | 70 | 70 | 140 |
| CCRC/LPC | 50 | 60 | 110 |

| Non-core Investment Class | Investment Class Spreads | | |
|---------------------------|--------------------------|-----|-----|
| | A-B | B-C | A-C |
| Active Adult | 50 | 50 | 100 |
| Independent Living | 50 | 50 | 100 |
| Assisted Living | 50 | 60 | 110 |
| Memory Care | 60 | 70 | 130 |
| Nursing Care | 50 | 70 | 120 |
| CCRC/LPC | 50 | 50 | 100 |

| Core vs. Non Investment Class | Location Spreads | | |
|-------------------------------|------------------|----|----|
| | A | B | C |
| Active Adult | 50 | 50 | 30 |
| Independent Living | 40 | 40 | 30 |
| Assisted Living | 50 | 30 | 30 |
| Memory Care | 50 | 40 | 50 |
| Nursing Care | 50 | 30 | 30 |
| CCRC/LPC | 30 | 30 | 20 |

Investor sentiment for 2023 indicates 68% of respondents anticipate an increase in capitalization rates over the next 12 months, while only 23% anticipate no change. Rising Federal Funds rates and borrowing costs have shifted the outlook for capitalization rates from the 2022 report where 91% of respondents indicated there would either be no change or a decrease in capitalization rates.

Our 2023 investor survey indicated that 44% of respondents might increase exposure to seniors housing in the next twelve months and an additional 44% would not change their current exposure, indicating optimism or at least belief in the stability of the sector. Capital markets and interest rates are a major concern over the next 12 months (as indicated by 60% of respondents), and while this uncertainty will lower sales volumes in the short-term the expected revenue growth of the seniors housing sector and anticipated 44% growth of the 75+ population in the next 10 years bodes well for its long-term stability.

NIC Survey

The NIC and Real Capital Analytics compile statistics for seniors housing sale transactions on a quarterly basis. The most recent data is shown below:

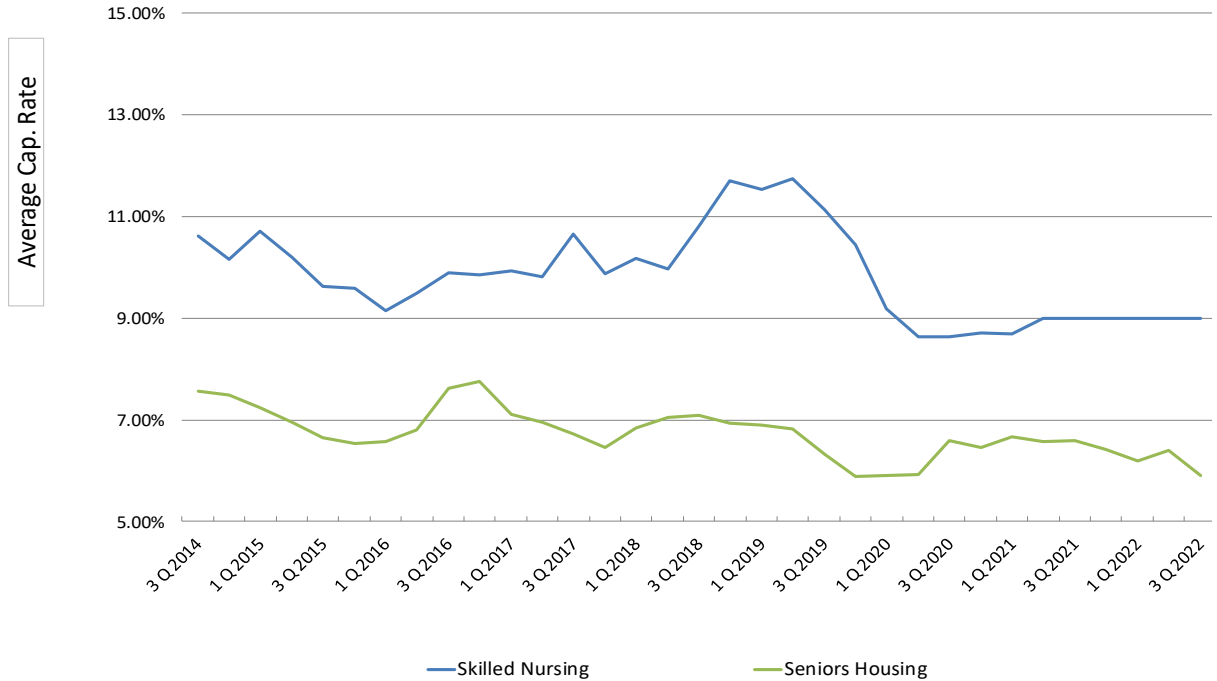
NIC'S Capitalization Rate Survey

| Property Type | 4 Q 2021 | 1 Q 2022 | 2 Q 2022 | 3 Q 2022 |
|-----------------|----------|----------|----------|----------|
| Seniors Housing | 6.43% | 6.20% | 6.40% | 5.90% |
| Nursing Center | 9.00% | 9.00% | 9.00% | 9.00% |

It is noted that NIC did not report an average cap rate for Skilled Nursing in 4Q21 through 3Q22, therefore the 3Q21 rate has been shown.

It should be noted that the seniors housing averages combine independent living and assisted living properties. The following graph shows capitalization trends since 2010 of the seniors housing and skilled nursing sectors.

Cap Rate Comparison



The data above is not collected in a scientific manner. Every quarter participants submit capitalization rates by segment type without clearly labeling the property name and location. Thus, the cap rate may be skewed by the repetitive submission of well-known sales within the industry. The chart is reliable for determining cap rate movement within the seniors housing industry over an extended period of time.

Extraction From Comparable Sales

Recent sales of nursing facilities that will be analyzed included in the sales comparison are summarized as follows:

Summary of Sale Comparables - SNF

| Element of Comparison | Comparable Number | | | | | |
|-----------------------|-----------------------------|---------------------------------|-----------------------------|-------------------|---------------------------------|----------------|
| | 1 | 2 | 3 | 4 | 5 | |
| Location Data | Property Name | ManhattanView Healthcare Center | Atlas Healthcare at Maywood | Dennet Road Manor | Shore Meadows Rehab and Nursing | Saber SNFs |
| | City, State | Union City, NJ | Maywood, NJ | Oakland, MD | Toms River, NJ | Multiple, PA |
| Sale Data | Date of Sale | September 30, 2021 | February 1, 2020 | August 13, 2021 | October 1, 2021 | March 1, 2021 |
| | Sales Price | \$25,500,000 | \$22,200,000 | \$8,150,000 | \$26,600,000 | \$38,000,000 |
| | Property Rights Conveyed | Going Concern | Going Concern | Going Concern | Going Concern | Going Concern |
| | Financing Terms | Cash | Cash | Cash | Cash | Cash |
| | Conditions of Sale | Arm's Length | Arm's Length | Arm's Length | Arm's Length | Arm's Length |
| Income Data | Effective Gross Income | \$14,773,723 | \$13,000,000 | \$6,790,123 | \$13,764,763 | \$37,960,287 |
| | Expenses | (\$11,050,407) | (\$11,300,000) | (\$5,518,523) | (\$10,043,696) | (\$33,122,006) |
| | NOI After Reserves | \$3,723,316 | \$1,700,000 | \$1,271,600 | \$3,721,067 | \$4,838,281 |
| | NOI Per Bed After Reserves | \$29,317 | \$14,167 | \$12,844 | \$24,974 | \$9,129 |
| | Expense Ratio | 74.8% | 86.9% | 81.3% | 73.0% | 87.3% |
| | Occupancy at Sale | 72.4% | Stabilized | 65.0% | 85.0% | 80.0% |
| Physical Data | Year Built | 2000 | 2007 | 1973 | 2001 | 1965/2018 |
| | Number of Beds | 127 | 120 | 99 | 149 | 530 |
| | Care Levels | NC | NC | NC | NC | NC |
| | Building Area | 56,240 | 72,000 | 35,307 | 63,390 | 197,761 |
| Units of Comparison | Sales Price Per Bed | \$200,787 | \$185,000 | \$82,323 | \$178,523 | \$71,698 |
| | Sales Price Per Square Foot | \$453.41 | \$308.33 | \$230.83 | \$419.62 | \$192.15 |
| | EGIM | 1.73 | 1.71 | 1.20 | 1.93 | 1.00 |
| | Overall Cap. Rate | 14.60% | 7.66% | 15.60% | 13.99% | 12.73% |

The range of capitalization rates is:

Capitalization Rates From Comparable Sales - SNF

| Item | Low | Average | High |
|----------------------|-------|---------|--------|
| Comparable Sale OARs | 7.66% | 12.92% | 15.60% |

The comparable sale and survey data presented above represent going concern or fee simple capitalization rates and leased fee capitalization rates. It is expected that a going concern capitalization rate fall above a leased fee capitalization rate. This is due to the removal of the business value cash flow which is considered the “more risky” component. In practice, fee simple capitalization rates typically fall 100 to 400 basis points above leased fee cap rates, for properties similar to the subject.

In order to derive an appropriate capitalization rate; we considered the previously discussed sale/leasebacks. We also discussed current investor criteria with representatives of Health Care REIT, HCP, Healthcare Trust of America, Ventas REIT, and Aviv REIT. Examples of relevant transactions in support of our forecasts include:

Leased Fee Sale Comparables

| Property/Portfolio | Facility Type | Number of | | State (s) | Date of Sale | Year 1 Rent | Year 1 NOI | Sales Price | Lease Coverage | |
|---------------------------------|---------------|------------|--|-----------|--------------|---------------|-----------------|---------------|----------------|--------------|
| | | Beds/Units | | | | | | | Ratio | Cap Rate |
| The Courtyard at Oshkosh | AL | 53 | | WI | April-22 | \$964,250 | \$1,205,000 | \$13,000,000 | 1.25 | 7.42% |
| 9 SNFs | SNF | 1,041 | | VA | December-20 | \$12,000,000 | - | \$156,150,000 | - | 7.68% |
| 4 SNFs | SNF | 578 | | TX | November-20 | \$3,800,000 | \$7,801,640 | \$47,600,000 | 2.05 | 7.98% |
| 2 SNFS | SNF | 150 | | MT | September-20 | \$1,550,000 | \$2,250,360 | \$15,960,000 | 1.45 | 9.71% |
| Formation Opis | SNF, AL | 1,479 | | FL | April-20 | \$11,808,780 | \$20,217,389 | - | 1.71 | - |
| Vineyards Healthcare | SNF | 83 | | CA | March-20 | \$1,007,654 | \$1,455,472 | - | 1.44 | - |
| Indiana SNF | SNF | 130 | | IN | January-20 | \$665,000 | \$965,300 | \$7,000,000 | 1.45 | 9.50% |
| Treviso Transitional Care | SNF | 140 | | TX | December-19 | \$1,147,500 | \$2,342,700 | \$13,500,000 | 2.04 | 8.50% |
| Victorian Post Acute | SNF | 90 | | CA | May-19 | \$1,069,178 | \$2,341,065 | - | 2.19 | - |
| Metron of Forest Hills | SNF | 58 | | MI | November-18 | \$394,000 | \$569,852 | \$4,360,000 | 1.45 | 9.04% |
| Carespring Portfolio | SNF, AL | 1,147 | | OH & KY | September-18 | \$16,200,000 | \$23,616,895 | \$183,050,000 | 1.46 | 8.85% |
| REIT Information | | | | | | | | | - | - |
| NHI REIT | SNF, AL, IL | 102 assets | | Various | Q2-2022 | \$159,928,000 | \$194,516,000 | - | 1.22 | - |
| Sabra REIT Skilled Nursing | SNF | 30,251 | | Various | Q2-2022 | \$278,052,000 | \$500,493,600 | - | 1.80 | - |
| OMEGA Healthcare Investors REIT | SNF, AL, IL | 871 assets | | Various | Q2-2022 | \$845,712,000 | \$1,148,284,000 | - | 1.36 | - |
| Average | | | | | | | | | 1.61 | 8.59% |
| Minimum | | | | | | | | | 1.22 | 7.42% |
| Maximum | | | | | | | | | 2.19 | 9.71% |

Source: JLL Database, Senior Care Investor, Compiled by JLL

Economic Trends and Influence

The Federal Reserve (Fed) actions to curb inflation have had an impact on the cost of capital, greatly impacting lending rates. Although seniors housing capitalization rates continued to compress through mid-year 2022, most seniors housing market participants believe the inflationary fighting actions taken by the Fed have started to impact market pricing and expected investor returns. The table below actions from each meeting, rate changes, target rates and the corresponding SOFR (Secured Overnight Financing Rate) rates.

Federal Reserve Meetings - 2022

| Date | Rate Change (bps) | Fed Funds Rate | SOFR |
|--------|-------------------|----------------|-------|
| Mar-22 | +25 bps | 0.25% - 0.50% | 0.30% |
| May-22 | +50 bps | 0.75% - 1.00% | 0.79% |
| Jun-22 | +75 bps | 1.50% - 1.75% | 1.45% |
| Jul-22 | +75 bps | 2.25% - 2.50% | 2.28% |
| Sep-22 | +75 bps | 3.00% - 3.25% | 2.99% |
| Nov-22 | +75 bps | 3.75% - 4.00% | 3.25% |
| Dec-22 | +50 bps | 4.25% - 4.50% | 3.80% |

Source: FOMC

Short Term Trends for Seniors Housing:

- Occupancy levels are returning to Pre-COVID levels, and are poised to continue to trend up.
- Rising labor costs and inflation have impacted margins.
- Operators are seeking to counteract expense increases via rate increases.
- Rising interest rates are creating pricing pressure as the cost of borrowing has risen sharply.
- Transaction volume has slowed due to the higher prevailing rates, restricted liquidity in the financing market and recession fears.

Long Term Trends for Seniors Housing:

- We are at the leading edge of the “silver tsunami”. Between 2020 and 2040, the US Census forecasts the number of 75+ persons will increase 93% and the number of persons age 80+ will increase by 115%.
- Deliveries and construction starts are declining. Units under construction and construction starts for 3Q2022 are at 8-year lows.
- Seniors housing has proven to be a top performer during recessionary periods due to the needs-based nature of the sector.
- Significant amounts of capital are seeking deployment into seniors housing due to the sector’s long term demand trends and recession resistant nature.

We note that buyers and sellers alike are recognizing the potential increase in capitalization rates in stabilized assets compared to a year ago. It has been reported by several sources that capitalization rates are beginning to increase in some markets as a result of rising interest rates. Based on several market participant interviews there have been some recent transactions across the country that have been under contract and then re-traded at lower overall purchase prices with no material change in projected rental income or expenses. In addition, there have been several deals that have fallen out of contract due to the fact that the seller did not want to accept a re-trade on the deal. Overall, conversations with capital markets professionals indicated that capitalization rates will most likely increase in several markets.

Despite the distress the market is suffering from increased interest rates and inflation, current and future demand remains strong for seniors housing. Overall, long-term opportunities for investors are quite attractive, particularly for institutional capital looking to diversify their portfolios or hedge against oversold investment classes.

Capitalization Rate Conclusion

To determine an appropriate capitalization rate for the subject, the following characteristics are considered:

Qualitative Rating

| Item | Below Average | Average | Above Average |
|---|---------------|---------|---------------|
| Subject's Macro Location (Region) | | | X |
| Subject's Micro Location (Specific Location within PMA) | X | | |
| Strength of Market | | X | |
| Quality/Condition of Improvements | | X | |

Considering these factors, the subject's capitalization should fall below the average displayed by the JLL Investor Survey, below the average displayed by the NIC survey and below the average of the comparable sales. We conclude a leased fee capitalization rate of 9.25% to be appropriate for the operating building within subject portfolio.

Income Approach – Leased Fee

For the purposes of this analysis, we have projected a market lease based on a prospective tenants operations. In this section, we will determine the value of the leased fee interest.

Synopsis of Lease

The current lease agreement is in place but the tenant is not paying rent, thus we have considered the in place lease void. For the purposes of this analysis, we have projected a new market lease for Andover Subacute and Rehabilitation I and have analyzed vacant buildings sales for Andover Subacute and Rehabilitation II. The market lease is based on a market coverage ratio of 1.40 of the perspective tenant operations which we have also projected and are detailed later in the report.

The property level allocation are detailed below:

SUBJECT PROPERTY LEASE ALLOCATION

| Name | Property Level Lessee | GBA (SF) | Lease | | Actual Lease | | | |
|--|-----------------------|----------------|----------------|------------|--------------|------------|--------------------|--------------------|
| | | | Payment/ SF | Beds | Payment | JLL Year 1 | JLL Year 2 | JLL Year 3 |
| Andover Subacute and Rehabilitation I | Prospective Tenant | 45,048 | \$0.00 | 159 | \$0 | \$0 | \$2,106,635 | \$2,169,834 |
| Andover Subacute and Rehabilitation II | Vacant | 121,260 | \$0.00 | - | \$0 | - | - | - |
| Total/Average | | 166,308 | \$0.00 | 159 | \$0 | \$0 | \$2,106,635 | \$2,169,834 |

Source: Compiled by JLL

The projected vacancy in Year 1 is to find a new tenant the operating property. We have projected a stabilized lease in Year 2 for Andover Subacute and Rehabilitation I as the property still has a current license.

Lease Coverage Analysis

As previously discussed, JLL has concluded to a prospective tenant NOI, as supported by historical and market comparables, which is utilized for coverage indications in a lease fee analysis. The subject portfolio coverage is as follows:

LEASE COVERAGE ANALYSIS

| Name | JLL Concluded NOI (Hypothetical Year 1) | Stabilized Lease Coverage | Year 1 Lease Payment | Year 2 Lease Payment | Year 3 Lease Payment | Year 1 | Year 2 |
|--|--|---------------------------------|-------------------------|-------------------------|-------------------------|------------------------------|------------------------------|
| | | | | | | Coverage With Income Loss | Coverage With Income Loss |
| Andover Subacute and Rehabilitation I | \$2,863,387 | 1.40 | \$0 | \$2,106,635 | \$2,169,834 | - | 1.08 |
| Andover Subacute and Rehabilitation II | - | - | - | - | - | - | - |
| Total | \$2,863,387 | 1.40 | \$0 | \$2,106,635 | \$2,169,834 | 0.00 | 1.08 |

Source: Compiled by JLL

In order to determine how this compares to market rent for such a facility, we have procured lease data on a number of similar facilities. REITs and other buyers of nursing facility real estate typically determine market rent based upon a lease coverage ratio. Buyers want to see that there is sufficient coverage of NOI/EBITDA in relation to rent. At a 1.0 coverage ratio, NOI and rent would be equal. At a 0.9 coverage ratio, NOI would be less than rent. And at a 1.1 coverage ratio, NOI would exceed rent. Lessors typically seek positive coverage, meaning that EBITDAR is greater than rent, a ratio greater

than 1.0. According to Health Care REIT, HCP, Healthcare Trust of America, Ventas REIT, and Aviv REIT, the typical minimum lease coverage ratio for a nursing facility at present is 1.3.

Based upon our forecast of NOI, the subject's stabilized lease rate coverage ratio will be 1.40 in Year 3 as income loss projections need to be considered after prospective tenants occupy the subject. Including our income loss projection, the lease coverage for Years 1 thru 2 are 0.00 and 1.08 respectively as noted above. The projected lease is based on market rent with discounts in Years 1 thru 2 for vacancy and lease up.

Leased Fee Sale Comparables

| Property/Portfolio | Facility Type | Number of Beds/Units | State (s) | Date of Sale | Year 1 Rent | Year 1 NOI | Sales Price | Lease Coverage | |
|---------------------------------|---------------|----------------------|-----------|--------------|---------------|-----------------|---------------|----------------|--------------|
| | | | | | | | | Ratio | Cap Rate |
| The Courtyard at Oshkosh | AL | 53 | WI | April-22 | \$964,250 | \$1,205,000 | \$13,000,000 | 1.25 | 7.42% |
| 9 SNFs | SNF | 1,041 | VA | December-20 | \$12,000,000 | - | \$156,150,000 | - | 7.68% |
| 4 SNFs | SNF | 578 | TX | November-20 | \$3,800,000 | \$7,801,640 | \$47,600,000 | 2.05 | 7.98% |
| 2 SNFS | SNF | 150 | MT | September-20 | \$1,550,000 | \$2,250,360 | \$15,960,000 | 1.45 | 9.71% |
| Formation Opis | SNF, AL | 1,479 | FL | April-20 | \$11,808,780 | \$20,217,389 | - | 1.71 | - |
| Vineyards Healthcare | SNF | 83 | CA | March-20 | \$1,007,654 | \$1,455,472 | - | 1.44 | - |
| Indiana SNF | SNF | 130 | IN | January-20 | \$665,000 | \$965,300 | \$7,000,000 | 1.45 | 9.50% |
| Treviso Transitional Care | SNF | 140 | TX | December-19 | \$1,147,500 | \$2,342,700 | \$13,500,000 | 2.04 | 8.50% |
| Victorian PostAcute | SNF | 90 | CA | May-19 | \$1,069,178 | \$2,341,065 | - | 2.19 | - |
| Metron of Forest Hills | SNF | 58 | MI | November-18 | \$394,000 | \$569,852 | \$4,360,000 | 1.45 | 9.04% |
| Carespring Portfolio | SNF, AL | 1,147 | OH & KY | September-18 | \$16,200,000 | \$23,616,895 | \$183,050,000 | 1.46 | 8.85% |
| REIT Information | | | | | | | | | |
| NHI REIT | SNF, AL, IL | 102 assets | Various | Q2-2022 | \$159,928,000 | \$194,516,000 | - | 1.22 | - |
| Sabra REIT Skilled Nursing | SNF | 30,251 | Various | Q2-2022 | \$278,052,000 | \$500,493,600 | - | 1.80 | - |
| OMEGA Healthcare Investors REIT | SNF, AL, IL | 871 assets | Various | Q2-2022 | \$845,712,000 | \$1,148,284,000 | - | 1.36 | - |
| Average | | | | | | | | 1.61 | 8.59% |
| Minimum | | | | | | | | 1.22 | 7.42% |
| Maximum | | | | | | | | 2.19 | 9.71% |

Source: JLL Database, Senior Care Investor, Compiled by JLL

Vacancy, Collection Losses, and Expenses

Seniors housing and health care property leases are normally long term in duration. Long term, absolute net leases are typically underwritten based upon no vacancy and collection loss deductions. The risk of the tenant breaking the lease, or failing to make payments as they are due, is inherent in the capitalization rate.

Investors who purchase such facilities normally forecast no vacancy or collection losses. This was confirmed with the investors noted below in the discussion of expenses.

For the purposes of this analysis, we have projected one year of lease vacancy in Year 1 for Andover Subacute and Rehabilitation I.

Expenses

The lease is an absolute net lease, with the lessee responsible for the payment of all expenses associated with the property. The lessor experiences no expenses related to the operation of the facility other than the preparation of accounting records. Under such terms, it is reflective of market expectations to project no expenses in the income pro forma. Therefore, we forecast that the subject would be leased on an absolute net basis with the tenant responsible for all operating expenses. Investors active in the purchase of properties leased on an absolute net basis do not typically deduct

expenses when underwriting such investments. We have confirmed this with the following market participants:

- Tom Kirby, Executive Vice President - Acquisitions and Valuations for HCP, Inc., a publicly traded REIT;
- Steven Leathers, Vice President of American Realty Capital, a REIT that invests in health care real estate;
- Mr. Robb Moss with Medical Properties Trust, a REIT that invests in health care real estate; and
- Ms. Talya Nevo-Hacohen with Sabra Health Care REIT, a REIT that invests in health care real estate.

Stabilized Pro Forma - Leased Fee Basis

Leased Fee Pro Forma - Year 1

| Item | Dollars |
|------------------------------------|--------------|
| Gross Potential Rental Income | \$2,043,436 |
| Less Vacancy and Collection Losses | -\$2,043,436 |
| Effective Gross Income | \$0 |
| Less Operating Expenses | \$0 |
| Net Operating Income | \$0 |

Leased Fee Pro Forma - Year 2

| Item | Dollars |
|------------------------------------|-------------|
| Gross Potential Rental Income | \$2,106,635 |
| Less Vacancy and Collection Losses | \$0 |
| Effective Gross Income | \$2,106,635 |
| Less Operating Expenses | \$0 |
| Net Operating Income | \$2,106,635 |

Income Capitalization – Direct Capitalization

An indication of value for the subject is derived by capitalizing the net operating income, as leased, with an appropriate overall rate of return (R_o). In order to derive an appropriate capitalization rate; we considered the previously discussed sale/leasebacks. We also discussed current investor criteria with representatives of Health Care REIT, HCP, Healthcare Trust of America, Ventas REIT, and Aviv REIT. Examples of relevant transactions in support of our forecasts were previously discussed in this report.

JLL concluded to a leased fee capitalization rate of 9.25%. Overall, most weight was placed on portfolio comparable leased fee indications, and thus an OAR in the middle portion of the range indicated by these transactions is considered appropriate for the subject portfolio.

Please note, the direct capitalization approach was not utilized in developing a market value for the subject portfolio due to the uneven lease payment projections, however was utilized in support for our yield rate conclusions as discussed later in this report. This is considered to best reflect the actions of market participants.

Income Capitalization - Yield Capitalization

Yield capitalization is a method of income capitalization commonly used by institutional investors. It is most applicable for assets with variable cash flows. It is a method that converts future benefits to an indication of present value by discounting the future benefits at an appropriate yield rate. Yield capitalization is often performed through a discounted cash flow analysis (DCF). To develop a DCF, we will specify the timing, quantity, and duration of income (cash flow) and reversion, normally through projected sale of the property, to be received over a specified period of time and discount each cash flow to present value at a specified yield rate.

Projection Period

Institutional investors surveyed by RERC, CBRE, and others normally utilize a 10 to 15 year projection period. Our forecast will be based upon a 10 year forecast. NOI is forecast for an 11th year to determine the gross reversionary sales price at the end of Year 10.

Income and Expense Inflation

Institutional investors surveyed by RERC, CBRE, and others normally utilize a 10 to 15 year projection period. Our forecast will be based upon a 10 year forecast. NOI is forecast for an 11th year to determine the gross reversionary sales price at the end of Year 10.

Income and Expense Inflation

We will now forecast changes in income and expenses over the holding period.

We additionally consider the United States general inflation trends as shown below. This is considered to be relevant given the current market conditions as a result of COVID-19 and increasing inflation. It is noted that the last major decline in the United States occurred in 2009 at which time there was a -0.36% inflation rate followed by 2010 of 1.64% and 2011 of 3.16% as the economy was recovering.

US Inflation Trends

| Year | Inflation Rate |
|------------------|----------------|
| 2003 | 2.27% |
| 2004 | 2.68% |
| 2005 | 3.39% |
| 2006 | 3.24% |
| 2007 | 2.85% |
| 2008 | 3.85% |
| 2009 | -0.34% |
| 2010 | 1.64% |
| 2011 | 3.16% |
| 2012 | 1.70% |
| 2013 | 1.50% |
| 2014 | 0.80% |
| 2015 | 0.70% |
| 2016 | 2.10% |
| 2017 | 2.10% |
| 2018 | 1.90% |
| 2019 | 2.30% |
| 2020 | 1.24% |
| 2021 | 4.70% |
| YoY October 2022 | 7.70% |

Sources: BLS & Statista.com

JLL Seniors Housing Investor Survey Revenue & Expense Trends - 2023

The JLL Investor Survey focuses also asked transactional professionals who specialize in the seniors housing and care space to indicate their anticipated change in revenue and expenses over the next twelve months by sector as shown below.

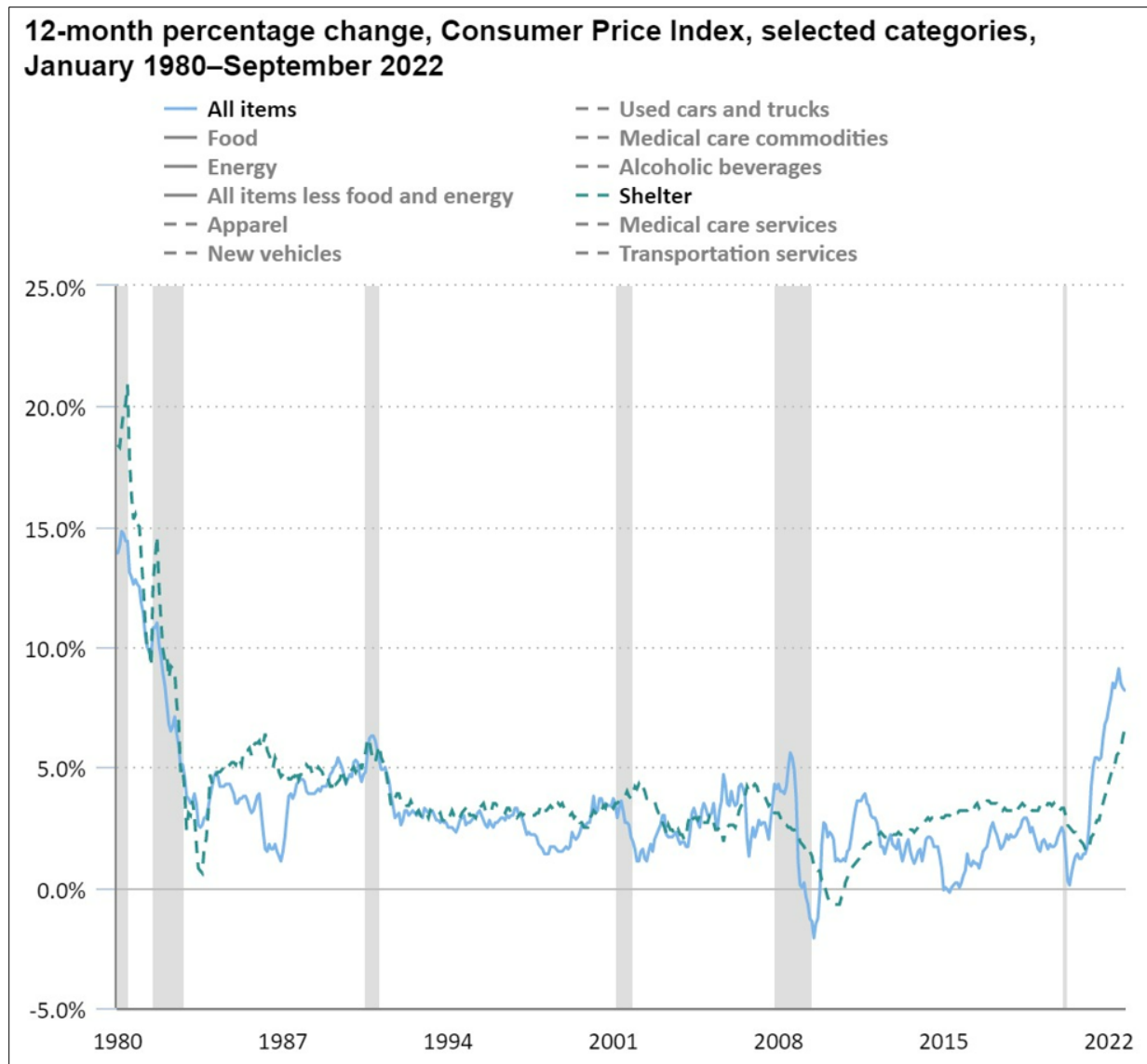
| All Markets Revenue and expense (% change) | Revenue Growth | | | Expense Growth | | |
|--|----------------|--------|--------|----------------|--------|--------|
| | Q4 '22 | Q4 '22 | Q4 '22 | Q4 '22 | Q4 '22 | Q4 '22 |
| | Low | High | Avg. | Low | High | Avg. |
| Active Adult | 2.0 | 11.0 | 5.7 | 1.0 | 9.0 | 4.5 |
| Independent Living | 2.0 | 11.0 | 6.3 | 1.0 | 9.0 | 4.8 |
| Assisted Living | 2.0 | 11.0 | 6.8 | 2.0 | 10.0 | 5.4 |
| Memory Care | 1.0 | 11.0 | 6.7 | 1.0 | 11.0 | 5.6 |
| Nursing Care | 1.0 | 15.0 | 4.9 | 1.0 | 10.0 | 5.1 |
| CCRC/LPC | 2.0 | 11.0 | 5.9 | 1.0 | 9.0 | 5.1 |

The following excerpt is taken from the Board of Governors of the Federal Reserve System's October 19, 2022 Beige Book.

National economic activity expanded modestly on net since the previous report; however, conditions varied across industries and Districts. Four Districts noted flat activity and two

cited declines, with slowing or weak demand attributed to higher interest rates, inflation, and supply disruptions. Retail spending was relatively flat, reflecting lower discretionary spending, and auto dealers noted sustained sluggishness in sales stemming from limited inventories, high vehicle prices, and rising interest rates. Travel and tourist activity rose strongly, boosted by continued strength in leisure activity and a pickup in business travel. Manufacturing activity held steady or expanded in most Districts in part due to easing in supply chain disruptions, though there were a few reports of output declines. Demand for nonfinancial services rose. Activity in transportation services was mixed, as port activity increased strongly whereas reports of trucking and freight demand were mixed. Rising mortgage rates and elevated house prices further weakened single-family starts and sales, but helped buoy apartment leasing and rents, which generally remained high. Commercial real estate slowed in both construction and sales amid supply shortages and elevated construction and borrowing costs, and there were scattered reports of declining property prices. Industrial leasing remained robust, while office demand was tepid. Bankers in most reporting Districts cited declines in loan volumes, partly a result of shrinking residential real estate lending. Energy activity expanded moderately, whereas agriculture reports were mixed, as drought conditions and high input costs remained a challenge. Outlooks grew more pessimistic amidst growing concerns about weakening demand.

The Consumer Price Index for All Urban Consumers increased 8.2 percent for the year ended September 2022, following a rise of 8.3 percent from August 2021 to August 2022. Consumer prices for all items less food and energy rose 6.6 percent over the past 12 months, the largest 12-month increase since August 1982. Prices for shelter also rose 6.6 percent from September 2021 to September 2022, accounting for over 40 percent of the total increase in all items less food and energy.



From September 2021 to September 2022, consumer prices for food increased 11.2 percent, while prices for energy rose 19.8 percent.

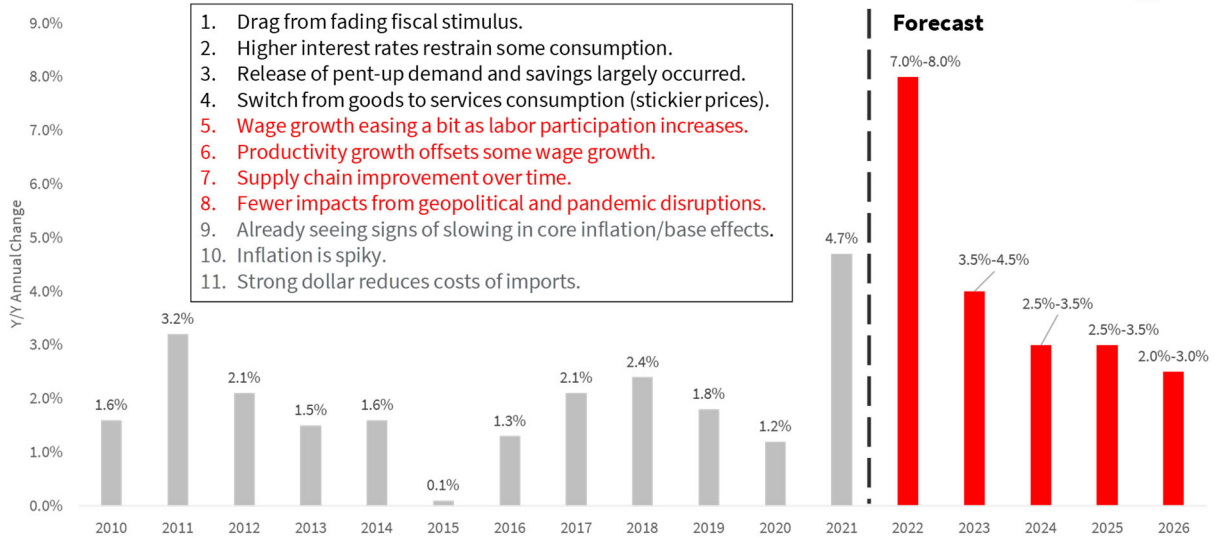
Within all items less food and energy, notable consumer price increases occurred in new vehicles (9.4 percent), and used cars and trucks (7.2 percent), for the year ended September 2022. Consumer prices increased 6.5 percent in medical care services, and 14.6 percent in transportation services over this period.

Energy prices rose 34.6 percent over the past 12 months. Gasoline prices increased 48.7 percent over the span. Electricity prices rose 12.0 percent, the largest 12-month increase since the period ending

August 2006. Prices for natural gas increased 30.2 percent over the last 12 months, the largest such increase since the period ending July 2008.

Lastly, the following is from JLL’s Chief Economist Ryan Severino:

When will inflation peak? And why?



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The graph shows expectation for inflation to remain elevated well above historic norms in the range of 7.0% to 8.0% for 2022, slowing to 3.5% to 4.5% in 2023 before returning to historical levels in 2024 to 2026. Historically, the 20-year average breakeven inflation rate was 2.61% per year while between 1960 to 2021, the average inflation rate was 3.8% per year.

Based upon this data, we are forecasting inflation as follows:

Forecast Income and Expense Change

| Year | Income Change | Expense Change |
|------|---------------|----------------|
| 1 | 0.00% | 0.00% |
| 2 | 3.00% | 3.00% |
| 3 | 3.00% | 3.00% |
| 4 | 3.00% | 3.00% |
| 5 | 3.00% | 3.00% |
| 6 | 3.00% | 3.00% |
| 7 | 3.00% | 3.00% |
| 8 | 3.00% | 3.00% |
| 9 | 3.00% | 3.00% |
| 10 | 3.00% | 3.00% |
| 11 | 3.00% | 3.00% |



Income Loss

The income loss deduction totals \$676,383 which was calculated separately. The income loss was utilized in determining the short-term impact on lease coverage.

Reversion

Reversion refers to future income derived through sale of the property at the end of the specified holding period. This represents the return of capital at the end of the holding period. Reversion can be calculated a number of ways. The Korpacz survey notes that most investors calculate reversion by applying an overall capitalization rate to the NOI for the last year of analysis or for the following year. The rate is referred to as the reversion or terminal capitalization rate. Sales expenses are deducted from the projected reversion sale price to arrive at the net reversion cash flow, which is then discounted at an appropriate yield rate. The present value of this reversion is added to the present value of all the annual cash flows to yield a value indication.

The reversion capitalization rate has historically been somewhat higher than the capitalization rate that the investor would apply to current income, or the going-in capitalization rate, because of the improvement's age at the end of the holding period and the inherent risk of projecting property value several years into the future. Typically, investors have increased the going-in capitalization rate by 50 to 100 basis points in estimating a reversionary capitalization rate. JLL has concluded to a reversion cap rate of 10.00% as it is assumed that the subject will be stable and similar coverage in Year 11.

JLL recently conducted a survey of anticipated costs of sale. The survey was sent to active buyers across the country. The survey revealed the following average costs of sale by anticipated selling cost:

JLL Costs of Sale Survey

| Anticipated Sales Price Range | Most Prevalent Response | Weighted Average Response |
|-------------------------------|-------------------------|---------------------------|
| Up to \$5,000,000 | 4.00% | 3.74% |
| \$5,000,000 to \$9,999,999 | 3.00% | 3.17% |
| \$10,000,000 to \$14,999,999 | 2.00% | 2.71% |
| \$15,000,000 to \$19,999,999 | 2.00% | 2.42% |
| \$20,000,000 to \$29,999,999 | 2.00% | 2.16% |
| \$30,000,000 to \$49,999,999 | 1.50% | 1.93% |
| \$50,000,000 to \$74,999,999 | 1.00% | 1.73% |
| \$75,000,000 to \$99,999,999 | 1.00% | 1.56% |
| \$100,000,000 and over | 0.50% | 1.46% |

In our DCF, we will use the JLL concluded costs of sale noted above for the subject's anticipated selling price. Sales expenses are estimated at 2.00% for the subject.

Unleveraged Yield Rates - JLL Seniors Housing Investor Survey Yield Rate Trends (Spring 2022)

As the seniors housing sector grows more and more sophisticated, investors are increasingly using discounted cash flow analysis to underwrite investments. With an increase in transactional data across the industry, the percentage of survey respondents relying on the discounted cashflow analysis decreased from 69% to 54% over the past year. Respondents were also asked to indicate their minimum unlevered yield rate by both investment class and product type.

The data also shows significant spreads between classes for each property subsector are as follows:

| All Markets Unlevered Yield (%) | Class A | | | | | Class B | | | | | Class C | | | | |
|------------------------------------|---------------|----------------|----------------|---------|-----------------|---------------|----------------|----------------|---------|-----------------|---------------|----------------|----------------|---------|-----------------|
| | Q4 '22 Low | Q4 '22 High | Q4 '22 Avg. | Q4 2021 | Change (bps) | Q4 '22 Low | Q4 '22 High | Q4 '22 Avg. | Q4 2021 | Change (bps) | Q4 '22 Low | Q4 '22 High | Q4 '22 Avg. | Q4 2021 | Change (bps) |
| Active Adult | 5.0 | 9.0 | 6.5 | 6.3 | 20.0 | 5.5 | 9.5 | 7.1 | 7.2 | -10.0 | 6.0 | 10.0 | 7.8 | 8.3 | -50.0 |
| Independent Living | 6.0 | 9.5 | 7.5 | 7.2 | 30.0 | 6.0 | 10.0 | 8.0 | 8.1 | -10.0 | 6.5 | 10.5 | 8.6 | 9.0 | -40.0 |
| Assisted Living | 6.0 | 10.5 | 8.0 | 8.0 | 0.0 | 6.5 | 11.0 | 8.6 | 8.6 | 0.0 | 7.0 | 11.0 | 9.2 | 9.4 | -20.0 |
| Memory Care | 7.5 | 11.5 | 9.3 | 9.2 | 10.0 | 8.0 | 12.0 | 9.8 | 9.8 | 0.0 | 8.5 | 12.0 | 10.5 | 10.7 | -20.0 |
| Nursing Care | 11.0 | 13.5 | 12.2 | 12.9 | -70.0 | 11.0 | 15.0 | 12.9 | 13.8 | -90.0 | 12.0 | 18.0 | 14.0 | 14.8 | -80.0 |
| CCRC/LPC | 7.0 | 11.5 | 9.2 | 9.3 | -10.0 | 7.5 | 12.0 | 10.0 | 10.2 | -20.0 | 8.0 | 13.0 | 10.8 | 11.0 | -20.0 |

Based upon the preceding, we will select a yield rate of 10.75%. This is supported the class B range of the JLL investor Survey shown above. The vacancy in Year 1 helps offset the risk of the projected lease. Lastly, in the analysis below, an implied Lease coverage ratio by year is shown to support the risk at the subject.

Discounted Cash Flow Conclusion

The DCF schedule(s) and value conclusions are included within the addenda of this report. A summary of the DCF schedules are summarized below.

The “As Is” December 31, 2022 discounted cash flow is summarized as follows:

DISCOUNT CASH FLOW CONCLUSIONS - December 31, 2022

| Name | Yield Rate | Reversion Rate | Conclusion |
|---------------------------------------|------------|----------------|---------------------|
| Andover Subacute and Rehabilitation I | 10.75% | 10.00% | \$21,500,000 |
| Total | | | \$21,500,000 |

Source: Compiled by JLL

The yield rate was concluded based on a number of factors, with most weight placed on lease coverage indications. Additionally, the terminal cap rate conclusion is based on typical responses from the JLL survey, noting a 75 basis point spread over the going-in capitalization rate was utilized.

Income Capitalization – Conclusion

Complete emphasis has been placed on the discounted cash flow indication in concluding a market value for the subject. As a direct capitalization is typically utilized in estimating a market value for stabilized properties, the discounted cash flow analysis recognizes the changes in cash flows over the holding period of an asset. Recognizing the encumbering lease with stipulated lease payments, the DCF is considered the most applicable approach. This methodology is considered to best reflect the actions of buyers and sellers currently active in this market.

The “As Is,” December 31, 2022 conclusions via the valuation methods employed for this approach are reconciled below:

DISCOUNT CASH FLOW RECONCILIATION

| Name | As Is Discounted | |
|---------------------------------------|---------------------|------------------------|
| | Cash Flow | As Is Reconciled Value |
| Andover Subacute and Rehabilitation I | \$21,500,000 | \$21,500,000 |
| Total | \$21,500,000 | \$21,500,000 |

Source: Compiled by JLL

Sensitivity Analysis

As a part of the analysis, JLL has included the following sensitivity analysis based on a 50-basis point increase or decrease in the concluded discount rate. The December 31, 2022 analysis is detailed as follows:

SENSITIVITY ANALYSIS - December 31, 2022

| Name | DCF | |
|---------------------------------------|---------------------|---------------------|
| | - 50 Bps | Reconciled Value |
| Andover Subacute and Rehabilitation I | \$22,800,000 | \$22,800,000 |
| Total | \$22,800,000 | \$22,800,000 |

Source: Compiled by JLL

As noted above, a sensitivity analysis was included. A decrease of 0.5% to the discount rate (IRR) and terminal cap rate will cause a rise in fair value of \$1,300,000 as of December 31, 2022.

SENSITIVITY ANALYSIS - December 31, 2022

| Name | DCF | |
|---------------------------------------|---------------------|---------------------|
| | + 50 Bps | Reconciled Value |
| Andover Subacute and Rehabilitation I | \$20,300,000 | \$20,300,000 |
| Total | \$20,300,000 | \$20,300,000 |

Source: Compiled by JLL

As noted above, a sensitivity analysis was included. An increase of 0.5% to the discount rate (IRR) and terminal cap rate will cause a decline in fair value of \$1,200,000 as of December 31, 2022.

Sales Comparison Approach

The sales comparison approach is based primarily upon the principle of substitution, which implies that a prudent individual will pay no more for a property than it would cost the individual to purchase a comparable substitute property. The steps involved in developing the sales comparison approach are:

- Research the market to obtain information pertaining to sales, listings, and sometimes offerings of property similar to the property being appraised.
- Investigate the market data to determine if the data is factually accurate and to determine if each sale represents an arm's length transaction.
- Determine relevant units of comparison, i.e. sales price per square foot, and develop a comparative analysis for each.
- Compare the subject and comparable sales according to the elements of comparison and then adjust each sale as appropriate.
- Reconcile the multiple value indications that result from the adjustment of the comparables into a single value indication.

Units of comparison are components into which a property may be divided for purposes of comparison. All appropriate units of comparison should be analyzed for the property type being appraised and the resulting value indications reconciled to a single indicated value or value range. The sales are analyzed and adjusted for differences in elements of comparison, which are characteristics of properties that cause the prices paid for real estate to vary. The following elements of comparison are considered:

- Real property rights conveyed
- Financing terms
- Conditions of sale
- Market conditions
- Location
- Physical characteristics
- Economic characteristics
- Use
- Non-realty components of value

Sales requiring lesser degrees of adjustment are typically the most comparable and are given greater weight than sales requiring greater degrees of adjustment. However, other factors must be considered including the reliability of the sales data and the degree of support of the required adjustments. After consideration of these factors, a final point value or value range is set forth.

Applicability to Subject

A number of factors make the application of the sales comparison approach problematic in the appraisal of a seniors housing facility. These factors include:

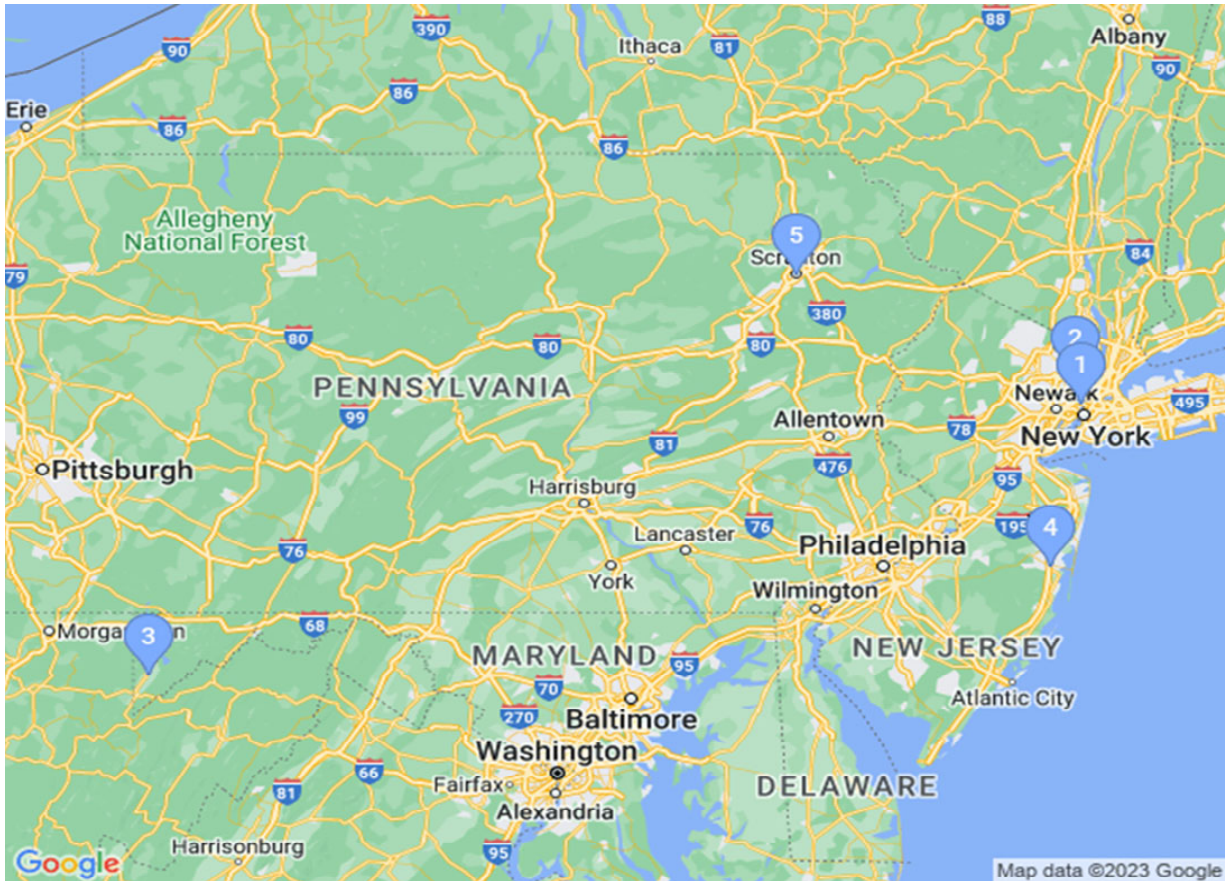
- The relative scarcity of arm's length sales
- The many variances in physical attributes from property to property
- The complex economics of retirement housing facilities

These challenges are so great that, according to *Elderly Housing, A Guide to Appraisal, Market Analysis, Development and Financing*, "value estimates using the sales comparison approach are sometimes given little or no weight in the final reconciliation of value". While the limitations are great, we have procured an adequate amount of sale data to develop the sales comparison approach in this appraisal.

Presentation of Comparables (SNF)

We will now analyze consummated sales of seniors housing properties. In addition, we have focused upon sales in the subject's market area. However, due to the limited number of sales, we found it necessary to expand our search to a larger region to procure enough sales.

The sales have been confirmed with the buyer, seller, broker, or other knowledgeable and reliable parties. The details for these comparables are referenced in the Addendum of this report. The sales we have elected to use in this analysis are as follows:



| No. | Name | City/State | Beds | Sales Price | Price Per Bed |
|-----|---------------------------------|----------------|------|--------------|---------------|
| 1 | ManhattanView Healthcare Center | Union City, NJ | 127 | \$25,500,000 | \$200,787 |
| 2 | Atlas Healthcare at Maywood | Maywood, NJ | 120 | \$22,200,000 | \$185,000 |
| 3 | Dennet Road Manor | Oakland, MD | 99 | \$8,150,000 | \$82,323 |
| 4 | Shore Meadows Rehab and Nursing | Toms River, NJ | 149 | \$26,600,000 | \$178,523 |
| 5 | Saber SNFs | Multiple, PA | 530 | \$38,000,000 | \$71,698 |

Summary of Sale Comparables - SNF

| Element of Comparison | Comparable Number | | | | | |
|-----------------------|-----------------------------|---------------------------------|-----------------------------|-------------------|---------------------------------|----------------|
| | 1 | 2 | 3 | 4 | 5 | |
| Location Data | Property Name | ManhattanView Healthcare Center | Atlas Healthcare at Maywood | Dennet Road Manor | Shore Meadows Rehab and Nursing | Saber SNFs |
| | City, State | Union City, NJ | Maywood, NJ | Oakland, MD | Toms River, NJ | Multiple, PA |
| Sale Data | Date of Sale | September 30, 2021 | February 1, 2020 | August 13, 2021 | October 1, 2021 | March 1, 2021 |
| | Sales Price | \$25,500,000 | \$22,200,000 | \$8,150,000 | \$26,600,000 | \$38,000,000 |
| | Property Rights Conveyed | Going Concern | Going Concern | Going Concern | Going Concern | Going Concern |
| | Financing Terms | Cash | Cash | Cash | Cash | Cash |
| Income Data | Conditions of Sale | Arm's Length | Arm's Length | Arm's Length | Arm's Length | Arm's Length |
| | Effective Gross Income | \$14,773,723 | \$13,000,000 | \$6,790,123 | \$13,764,763 | \$37,960,287 |
| | Expenses | (\$11,050,407) | (\$11,300,000) | (\$5,518,523) | (\$10,043,696) | (\$33,122,006) |
| | NOI After Reserves | \$3,723,316 | \$1,700,000 | \$1,271,600 | \$3,721,067 | \$4,838,281 |
| | NOI Per Bed After Reserves | \$29,317 | \$14,167 | \$12,844 | \$24,974 | \$9,129 |
| | Expense Ratio | 74.8% | 86.9% | 81.3% | 73.0% | 87.3% |
| | Occupancy at Sale | 72.4% | Stabilized | 65.0% | 85.0% | 80.0% |
| Physical Data | Year Built | 2000 | 2007 | 1973 | 2001 | 1965/2018 |
| | Number of Beds | 127 | 120 | 99 | 149 | 530 |
| | Care Levels | NC | NC | NC | NC | NC |
| | Building Area | 56,240 | 72,000 | 35,307 | 63,390 | 197,761 |
| Units of Comparison | Sales Price Per Bed | \$200,787 | \$185,000 | \$82,323 | \$178,523 | \$71,698 |
| | Sales Price Per Square Foot | \$453.41 | \$308.33 | \$230.83 | \$419.62 | \$192.15 |
| | EGIM | 1.73 | 1.71 | 1.20 | 1.93 | 1.00 |
| | Overall Cap. Rate | 14.60% | 7.66% | 15.60% | 13.99% | 12.73% |

Sales Price per Bed Analysis

The first unit of comparison we will develop is the sales price per bed. The sales will be adjusted for the following elements of comparison.

Property Rights Conveyed

Since the subject property is under a leased fee interest and not fee simple, we have adjusted comparables 1, 2, 3, 4 and 5 downward by 5% for this element of comparison.

Financing Terms

The comparables sold for cash to the seller, and no adjustments are needed.

Conditions of Sale

We have attempted to determine from the buyers and sellers of the comparables if there were any unusual conditions of sale. All of the comparables were reported as being negotiated between willing sellers and willing buyers and do not reflect any duress on the part of the buyer or seller.

Occupancy at Sale

The comparables were all operating at their respective long-term stabilized occupancy levels at sale. No adjustments are needed.

Market Conditions

Market trends for seniors housing properties have shown modest appreciation trend that has been noted over the past several years. However, considering the current market environment, a market condition adjustment is currently warranted.

The Federal Reserve (Fed) actions to curb inflation have had an impact on the cost of capital, greatly impacting lending rates. Although seniors housing capitalization rates continued to compress through mid-year 2022, most seniors housing market participants believe the inflationary fighting actions taken by the Fed have started to impact market pricing and expected investor returns. The table below actions from each meeting, rate changes, target rates and the corresponding SOFR (Secured Overnight Financing Rate) rates.

Federal Reserve Meetings - 2022

| Date | Rate Change (bps) | Fed Funds Rate | SOFR |
|--------|-------------------|----------------|-------|
| Mar-22 | +25 bps | 0.25% - 0.50% | 0.30% |
| May-22 | +50 bps | 0.75% - 1.00% | 0.79% |
| Jun-22 | +75 bps | 1.50% - 1.75% | 1.45% |
| Jul-22 | +75 bps | 2.25% - 2.50% | 2.28% |
| Sep-22 | +75 bps | 3.00% - 3.25% | 2.99% |
| Nov-22 | +75 bps | 3.75% - 4.00% | 3.25% |
| Dec-22 | +50 bps | 4.25% - 4.50% | 3.80% |

Source: FOMC

All of the sales are relatively recent; therefore, no adjustments were made for market conditions. Given the skilled nursing sector has a wider spread between cap rates and interest rates, we have not forecasted any market condition adjustment due to rising interests rates.

Location

Location adjustments will be determined by comparing the median home value (as determined by Esri) within a five-mile radius of the subject property to the corresponding value for each of the comparable properties. The median home value of each property is shown in the following table.

Median Home Sales Price by 5 Mile Ring Radius

| Comparable Number | City, State | Median Sales Price |
|-------------------|----------------|--------------------|
| Subject | New Jersey | \$410,390 |
| 1 | Union City, NJ | \$453,599 |
| 2 | Maywood, NJ | \$518,055 |
| 3 | Oakland, MD | \$588,613 |
| 4 | Toms River, NJ | \$371,019 |
| 5 | Multiple, PA | \$146,035 |

Comparables 2 and 3 have been adjusted downward by 20% due to their significantly superior location when compared to the subject property. Comparable 1 has been adjusted downward by 5% due to its slightly superior location. Comparable 4 has been adjusted upward by 5% due to its slightly inferior location. Comparable 5 has been adjusted upward by 20% due to its significantly inferior location when compared to the subject property.

Physical Characteristics

The comparables vary in a number of physical characteristics in comparison to the subject. All are similar in basic design, that being seniors housing facilities with interior hallways and an extensive amount of common areas. However, there are some variances that will require adjustment:

Age

We will base the age adjustments upon the effective age for each comparable in comparison to the subject, as shown below:

Age/Condition Adjustment Calculations

| Element of Comparison | Comparable Number | | | | |
|--|------------------------------------|--------------------------------|-------------------|------------------------------------|------------|
| | 1 | 2 | 3 | 4 | 5 |
| Property Name | ManhattanView Healthcare Center | Atlas Healthcare at Maywood | Dennet Road Manor | Shore Meadows Rehab and Nursing | Saber SNFs |
| Year of Sale | 2021 | 2020 | 2021 | 2021 | 2021 |
| Less Year Sale Built | 2000 | 1997 | 1973 | 2001 | 1965/2018 |
| Age of Sale at Sale | 21 | 24 | 48 | 35 | 56 |
| Est. Effective Age of Sale | 15 | 20 | 25 | 20 | 30 |
| Subject's Effective Age | 30 | 30 | 30 | 30 | 30 |
| Variance in Effect. Age | (15) | (10) | (5) | (10) | 0 |
| Economic Life | 55 | 55 | 55 | 55 | 55 |
| Variance/Economic Life | -27.3% | -18.2% | -9.1% | -18.2% | 0.0% |
| Calculated Adjustment (% Variance Applied To Price Per Bed) | (\$54,760) | (\$33,636) | (\$7,484) | (\$32,459) | \$0 |

Quality

The comparables are all modern seniors housing projects and do not require adjustment for quality.

Economic Characteristics

In this adjustment process, economic characteristics are not considered as they should be reflected in the adjustments for location and physical characteristics. Note that following this process, we will also conduct a ranking and statistical analysis based solely upon income characteristics.

Use/Zoning

The comparables all have the same use and are zoned to permit that use. No adjustments are required for use/zoning.

Non-Realty Components

Each of the sales included real property, FF&E, and business value. Allocations of the contribution of each component to the sales price were not provided. We will not adjust for non-realty components in the adjustment process but will allocate the subject's value to its components in the conclusion section of this appraisal.

Summary of Adjustments

The preceding adjustments are now applied to the comparables as follows:

Adjustment of Comparable Sales - Price Per Bed Basis

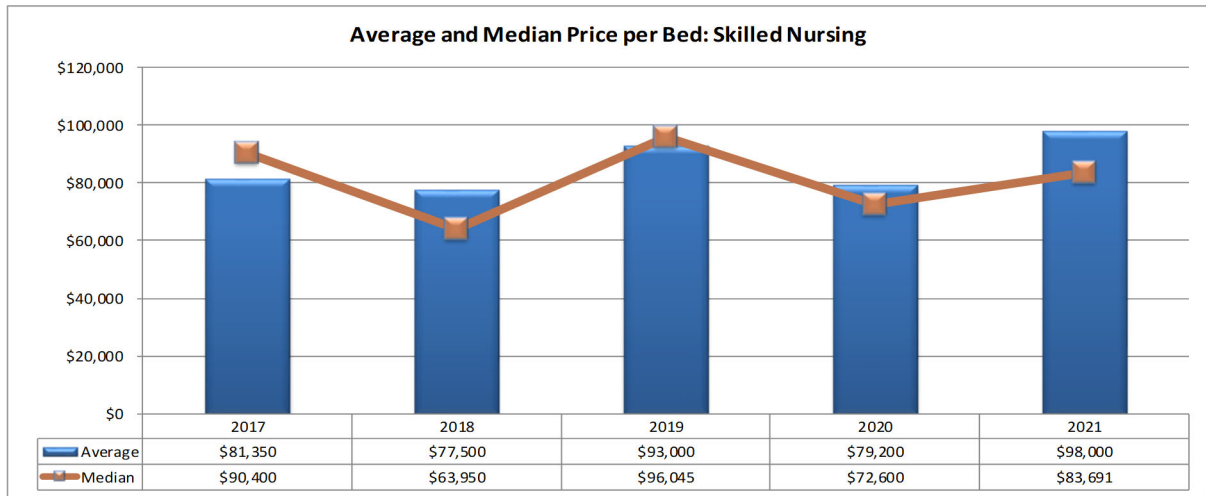
| Element of Comparison | Comparable Number | | | | |
|--|---------------------------------|-----------------------------|-------------------|---------------------------------|------------|
| | 1 | 2 | 3 | 4 | 5 |
| Property Name | ManhattanView Healthcare Center | Atlas Healthcare at Maywood | Dennet Road Manor | Shore Meadows Rehab and Nursing | Saber SNFs |
| Unadjusted Price Per Bed | \$200,787 | \$185,000 | \$82,323 | \$178,523 | \$71,698 |
| Adjustment for Property Rights Conveyed | (\$10,039) | (\$9,250) | (\$4,116) | (\$8,926) | (\$3,585) |
| | -5.0% | -5.0% | -5.0% | -5.0% | -5.0% |
| Adjustment for Financing Terms | \$0 | \$0 | \$0 | \$0 | \$0 |
| | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Adjustment for Conditions of Sale | \$0 | \$0 | \$0 | \$0 | \$0 |
| | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Adjustment for Market Conditions | \$0 | \$0 | \$0 | \$0 | \$0 |
| | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Adjusted Price Per Bed Before Physical Adjustments | \$190,748 | \$175,750 | \$78,207 | \$169,597 | \$68,113 |
| Adjustment for Location | (\$9,537) | (\$35,150) | (\$15,641) | \$8,480 | \$13,623 |
| | -5.0% | -20.0% | -20.0% | 5.0% | 20.0% |
| Adjustment for Age/Condition | (\$52,022) | (\$31,955) | (\$7,110) | (\$30,836) | \$0 |
| | -27.3% | -18.2% | -9.1% | -18.2% | 0.0% |
| Adjustment for Quality | \$0 | \$0 | \$0 | \$0 | \$0 |
| | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Adjustment for Economic Characteristics | \$0 | \$0 | \$0 | \$0 | \$0 |
| | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Adjustment for Use/Zoning | \$0 | \$0 | \$0 | \$0 | \$0 |
| | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Adjustment for Non-Realty Components | \$0 | \$0 | \$0 | \$0 | \$3,406 |
| | 0.0% | 0.0% | 0.0% | 0.0% | 5.0% |
| Final Adjusted Sales Price Per Bed | \$129,188 | \$108,645 | \$55,456 | \$147,241 | \$85,142 |
| Low of Adjusted Prices | | | \$55,456 | | |
| High of Adjusted Prices | | | \$147,241 | | |
| Average of Adjusted Prices | | | \$105,135 | | |

Based upon this analysis, a wide per bed range is indicated.

Sales Price Trends

Skilled Nursing

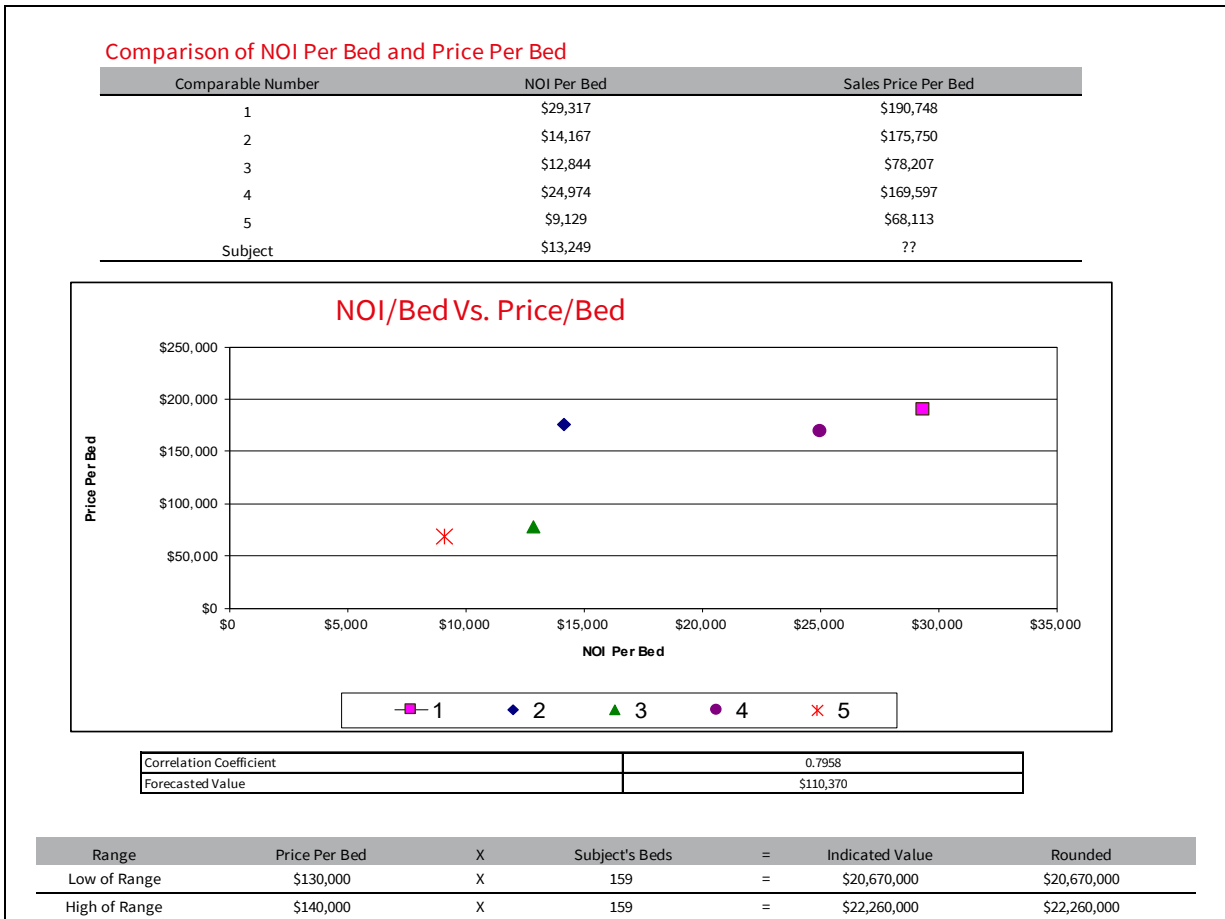
The following chart displays the average and median price per bed for skilled nursing over the last 5 years. The average price per bed paid was \$98,000 and the median price per bed was \$83,691 in 2021, which are strong increases from 2020. The number of buyers increased in 2021 while the number of facilities marketed decrease. In this case, this increased pricing for both non-stabilized and stabilized assets in 2021.



Source: The Senior Care Acquisition Report, 27th Edition - 2022

Continuum/Graphing Analysis

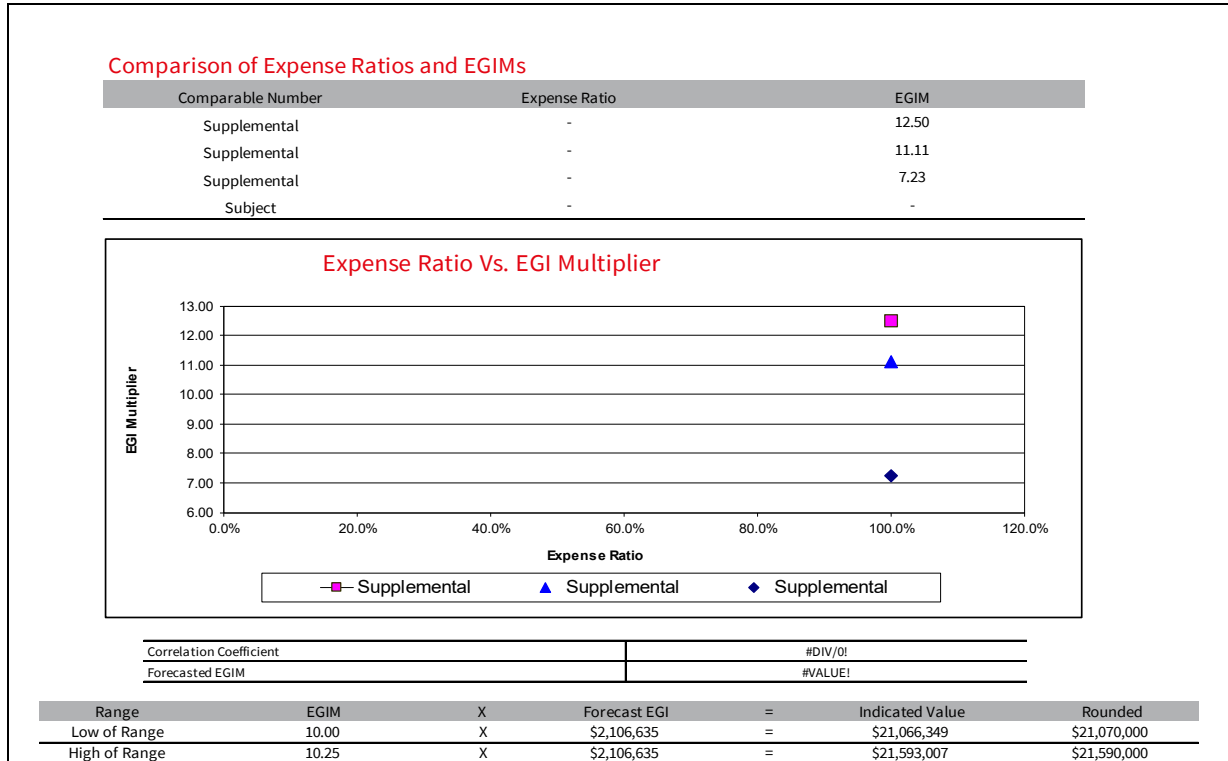
The data is not extensive enough to accurately derive adjustments for physical differences using paired sales or other quantitative adjustment techniques. Furthermore, physical differences between the comparables and the subject are abundant because the comparables vary significantly in location, size, year built, facility composition, etc. Thus, as an additional analysis (and one which is more relevant), we will analyze the relationship of price per bed and net operating income (NOI) per bed. This is a relevant measure of income-producing potential that should account for the different levels of services offered, varying locations, and differences in the physical facilities of the comparables.



The sales display a strong correlation between NOI per bed prices. Based upon this relationship and the forecasted value shown above, but also with strong consideration to the adjusted prices per bed based upon the traditional adjustment process, we selected a value range of \$130,000 to \$140,000 per bed for the subject.

Effective Gross Income Multiplier

The effective gross income multipliers (EGIM) for the sales are as follows:



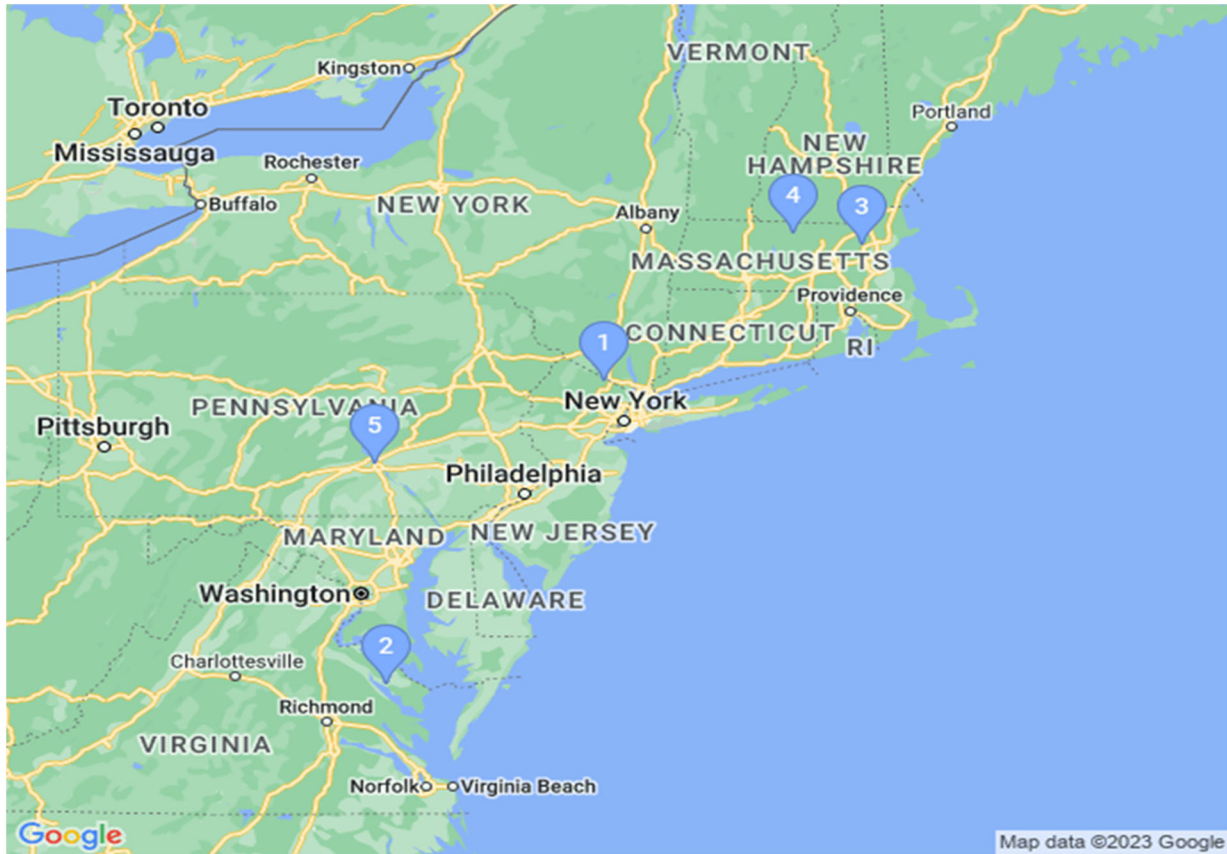
The sales display a strong correlation between expense ratios and EGIMs. Based primarily upon this relationship and the forecasted value shown above, we selected an EGIM range of 10.00 to 10.25 to apply to the subject’s pro forma EGI.

Presentation of Comparables (Vacant Building)

We will now analyze consummated sales of healthcare properties. In addition, we have focused upon sales in the subject's market area. However, due to the limited number of sales, we found it necessary to expand our search to a larger region to procure enough sales.

The sales have been confirmed with the buyer, seller, broker, or other knowledgeable and reliable parties. The details for these comparables are referenced in the Addendum of this report.

The vacant building sales we have elected to use in this analysis are as follows:



| No. | Name | City/State | Sales Price | Price Per SF |
|-----|------------------------|------------------|--------------|--------------|
| 1 | Vacant Assisted Living | Ringwood, NJ | \$4,200,000 | \$115.07 |
| 2 | Vacant Healthcare | Warsaw, VA | \$2,000,000 | \$71.71 |
| 3 | Vacant Hotel | Bedford, MA | \$37,250,000 | \$121.28 |
| 4 | Vacant Healthcare | Baldwinville, MA | \$3,400,000 | \$103.03 |
| 5 | Vacant Hotel | Harrisburg, PA | \$5,300,000 | \$109.52 |

Summary of Sale Comparables - Vacant Buidling

| Element of Comparison | | Comparable Number | | | | |
|-----------------------|-----------------------------|------------------------|-------------------|----------------|-------------------|----------------|
| | | 1 | 2 | 3 | 4 | 5 |
| Location Data | Property Name | Vacant Assisted Living | Vacant Healthcare | Vacant Hotel | Vacant Healthcare | Vacant Hotel |
| | City, State | Ringwood, NJ | Warsaw, VA | Bedford, MA | Baldwinville, MA | Harrisburg, PA |
| Sale Data | Date of Sale | January 29, 2021 | November 22, 2021 | April 6, 2022 | August 10, 2020 | May 20, 2021 |
| | Sales Price | \$4,200,000 | \$2,000,000 | \$37,250,000 | \$3,400,000 | \$5,300,000 |
| | Property Rights Conveyed | Fee Simple | Fee Simple | Fee Simple | Fee Simple | Fee Simple |
| | Financing Terms | Cash to Seller | Cash to Seller | Cash to Seller | Cash to Seller | Cash to Seller |
| | Conditions of Sale | Arm's Length | Arm's Length | Arm's Length | Arm's Length | Arm's Length |
| Income Data | Occupancy at Sale | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| | Year Built | 1997 | 1998 | 1980 | 2003 | 1990 |
| Physical Data | Property Type | Assisted Living | Healthcare | Hotel | Healthcare | Hotel |
| | Building Area | 36,500 | 27,889 | 307,141 | 33,000 | 48,393 |
| Units of | Sales Price Per Square Foot | \$115.07 | \$71.71 | \$121.28 | \$103.03 | \$109.52 |

Sales Price per SF Analysis

The first unit of comparison we will develop is the sales price per SF. The sales will be adjusted for the following elements of comparison.

Property Rights Conveyed

Each of the sales were vacant at the time of sale. Each comparable was transferred as fee simple estate. No adjustments are needed.

Financing Terms

The comparables sold for at market financing, and no adjustments are needed.

Conditions of Sale

We have attempted to determine from the buyers and sellers of the comparables if there were any unusual conditions of sale. None of the comparables were portfolio sales, thus no adjustment is required.

Occupancy at Sale

The comparables were vacant at sale. No adjustments are needed.

Market Conditions

All of the sales are relatively recent; therefore, no adjustments were made for market conditions.

Location

Location adjustments will be determined by comparing the median home value (as determined by Esri) within a five-mile radius of the subject property to the corresponding value for each of the comparable properties.

Median Home Sales Price by 5 Mile Ring Radius

| Comparable Number | City, State | Median Sales Price |
|-------------------|------------------|--------------------|
| Subject | New Jersey | \$410,390 |
| 1 | Ringwood, NJ | \$455,972 |
| 2 | Warsaw, VA | \$210,867 |
| 3 | Bedford, MA | \$358,850 |
| 4 | Baldwinville, MA | \$303,604 |
| 5 | Harrisburg, PA | \$212,398 |

Comparable 1 has been adjusted downward by 5% due to its superior location when compared to the subject property. Comparable 3 has been adjusted upward by 10% due to its inferior location. Comparables 2, 4 and 5 has been adjusted upward by 20% due to their significantly inferior location when compared to the subject property.

Physical Characteristics

The comparables vary in a number of physical characteristics in comparison to the subject. All are similar in basic design, that being residential/seniors housing facilities with interior hallways and an extensive amount of common areas. However, there are some variances that will require adjustment:

Age

We will base the age adjustments upon the effective age for each comparable in comparison to the subject, as shown below:

Age/Condition Adjustment Calculations

| Element of Comparison | Comparable Number | | | | |
|--|------------------------|-------------------|--------------|-------------------|--------------|
| | 1 | 2 | 3 | 4 | 5 |
| Property Name | Vacant Assisted Living | Vacant Healthcare | Vacant Hotel | Vacant Healthcare | Vacant Hotel |
| Year of Sale | 2021 | 2021 | 2022 | 2020 | 2021 |
| Less Year Sale Built | 1997 | 1998 | 1980 | 2003 | 1990 |
| Age of Sale at Sale | 24 | 23 | 42 | 17 | 31 |
| Est. Effective Age of Sale | 20 | 20 | 25 | 15 | 25 |
| Subject's Effective Age | 30 | 30 | 30 | 30 | 30 |
| Variance in Effect. Age | (10) | (10) | (5) | (15) | (5) |
| Economic Life | 55 | 55 | 55 | 55 | 55 |
| Variance/Economic Life | -18.2% | -18.2% | -9.1% | -27.3% | -9.1% |
| Calculated Adjustment (% Variance Applied To Price Per SF) | (\$20.92) | (\$13.04) | (\$11.03) | (\$28.10) | (\$9.96) |

Quality

All comparables are of similar quality. No adjustments are required for quality.

Economic Characteristics

In this adjustment process, economic characteristics are not considered as they should be reflected in the adjustments for location and physical characteristics. Note that following this process, we will also conduct a ranking and statistical analysis based solely upon income characteristics.

Use/Zoning

The comparables all have the same use and are zoned to permit that use. No adjustments are required for use/zoning.

Non-Realty Components

Each of the sales included real property, FF&E, and business value. Allocations of the contribution of each component to the sales price were not provided. We will not adjust for non-realty components in the adjustment process but will allocate the subject's value to its components in the conclusion section of this appraisal.

Summary of Adjustments

The preceding adjustments are now applied to the comparables as follows:

Adjustment of Comparable Sales - Price Per SF Basis

| Element of Comparison | Comparable Number | | | | |
|---|------------------------|---------------------|--------------------|---------------------|-------------------|
| | 1 | 2 | 3 | 4 | 5 |
| Property Name | Vacant Assisted Living | Vacant Healthcare | Vacant Hotel | Vacant Healthcare | Vacant Hotel |
| Unadjusted Price Per SF | \$115.07 | \$71.71 | \$121.28 | \$103.03 | \$109.52 |
| Adjustment for Property Rights Conveyed | \$0 0.0% | \$0 0.0% | \$0 0.0% | \$0 0.0% | \$0 0.0% |
| Adjustment for Financing Terms | \$0 0.0% | \$0 0.0% | \$0 0.0% | \$0 0.0% | \$0 0.0% |
| Adjustment for Conditions of Sale | \$0 0.0% | \$0 0.0% | \$0 0.0% | \$0 0.0% | \$0 0.0% |
| Adjustment for Market Conditions | \$0 0.0% | \$0 0.0% | \$0 0.0% | \$0 0.0% | \$0 0.0% |
| Adjusted Price Per SF Before Physical Adjustments | \$115.07 | \$71.71 | \$121.28 | \$103.03 | \$109.52 |
| Adjustment for Location | (\$5.75) -5.0% | \$14.34 20.0% | \$12.13 10.0% | \$20.61 20.0% | \$21.90 20.0% |
| Adjustment for Age/Condition | (\$20.92) -18.2% | (\$13.04) -18.2% | (\$11.03) -9.1% | (\$28.10) -27.3% | (\$9.96) -9.1% |
| Adjustment for Quality | \$0.00 0.0% | \$0.00 0.0% | \$0.00 0.0% | \$0.00 0.0% | \$0.00 0.0% |
| Adjustment for Economic Characteristics | \$0 0.0% | \$0 0.0% | \$0 0.0% | \$0 0.0% | \$0 0.0% |
| Adjustment for Use/Zoning | \$0 0.0% | \$0 0.0% | \$0 0.0% | \$0 0.0% | \$0 0.0% |
| Adjustment for Non-Realty Components | \$0 0.0% | \$0 0.0% | \$0 0.0% | \$0 0.0% | \$0 0.0% |
| Final Adjusted Sales Price Per SF | \$88.39 | \$73.02 | \$122.38 | \$95.54 | \$121.47 |
| Low of Adjusted Prices | | | \$73.02 | | |
| High of Adjusted Prices | | | \$122.38 | | |
| Average of Adjusted Prices | | | \$94.83 | | |

| Range | Price Per SF | X | Subject's Vacant SNF SF | = | Indicated Value | Rounded |
|---------------|--------------|---|-------------------------|---|-----------------|--------------|
| Low of Range | \$115.00 | X | 121,260 | = | \$13,944,900 | \$13,940,000 |
| High of Range | \$125.00 | X | 121,260 | = | \$15,157,500 | \$15,160,000 |

Indicated Value via Sales Comparison

The value indications are as follows:

Summary of Sales Comparison Approach Value Indications

| Unit of Comparison | Low Of Range | High of Range |
|-------------------------------|--------------|---------------------|
| Sales Price - SNF | \$21,590,000 | \$20,670,000 |
| Sales Price - Vacant Building | \$13,940,000 | \$15,160,000 |
| Concluded Value | | \$35,900,000 |
| Concluded As Is Value | | \$35,900,000 |

In developing the sales price per bed analysis, we first adjusted the SNF sales based solely upon differences in physical elements of comparison, such as age, location, and quality. This analysis indicates a wide range of per bed prices. This is because economics is the primary factor driving the sales prices of seniors housing properties, not physical differences. Following the physical adjustment analysis, we conducted an analysis of NOI per bed compared to sales price per bed. This comparison showed a strong correlation between the two variables. This method relies upon NOI per bed and is closely related to the income capitalization approach. We then selected an indicated price per bed considering both methods.

In developing the sales price per SF analysis, we adjusted the Vacant Building sales based solely upon differences in physical elements of comparison, such as age, location, and quality.

We conclude an indicated value of \$35,900,000 for the subject.

Conclusion

Market Value of the Leased Fee and Fee Simple Estate

The following indications of value have been developed for the subject:

Value Indication - Andover Subacute and Rehabilitation I

| Approach to Value | Value Indication | Per Bed Indication |
|--|------------------|--------------------|
| The Income Capitalization Approach- Yield Capitalization | \$21,500,000 | \$135,220 |
| The Sales Comparison Approach | \$21,300,000 | \$133,962 |

Value Indication - Andover Subacute and Rehabilitation II

| Approach to Value | Value Indication | Per SF Indication |
|-------------------------------|------------------|-------------------|
| The Sales Comparison Approach | \$14,600,000 | \$120.40 |

Total Value Conclusion(s)

| Scenario | Effective Date | Conclusion |
|--|-------------------|--------------|
| Market Value of the Leased Fee and Fee Simple Estate | December 31, 2022 | \$36,100,000 |

Please note, the direct capitalization approach was not utilized in developing a market value for the subject portfolio due to uneven cashflows, however was utilized in support for our yield rate conclusions. This is considered to best reflect the actions of market participants.

The discounted cash flow analysis was developed for this report. The income capitalization process is well supported and highly pertinent to the appraisal of income property such as the subject. Market rent was estimated after a review of competing local properties. Total income and expenses were estimated based upon analysis of similar income and expense comparables with consideration to the subject's historical expenses. This is the approach most utilized in the market and is considered the most relevant approach to valuing the subject.

The sales comparison approach was also developed and is relatively well supported. Market participants rely upon sales to provide general ranges for valuation purposes, but generally place much more weight on the income approach. Therefore, the sales comparison approach was utilized as a test of reasonableness only for the SNF but we have placed full weight on our sales comparison approach for the Vacant Building as it's not an income producing property at this time.

The cost approach was not developed in this appraisal. Buyers of senior housing properties place little credence in the cost approach. The estimation of depreciation is difficult to do with any precision, especially for older buildings. Thus, the cost approach was not developed and given little consideration.

After consideration of the reliability and relevance of each approach, the income approach - yield capitalization method is given primary weight for the SNF, with the sales comparison approach providing added support but we have placed full weight on our sales comparison approach for the Vacant Building as it's not an income producing property at this time. The indicated value is \$36,100,000.

Exposure Time

Our estimate of value is based upon a typical exposure time for the property type being appraised. Exposure time is assumed to precede the effective date of value. Exposure times vary widely from property to property and are dependent upon a number of factors. These can include the motivation of the owner, the price that the property is offered for sale, the effectiveness of the marketing plan, the availability of financing, etc. We surveyed active market participants, including brokers and buyers, to determine a typical marketing time for seniors housing properties.

Given the market uncertainty and volatility, exposure times are currently difficult to predict. Overall, we conclude that an exposure period of up to six months would be necessary to sell the subject.

Marketing Time – JLL Seniors Housing Investor Survey - 2023

Exposure time is assumed to precede the date of value while marketing time is the estimated time from the date of value that would be required to sell the property. When market conditions are stable and not expected to change, exposure time and marketing time are generally the same.

Respondents were asked to indicate typical marketing time for seniors housing assets, defined as the number of months between the date a community is listed through the date of closing. Though 'six months' remained the highest percentage at 42% of respondents, however, the 'nine months' timeframe increased to 38% from 17%, surpassing the 'less than six months' category as the second highest evidencing market time is increasing.

| All Property Types Marketing Time | Respondents % |
|--------------------------------------|------------------|
| Less than 6 months | 10.0 |
| 6 months | 42.0 |
| 9 months | 38.0 |
| 12 months | 10.0 |
| Greater than 12 months | 0.0 |

Based upon the current market conditions, long term demand and investment opportunity within this sector, we have estimated marketing time to be six months.

Final Value Estimate(s)

Our analyses and forecasts result in the value conclusion(s) below, which are based upon assumptions, limiting conditions, and definitions presented in this report.

Total Value Conclusion(s)

| Scenario | Effective Date | Conclusion |
|--|-------------------|--------------|
| Market Value of the Leased Fee and Fee Simple Estate | December 31, 2022 | \$36,100,000 |

Our valuation of the subject is based on payment of the consideration in cash. The valuation is based upon a reasonable exposure time of six months prior to the effective date of value. The estimated marketing period is six months.

Appendix A

Additional Property Characteristics

ADDITIONAL PROPERTY CHARACTERISTICS

| Property | Tax ID Number | Current Assessment | Zoning |
|--|---------------|--------------------|----------------------------------|
| Andover Subacute and Rehabilitation I | 105-6.02 | \$8,528,600 | SR: Special Residential District |
| Andover Subacute and Rehabilitation II | 108-1.05 | \$26,599,700 | SR: Special Residence District |

Source: Compiled by JLL

Appendix B

Subject Photographs

Subject Photographs



Andover Subacute and Rehabilitation I



Andover Subacute and Rehabilitation II

Appendix C

Comparable Profiles



Name: ManhattanView Healthcare Center
 Address: 3200 Hudson Ave
 City/State/Zip: Union City, New Jersey 07087
 Tax ID: Block 197; Lot 1
 Operator: Paramount Care Centers

Year Built: 2000 GBA (SF): 56,240
 Renovated: N/A Condition: Good
 Buildings: 1 Quality: Average
 Floors: 5 Construction Class: B
 Land (ac): 0.40 Investment Class: A

Amenities: Superior Median (5mi) Home Value: \$906,772
 Location: Similar Median (5mi) Income: \$114,264
 Market Class: Primary % Population 55+: 9%
 % Population 75+: 3%

| Care Types | | | | |
|------------|-------|------|------------|-------|
| Level | Units | Beds | Rev. Units | Occ.: |
| NC | 67 | 127 | 127 | 72% |
| Total | 67 | 127 | 127 | 72% |

| Census Mix | | | | |
|---------------|-------------|----------|----------|-------|
| Level | Private Pay | Medicaid | Medicare | Other |
| NC | 6% | 63% | 12% | 19% |
| Weighted Avg. | 6% | 63% | 12% | 19% |

Transaction Summary

| | | | |
|--------------------|--------------------|-------------------------|--------------|
| Buyer | | Transaction Date | 9/30/2021 |
| Buyer Type | REIT | Sale Price | \$25,500,000 |
| Seller | Hudson Common, LLC | Sale Price Per Rev Unit | \$200,787 |
| Seller Type | Institutional | Deferred Maintenance | N/A |
| Deed Reference | | CapEx | N/A |
| Verified With | Buyer | Adjusted Price | N/A |
| Ownership Interest | Fee Simple | Capitalization Rate | 14.60% |
| Financial Period | Year 1 Stabilized | EGIM | 1.73 |
| Financing | Market Terms | Occupancy At Sale | 72% |

Transaction Sensitivity & Primary Analysis Summary

| | T-12m Actuals | Year 1 Stabilized |
|-----------------------------------|---------------|-------------------|
| Period Ending | 03/31/21 | 08/31/22 |
| Occupancy | 70.8% | 90.0% |
| Effective Gross Income | \$11,557,137 | \$14,773,723 |
| Operating Expenses | \$7,593,039 | \$11,050,407 |
| Net Operating Income | \$3,964,098 | \$3,723,316 |
| NOI per Rev. Unit | \$31,213 | \$29,317 |
| Adjusted Sale Price | \$25,500,000 | \$25,500,000 |
| Expense Ratio | 66% | 75% |
| Effective Gross Income Multiplier | 2.21 | 1.73 |
| Inferred Capitalization Rate | 15.55% | 14.60% |

Remarks

The property is sold for reported purchase price is \$25.5 million, or \$200,787 per unit. Based on the buyer year 1 pro forma, the purchase reflects a forward-looking capitalization rate of 14.60%. We understand the subject was not openly marketed.



Name: Dennet Road Manor
 Address: 1113 Mary Drive
 City/State/Zip: Oakland, Maryland 21550
 Tax ID: N/A
 Operator: N/A

Year Built: 1973 GBA (SF): 35,307
 Renovated: N/A Condition: Average
 Buildings: 1 Quality: Average
 Floors: 1 Construction Class: C
 Land (ac): 5.00 Investment Class: B

Amenities: N/A Median (5mi) Home Value: \$194,209
 Location: N/A Median (5mi) Income: \$53,110
 Market Class: Secondary % Population 55+: 11%
 % Population 75+: 4%

| Care Types | | | | |
|------------|-------|------|------------|-------|
| Level | Units | Beds | Rev. Units | Occ.: |
| NC | 70 | 99 | 99 | 65% |
| Total | 70 | 99 | 99 | 65% |

| Census Mix | | | | |
|---------------|-------------|----------|----------|-------|
| Level | Private Pay | Medicaid | Medicare | Other |
| NC | 19% | 73% | 8% | |
| Weighted Avg. | 19% | 73% | 8% | |

| Transaction Summary | | | |
|---------------------|-----------------------------------|-------------------------|-------------|
| Buyer | Axis Health at Dennett Manor, LLC | Transaction Date | 8/13/2021 |
| Buyer Type | Private Equity | Sale Price | \$8,150,000 |
| Seller | Dennett Road, LLC | Sale Price Per Rev Unit | \$82,323 |
| Seller Type | Owner-Operator | Deferred Maintenance | N/A |
| Listing Broker | | Capital Adjustment | \$1,000,000 |
| Deed Reference | | CapEx | N/A |
| Verified With | Buyer | Adjusted Price | N/A |
| Ownership Interest | Fee Simple | Capitalization Rate | 13.90% |
| Financial Period | Appraiser Proforma | EGIM | 1.35 |
| Financing | Market Terms | Occupancy At Sale | 65% |

Transaction Sensitivity & Primary Analysis Summary

| | Appraiser Proforma |
|-----------------------------------|--------------------|
| Period Ending | 05/20/22 |
| Occupancy | 91.0% |
| Effective Gross Income | \$6,790,123 |
| Operating Expenses | \$5,518,523 |
| Net Operating Income | \$1,271,600 |
| NOI per Rev. Unit | \$12,844 |
| Adjusted Sale Price | \$9,150,000 |
| Expense Ratio | 81% |
| Effective Gross Income Multiplier | 1.35 |
| Inferred Capitalization Rate | 13.90% |

Remarks
 This facility sold 8/13/21. IT was 65% occupied at the time of sale. 7.15M allocated to RE, 1M to Operations, and 1M in renovations were planned, of which all were included in the purchase price.



Name: Saber SNFs
 Address: Multiple
 City/State/Zip: Multiple, Pennsylvania 15106
 Tax ID: N/A
 Operator: N/A

Year Built: 1965 GBA (SF): 197,761
 Renovated: N/A Condition: Good
 Buildings: 7 Quality: Good
 Floors: 1 Construction Class: D
 Land (ac): 31.82 Investment Class: B

Amenities: Similar Median (5mi) Home Value: \$183,767
 Location: Similar Median (5mi) Income: \$59,862
 Market Class: Primary % Population 55+: 9%
 % Population 75+: 3%

| Care Types | | | | |
|--------------|------------|------------|------------|------------|
| Level | Units | Beds | Rev. Units | Occ.: |
| NC | 530 | 530 | 530 | 80% |
| Total | 530 | 530 | 530 | 80% |

| Census Mix | | | | |
|---------------|-------------|----------|----------|-------|
| Level | Private Pay | Medicaid | Medicare | Other |
| NC | | | | |
| Weighted Avg. | | | | |

| Transaction Summary | |
|---------------------|---------------|
| Buyer | Saber |
| Buyer Type | |
| Seller | Omega |
| Deed Reference | |
| Verified With | Jesse Prato |
| Ownership Interest | Fee Simple |
| Financial Period | T-12m Actuals |
| Financing | Market Terms |

| | |
|-------------------------|--------------|
| Transaction Date | 3/1/2021 |
| Sale Price | \$38,000,000 |
| Sale Price Per Rev Unit | \$71,698 |
| CapEx | N/A |
| Adjusted Price | N/A |
| Capitalization Rate | 12.73% |
| EGIM | 1.00 |
| Occupancy At Sale | 80% |

| Transaction Sensitivity & Primary Analysis Summary | |
|--|---------------|
| | T-12m Actuals |
| Occupancy | 80.0% |
| Effective Gross Income | \$37,960,287 |
| Operating Expenses | \$33,122,006 |
| Net Operating Income | \$4,838,281 |
| NOI per Rev. Unit | \$9,129 |
| Adjusted Sale Price | \$38,000,000 |
| Expense Ratio | 87% |
| Effective Gross Income Multiplier | 1.00 |
| Inferred Capitalization Rate | 12.73% |

Remarks

The buildings were built between 1965 and 2002 and range from 44 beds to 180 beds. Discussions with Saber indicated the sale was negotiated with a separate portfolio of assets leased to Saber. Financial indications are based on 2020 Sep T12. data, which includes lower performance than Saber expects to achieve on a stabilized basis due to the COVID-19 Pandemic. Facilities included in the transaction are as follows:

- Wadesboro Health and Rehabilitation Center - Wadesboro, NC - Charlotte-Concord-Gastonia, NC-SC
- Scranton Health Care Center - Scranton, PA - Scranton--Wilkes-Barre, PA
- Caring Heights Community Care and Rehabilitation Center - Coraopolis, PA - Pittsburgh, PA
- Farmville Health and Rehabilitation Center - Farmville, VA - Virginia
- Monroe Health and Rehabilitation Center - Charlottesville, VA - Charlottesville, VA

Land Comparable Number 1

Property Identification

Property: Vacant Assisted Living
Location: Ringwood, NJ

Sale Data

Date of Sale: January 29, 2021
Sales Price: \$4,200,000
Property Rights Conveyed: Fee Simple
Financing: Cash to seller
Conditions of Sale: Arm's length

Physical Data

Property Type: Assisted Living
Building Area (Square Feet): 36,500
Year Built: 1997

Land Data

Land Acres: 7.00 AC
Zoning: SRD - Special Residential

Indicators

Sales Price Per Sq. Ft. \$115.07

Land Comparable Number 2

Property Identification

Property: Vacant Healthcare
Location: Warsaw, VA

Sale Data

Date of Sale: November 22, 2021
Sales Price: \$2,000,000
Property Rights Conveyed: Fee Simple
Financing: Cash to seller
Conditions of Sale: Arm's length

Physical Data

Property Type: Healthcare
Building Area (Square Feet): 27,889
Year Built: 1998

Land Data

Land Acres: 4.00 AC
Zoning: TWN

Indicators

Sales Price Per Sq. Ft. \$71.71

Land Comparable Number 3

Property Identification

| | |
|------------------|--------------|
| Property: | Vacant Hotel |
| Location: | Bedford, MA |

Sale Data

| | |
|----------------------------------|----------------|
| Date of Sale: | April 6, 2022 |
| Sales Price: | \$37,250,000 |
| Property Rights Conveyed: | Fee Simple |
| Financing: | Cash to seller |
| Conditions of Sale: | Arm's length |

Physical Data

| | |
|-------------------------------------|---------|
| Property Type: | Hotel |
| Building Area (Square Feet): | 307,141 |
| Year Built: | 1980 |

Land Data

| | |
|--------------------|----------|
| Land Acres: | 23.43 AC |
| Zoning: | IND |

Indicators

| | |
|--------------------------------|----------|
| Sales Price Per Sq. Ft. | \$121.28 |
|--------------------------------|----------|

Land Comparable Number 4

Property Identification

Property: Vacant Healthcare
Location: Baldwinville, MA

Sale Data

Date of Sale: August 10, 2020
Sales Price: \$3,400,000
Property Rights Conveyed: Fee Simple
Financing: Cash to seller
Conditions of Sale: Arm's length

Physical Data

Property Type: Healthcare
Building Area (Square Feet): 33,000
Year Built: 2003

Land Data

Land Acres: 16.71 AC
Zoning: R-A-1 & R80

Indicators

Sales Price Per Sq. Ft. \$103.03

Land Comparable Number 5

Property Identification

Property: Vacant Hotel
Location: Harrisburg, PA

Sale Data

Date of Sale: May 20, 2021
Sales Price: \$5,300,000
Property Rights Conveyed: Fee Simple
Financing: Cash to seller
Conditions of Sale: Arm's length

Physical Data

Property Type: Hotel
Building Area (Square Feet): 48,393
Year Built: 1990

Land Data

Land Acres: 2.39 AC
Zoning: CN

Indicators

Sales Price Per Sq. Ft. \$109.52

Appendix D

Operating Data

Andover Subacute and Rehabilitation I

Historical Income and Expenses
Shown in Dollars and Per Resident Day

| Item | Year Ending 12/31/2019 | | Year Ending 12/31/2020 | | Year Ending 12/31/2021 | | Year to Date Annualized Ending 06/30/2022 | |
|---|------------------------|-----------------|------------------------|-----------------|------------------------|-----------------|--|-----------------|
| | \$ | PRD | \$ | PRD | \$ | PRD | \$ | PRD |
| Income - | | | | | | | | |
| Room & Board - | | | | | | | | |
| Private Pay Nursing | \$1,966,729 | \$277.39 | \$1,090,345 | \$260.85 | \$903,820 | \$253.81 | \$913,712 | \$269.54 |
| Ins./Managed Care Nursing | \$3,568,677 | \$416.51 | \$3,446,653 | \$578.20 | \$1,029,592 | \$230.75 | \$1,118,407 | \$230.51 |
| Medicaid Nursing | \$4,727,304 | \$149.75 | \$3,887,523 | \$144.50 | \$6,421,551 | \$231.13 | \$6,768,579 | \$242.62 |
| Medicare Nursing | \$2,854,542 | \$615.87 | \$3,919,411 | \$703.54 | \$5,009,690 | \$707.58 | \$4,411,885 | \$547.91 |
| VA/Hospice Nursing | \$160,405 | \$248.30 | \$30,224 | \$299.25 | (\$689) | (\$344.28) | \$37,859 | \$237.65 |
| Total Room & Board | \$13,277,656 | \$252.87 | \$12,374,156 | \$289.68 | \$13,363,965 | \$311.60 | \$13,250,443 | \$298.77 |
| Therapy & Other - | | | | | | | | |
| Therapy & Ancillary Income | \$830,873 | \$15.82 | \$971,880 | \$22.75 | \$614,847 | \$14.34 | \$566,971 | \$12.78 |
| Other Income | \$10,201 | \$0.19 | \$44,596 | \$1.04 | \$93,008 | \$2.17 | \$78,990 | \$1.78 |
| Total Therapy & Other Income | \$841,074 | \$16.02 | \$1,016,476 | \$23.80 | \$707,855 | \$16.50 | \$645,961 | \$14.56 |
| Income Summary - | | | | | | | | |
| Total Room & Board Income | \$13,277,656 | \$252.87 | \$12,374,156 | \$289.68 | \$13,363,965 | \$311.60 | \$13,250,443 | \$298.77 |
| Total Therapy & Other Income | \$841,074 | \$16.02 | \$1,016,476 | \$23.80 | \$707,855 | \$16.50 | \$645,961 | \$14.56 |
| Prior Period Adjustments | \$0 | \$0.00 | \$0 | \$0.00 | \$0 | \$0.00 | \$0 | \$0.00 |
| Contractual Adjustments | \$0 | \$0.00 | \$0 | \$0.00 | \$0 | \$0.00 | \$0 | \$0.00 |
| Total Income | \$14,118,730 | \$268.89 | \$13,390,631 | \$313.47 | \$14,071,820 | \$328.11 | \$13,896,404 | \$313.33 |
| Expenses - | | | | | | | | |
| Nursing | \$4,187,296 | \$79.75 | \$3,997,718 | \$93.59 | \$3,374,473 | \$78.68 | \$3,534,084 | \$79.69 |
| Contract Nursing | \$26,259 | \$0.50 | \$21,358 | \$0.50 | \$242,225 | \$5.65 | \$515,525 | \$11.62 |
| Dietary | \$1,360,991 | \$25.92 | \$1,378,113 | \$32.26 | \$1,373,903 | \$32.03 | \$1,379,176 | \$31.10 |
| Therapy and Ancillary | \$1,255,401 | \$23.91 | \$1,419,526 | \$33.23 | \$1,320,599 | \$30.79 | \$1,271,520 | \$28.67 |
| Admin & General | \$721,066 | \$13.73 | \$696,834 | \$16.31 | \$756,533 | \$17.64 | \$848,868 | \$19.14 |
| Housekeeping and Laundry | \$783,481 | \$14.92 | \$780,765 | \$18.28 | \$787,882 | \$18.37 | \$803,629 | \$18.12 |
| Activities and Recreation | \$495,966 | \$9.45 | \$441,832 | \$10.34 | \$433,697 | \$10.11 | \$458,591 | \$10.34 |
| Repairs and Maintenance | \$438,399 | \$8.35 | \$400,183 | \$9.37 | \$401,720 | \$9.37 | \$420,806 | \$9.49 |
| Utilities | \$188,428 | \$3.59 | \$184,417 | \$4.32 | \$181,960 | \$4.24 | \$183,758 | \$4.14 |
| Bad Debt | (\$74,750) | (\$1.42) | (\$165,235) | (\$3.87) | (\$801,787) | (\$18.69) | \$138,174 | \$3.12 |
| Real Estate Taxes | \$246,500 | \$4.69 | \$285,206 | \$6.68 | \$327,157 | \$7.63 | \$322,047 | \$7.26 |
| PL/GL Insurance | \$175,508 | \$3.34 | \$180,731 | \$4.23 | \$248,854 | \$5.80 | \$275,483 | \$6.21 |
| Workers Compensation | \$0 | \$0.00 | \$0 | \$0.00 | \$0 | \$0.00 | \$0 | \$0.00 |
| Other Insurance | \$0 | \$0.00 | \$0 | \$0.00 | \$0 | \$0.00 | \$0 | \$0.00 |
| Provider Bed Tax | \$636,600 | \$12.12 | \$542,012 | \$12.69 | \$524,731 | \$12.23 | \$554,270 | \$12.50 |
| Uncateg. Salary & Benefits | \$1,044,515 | \$19.89 | \$1,042,991 | \$24.42 | \$890,110 | \$20.75 | \$985,396 | \$22.22 |
| Management Fee | \$130,000 | \$2.48 | \$552,000 | \$12.92 | \$462,574 | \$10.79 | \$414,522 | \$9.35 |
| Reserves for Replacements | \$0 | \$0.00 | \$0 | \$0.00 | \$0 | \$0.00 | \$0 | \$0.00 |
| Total Expenses | \$11,615,660 | \$221.22 | \$11,758,452 | \$275.26 | \$10,524,630 | \$245.40 | \$12,105,850 | \$272.96 |
| Net Operating Inc. | \$2,503,070 | \$47.67 | \$1,632,179 | \$38.21 | \$3,547,190 | \$82.71 | \$1,790,553 | \$40.37 |

Stabilized Pro Forma

| | |
|--------------------------|---------------------------------------|
| Property Name | Andover Subacute and Rehabilitation I |
| Operating Beds | 159 |
| Potential Resident Days: | 58,035 |

Forecasted Census - Net of Vacancy

| | | |
|---------------------------|---------------|---------------|
| Private Pay Nursing | 4,440 | 9.0% |
| Ins./Managed Care Nursing | 5,180 | 10.5% |
| Medicaid Nursing | 31,078 | 63.0% |
| Medicare Nursing | 8,386 | 17.0% |
| VA/Hospice Nursing | 247 | 0.5% |
| Total | 49,331 | 100.0% |
| Average Daily Census | 135.2 | |
| Occupancy Rate | 85.0% | |

| ITEM | DOLLARS | PRD | % OF REVENUE |
|---|---------------------|-----------------|---------------|
| Income - | | | |
| Room & Board - | | | |
| Private Pay Nursing | \$1,196,580 | \$269.50 | 7.5% |
| Ins./Managed Care Nursing | \$1,193,990 | \$230.50 | 7.5% |
| Medicaid Nursing | \$7,489,487 | \$240.99 | 47.1% |
| Medicare Nursing | \$5,241,250 | \$625.00 | 32.9% |
| VA/Hospice Nursing | \$58,786 | \$238.00 | 0.4% |
| Total Room & Board | \$15,180,093 | \$307.72 | 95.4% |
| Therapy & Other - | | | |
| Therapy & Ancillary Income | \$641,303 | \$13.00 | 4.0% |
| Other Income | \$86,329 | \$1.75 | 0.5% |
| Total Therapy & Other Income | \$727,632 | \$14.75 | 4.6% |
| Income Summary - | | | |
| Total Room & Board Income | \$15,180,093 | \$307.72 | 95.4% |
| Total Therapy & Other Income | \$727,632 | \$14.75 | 4.6% |
| Prior Period Adjustments | \$0 | \$0.00 | 0.0% |
| Contractual Adjustments | \$0 | \$0.00 | 0.0% |
| Total Income | \$15,907,725 | \$322.47 | 100.0% |
| Expenses - | | | |
| Nursing | \$3,946,480 | \$80.00 | 24.8% |
| Contract Nursing | \$493,310 | \$10.00 | 3.1% |
| Dietary | \$1,405,934 | \$28.50 | 8.8% |
| Therapy and Ancillary | \$1,331,937 | \$27.00 | 8.4% |
| Admin & General | \$764,631 | \$15.50 | 4.8% |
| Housekeeping and Laundry | \$801,629 | \$16.25 | 5.0% |
| Activities and Recreation | \$456,312 | \$9.25 | 2.9% |
| Repairs and Maintenance | \$406,981 | \$8.25 | 2.6% |
| Utilities | \$184,991 | \$3.75 | 1.2% |
| Bad Debt | \$159,077 | \$3.22 | 1.0% |
| Real Estate Taxes | \$327,157 | \$6.63 | 2.1% |
| PL/GL Insurance | \$274,275 | \$5.56 | 1.7% |
| Workers Compensation | \$0 | \$0.00 | 0.0% |
| Other Insurance | \$0 | \$0.00 | 0.0% |
| Provider Bed Tax | \$600,663 | \$12.18 | 3.8% |
| Uncateg. Salary & Benefits | \$1,035,951 | \$21.00 | 6.5% |
| Management Fee | \$795,386 | \$16.12 | 5.0% |
| Reserves for Replacements | \$59,625 | \$1.21 | 0.4% |
| Total Expenses | \$13,044,338 | \$264.42 | 82.0% |
| Net Operating Inc. | \$2,863,387 | \$58.04 | 18.0% |

Appendix E

JLL Cash Flow Conclusions

Andover Subacute and Rehabilitation I

Income Loss During Absorption

| | |
|--|--------------|
| Pro Forma EGI | \$15,907,725 |
| Pro Forma Expenses at Stabilization | \$13,044,338 |
| Pro Forma NOI | \$2,863,387 |
| Starting Physical Occupancy Level | 75% |
| Starting Economic Occupancy Level | 88% |
| Total Absorption Period (Months) | 12 |
| Beginning Expenses (as a Percent of Total) | 95% |

| Month | Forecast % of EGI Earned | Pro Forma EGI | Projected EGI | Forecast % of Expenses Incurred | Pro Forma Expenses | Forecast Expenses | Forecast NOI | Pro Forma NOI | Income Loss (Variance Between Pro Forma NOI and Forecast NOI) |
|---|--------------------------------|------------------|------------------|--|-----------------------|----------------------|-----------------|------------------|--|
| 1 | 88.1% | \$1,325,644 | \$1,167,234 | 95.0% | 1,087,028 | \$1,032,677 | \$134,557 | \$238,616 | \$104,059 |
| 2 | 89.0% | \$1,325,644 | \$1,180,434 | 95.4% | 1,087,028 | \$1,037,206 | \$143,228 | \$238,616 | \$95,387 |
| 3 | 90.0% | \$1,325,644 | \$1,193,635 | 95.8% | 1,087,028 | \$1,041,735 | \$151,900 | \$238,616 | \$86,716 |
| 4 | 91.0% | \$1,325,644 | \$1,206,836 | 96.3% | 1,087,028 | \$1,046,265 | \$160,571 | \$238,616 | \$78,044 |
| 5 | 92.0% | \$1,325,644 | \$1,220,037 | 96.7% | 1,087,028 | \$1,050,794 | \$169,243 | \$238,616 | \$69,373 |
| 6 | 93.0% | \$1,325,644 | \$1,233,238 | 97.1% | 1,087,028 | \$1,055,323 | \$177,915 | \$238,616 | \$60,701 |
| 7 | 94.0% | \$1,325,644 | \$1,246,439 | 97.5% | 1,087,028 | \$1,059,852 | \$186,586 | \$238,616 | \$52,029 |
| 8 | 95.0% | \$1,325,644 | \$1,259,640 | 97.9% | 1,087,028 | \$1,064,382 | \$195,258 | \$238,616 | \$43,358 |
| 9 | 96.0% | \$1,325,644 | \$1,272,840 | 98.3% | 1,087,028 | \$1,068,911 | \$203,929 | \$238,616 | \$34,686 |
| 10 | 97.0% | \$1,325,644 | \$1,286,041 | 98.8% | 1,087,028 | \$1,073,440 | \$212,601 | \$238,616 | \$26,015 |
| 11 | 98.0% | \$1,325,644 | \$1,299,242 | 99.2% | 1,087,028 | \$1,077,970 | \$221,272 | \$238,616 | \$17,343 |
| 12 | 99.0% | \$1,325,644 | \$1,312,443 | 99.6% | 1,087,028 | \$1,082,499 | \$229,944 | \$238,616 | \$8,672 |
| Total | | | | | | | | | \$676,383 |
| Total Discounted Income Loss Rounded | | | | | | | | | \$680,000 |



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Ambitions

Appendix F

Lease Abstracts

Lease Abstract

| | | |
|---|--------------|----------------------------|
| Lessor | | BNJD O'Brien Property, LLC |
| Lessee | | Prospective Tenant |
| Guarantor | | None |
| Lease Date | | January 1, 2024 |
| Lease Commence Data | | January 1, 2024 |
| Expiration Date (base lease) | | December 31, 2033 |
| Lease Term (base lease, months) | | 120 |
| Remaining Term (base lease, months) | | 130 |
| No. & Term of Options (months) | None | 0 |
| Expiration Date (Base + All Options) | | December 31, 2033 |
| Remaining Lease Term (Base + All Options, months) | | 130 |
| Assignment/Subletting | | Not Allowed |
| Termination Clause | | Yes |
| Purchase Option | | No |
| Contract Rental Rate | NOI Coverage | Total \$/Yr |
| Initial Term | | \$0 |
| Year 1 | 0.00 | \$0 |
| Year 2 | 1.08 | \$2,106,635 |
| Year 3 | 1.40 | \$2,169,834 |
| Year 4 | 1.40 | \$2,234,929 |
| Year 5 | 1.40 | \$2,301,977 |
| Year 6 | 1.40 | \$2,371,036 |
| Year 7 | 1.40 | \$2,442,167 |
| Year 8 | 1.40 | \$2,515,432 |
| Year 9 | 1.40 | \$2,590,895 |
| Year 10 | 1.40 | \$2,668,622 |
| Total | | \$21,401,527 |
| Escalations | | 3% |
| Lessor Expenses | | None |
| Lessee Expenses | | All |
| Expense Cap | | None |
| % Rent Clause: | | None |

Appendix G

Analyst Qualifications

Bryan J. Lockard, MRICS

Managing Director

Current Responsibilities

Bryan J. Lockard serves as Managing Director in JLL's Valuation & Advisory Services, specializing on the national seniors housing and healthcare sectors. As National Practice Leader, Bryan also helps support a team of over 30 professionals with offices in 10 U.S. metro markets.

Mr. Lockard has experience in valuation, market studies, and feasibility analyses of single-asset to large portfolio transactions throughout the United States. Clients served include a broad base of local and national investment firms, property owners, development and operating companies, commercial and investment banks, insurance companies and REITs.

Experience

Prior to joining JLL, Mr. Lockard was with CBRE in the Seniors Housing and Healthcare Group where he was practice leader for the central US and focused on continuing care retirement communities nationally. Bryan began his career in commercial real estate as an Associate at HealthTrust in the Sarasota, Florida and Boston, Massachusetts offices. Bryan graduated from the University of Florida with a major in Finance and a minor in Leadership.

Education and Affiliations

University of Florida, B.S.

- Major: Business Administration - Finance
- Minor: Leadership
- Member of American Seniors Housing Association (ASHA) Young Leaders
- Appraisal Institute
- Multiple Advanced Level Courses

Certified General Real Estate Appraiser:

Alabama, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, New Jersey, New York, Ohio, Pennsylvania, South Carolina, Tennessee, Virginia and Wisconsin

Contact

401 E. Jackson Street Tampa, FL 33602
T: +1 813 387 1301
Bryan.Lockard@am.jll.com



Clients Represented

- *AIG*
- *Altitude Healthcare*
- *Bank Leumi*
- *BBVA Compass*
- *BOK Financial*
- *Bremer Bank*
- *Brookdale*
- *Capital One*
- *CBRE Capital Markets*
- *CNL Healthcare REIT*
- *Fannie Mae*
- *Freddie Mac*
- *Harrison Street*
- *Kayne Anderson*
- *KeyBank*
- *Lancaster Pollard*
- *M&T Bank*
- *Newmark Knight Frank*
- *Omega Healthcare Investors*
- *PGIM Investors*
- *PNC Bank*
- *ReNew REIT*
- *Strawberry Fields REIT*
- *SunTrust*
- *Wells Fargo*

THIS DOCUMENT IS PRINTED ON WATERMARKED PAPER, WITH A MULTI-COLORED BACKGROUND AND MULTIPLE SECURITY FEATURES. PLEASE VERIFY AUTHENTICITY.

**State Of New Jersey
New Jersey Office of the Attorney General
Division of Consumer Affairs**



THIS IS TO CERTIFY THAT THE
Real Estate Appraisers Board

HAS CERTIFIED

Bryan J. Lockard
401 E Jackson St
Suite 1500
Tampa FL 33602

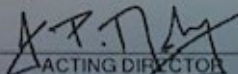
FOR PRACTICE IN NEW JERSEY AS A(N): Certified General Appraiser

12/31/2021 TO 12/31/2023
VALID

42RG00271800
LICENSE/REGISTRATION/CERTIFICATION #



Signature of Licensee/Registrant/Certificate Holder



ACTING DIRECTOR



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Ambitions*

Seniors Housing and Healthcare

U.S. Valuation Advisory

The essential guide to the changing face of real estate values

Seniors Housing and Healthcare

JLL Valuation Advisory is a global network of more than 1,700 professionals, operating from 44 countries, to deliver expertise across the commercial real estate spectrum. Leveraged by the vast resources of JLL, the world's leading full service commercial real estate firm, we look beyond present value assessments to understand market trends, competing assets and projected income to deliver accurate, reliable valuations to provide a strong foundation for any real estate transaction.

Our sector-led leadership maintains longstanding industry relationships and leadership positions with several industry organizations, including National Investment Center for the Seniors Housing & Care

Industry (NIC), American Seniors Housing Association (ASHA), Revista, BOMA, Urban Land Institute (Seniors Housing Council), NCREIF, and the Appraisal Institute.

Driven by a passion for client service and powered by real-time data, world-class research and cutting-edge technology, our seniors housing and healthcare specialists can help you achieve your ambitions.

[1] U.S. property valuation and tax consulting services are performed by JLL Valuation & Advisory Services, LLC, a wholly owned indirect subsidiary of Jones Lang LaSalle Incorporated.

From our clients

“We rely on the JLL team for their deep industry knowledge and unmatched market intelligence. Their team consistently and seamlessly exceeds our expectations with their level of service and world-class deliverables.”





Property types covered

Seniors Housing

- Age Restricted (55+)
- Active Adult
- Independent Living
- Assisted Living
- Memory Care
- Nursing Care
- CCRC/LPC

Healthcare and Life Sciences

- Medical office
- Ambulatory surgery center
- Acute care hospitals
- Post acute care hospitals (LTAC/IRF)
- Micro hospitals
- Behavioral health
- Life Sciences

Our services

Market valuations

- Market value appraisals
- Portfolio valuations
- USPAP and FIRREA compliant
- HUD Section 232 Lean
- Fannie Mae and Freddie Mac
- Purchase price allocations (ASC 805 reporting)
- Expert testimony
- Net Asset Valuations, FINRA licensed per IPA guidelines

Property condition and environmental services

- Phase I Environmental Site Assessment (ESA), ASTM E1527
- Property Condition Assessment (PCA), ASTM E2018
- Zoning analysis and assessments

Market analysis and strategic advisory

- Market and feasibility studies
- Supply and demand analysis
- Site selection
- Fair market rent analysis
- Lease renewal and purchase options
- Underwriting due diligence
- Proforma modeling
- Operational benchmarking

Property tax advisory

- Tax appeal analysis and recommendation
- Tax appeal litigation support
- Pre-construction real estate tax advisory
- Preparation of tax budgets
- Tax bill tracking and approvals
- Abatement and exemption investigation
- Reporting of business personal property tax returns
- Audit representation for business

Unmatched intelligence for confident, fast lending and investment decisions



For lenders

- We can provide you with continuous value and risk insights while ensuring robust risk management through new digital products and tools.
- A powerful collaborative global network of 2,000 advisors share data and insights to provide crucial information for real-time lender decisions.
- Through always-on insights and digital tools, we automate the risk and valuation process for fast lending decisions.
- Make better, faster lending decisions with our global risk assurance and quality management model.
- Our global digital platform is continuously assessing risk across demographics, environment and economic variables so you can measure, manage and price risk for smarter lending decisions.
- Our global commitment to sustainability through tailored ESG advice and solutions allows us to identify risk from regulation changes and monitor real-time impacts on value.



For investors

- Identify investment opportunities while ensuring robust risk management and pricing across your asset or portfolio.
- Through always-on insights and digital tools, we automate the risk and valuation process for fast decisions.
- Access a global network of valuation experts and many other specialists from our JLL team across capital markets, leasing, sustainability and asset management.
- Make better, faster asset decisions with our global risk assurance and quality management model.
- Transform your asset strategy with data-driven insights and advanced analytics tools that help you maximise values and manage risk in real-time.
- Leverage an unmatched combination of human expertise and artificial intelligence that powers smarter investment decisions.
- Access strategic advice from our experts around ESG and sustainability to make better future asset decisions.

Our platform and achievements

2021 year-end track record

\$3.1T

Global assets valued in 2021

1,800+

Global Valuation Advisory professionals

\$286B

U.S. assets valued in 2021

200+

U.S. Valuation Advisory professionals

\$65.3B

U.S. Valuation Advisory Seniors Housing and Healthcare assets appraised in 2021

2,158

U.S. Valuation Advisory Seniors Housing and Healthcare assignments completed in 2021

Accolades that reflect our culture

We earn recognition from clients, professional organizations and communities for its service, performance, culture and values.



2015 - 2021



2017 - 2021



2020 - 2022



2022



2015 - 2022



2010 - 2021



2008 - 2021



2019 - 2021



2020 - 2021

Investor focus



450

global researchers



70

countries



160+

local markets

We create a clear competitive advantage for our clients by utilizing up-to-date data, market intelligence and innovative thinking from across the U.S. and around the world.



US Seniors Housing & Care Investor Survey and Trends Outlook

Healthcare Real Estate Outlook

Life Sciences outlook

Construction Outlook

Global Real Estate Perspectives

Retirement Living Outlook



U.S. Multi-housing Investment Outlook

A comprehensive, bi-annual look at U.S. investment trends reports on themes in the multi-housing sector that are expected to shape investor behavior in the months ahead.

Read more in our latest reports:
us.jll.com/research

To learn more about JLL Seniors Housing and Healthcare, please contact:

Seniors Housing

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U.S. property valuation and tax consulting services are performed by JLL Valuation & Advisory Services, LLC, a wholly owned indirect subsidiary of Jones Lang LaSalle Incorporated. Disclaimer on this page and on the back page

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About JLL

JLL (NYSE: JLL) is a leading professional services firm that specializes in real estate and investment management. JLL shapes the future of real estate for a better world by using the most advanced technology to create rewarding opportunities, amazing spaces and sustainable real estate solutions for our clients, our people and our communities. JLL is a Fortune 500 company with annual revenue of \$16.6 billion, operations in over 80 countries and a global workforce of more than 91,000 as of March 31, 2021. JLL is the brand name, and a registered trademark, of Jones Lang LaSalle Incorporated. For further information, visit jll.com.





200 E. Randolph St., 46th Floor
Chicago, IL 60601

March 29, 2023

Avi Rothner
Altitude Investments, LTD
2201 Main Street
Evanston, Illinois 60202

Subject: Altitude Investments - Allegría Village
Consent to include within Quarter 4 2022 Financial Report

We hereby give our full consent to Altitude Investments, Ltd to the inclusion of our Appraisal Report dated March 8, 2023 (effective date December 31, 2022) regarding the Altitude Investments - Allegría Village.

The report, in its entirety, can be included in accordance with the Israeli Securities Law within the Quarter 4 2022 Financial Report to be published by the Company during and no later than March 31, 2023 (“the Report”) and for the Israel Securities Authority.

In addition, we hereby give our full consent to the inclusion of a copy of this letter within the Company’s Report.

We appreciate this opportunity to provide valuation services to Altitude Investments, LTD.

JLL Valuation and Advisory Services, LLC

A handwritten signature in black ink, appearing to read "Bryan Lockard", written in a cursive style.

Bryan J. Lockard, MRICS
Managing Director
Michigan Certified General Appraiser #1205075317
Telephone: 813-387-1301
Email: bryan.lockard@am.jll.com

Valuation Advisory

Client: Altitude Investments, Ltd

Property: Allegria Village

Month/Year: March 8, 2023





200 E Randolph St 46th Floor
Chicago, IL 60601

March 8, 2023

Avi Rothner
Altitude Investments, Ltd
2201 Main Street
Evanston, Illinois 60202

Allegria Village

Pursuant to your request, we have performed an appraisal of the above-referenced property. Accompanying this letter is an Appraisal Report that contains an identification of the property, factual data concerning the property and its surroundings, comparable market data, and appropriate analyses.

Allegria Village is an existing 1,053-unit/ 1,053 bed continuing care retirement community (CCRC). The facility was constructed in 1993; 1994; 1995; 1997; and 1999, is in average condition, and situated on a 35.13 acre site. The physical address is 15101 Ford Rd, Dearborn, Michigan

The subject is currently 100% leased by HFV OpCo, LLC. The 10-year, absolute net lease commenced September 30, 2021 at a base annual rental rate of \$4,249,998 with an average of 5.7% annual escalations and no options.

The following value impacting occurrences were considered:

- Contract rent increased in Year 1 to \$5,875,002 ;
- Lease coverage is 1.01 in Year 1 and stabilized lease coverage 1.79 and decreases to 1.63 over the remaining duration of the lease as the rent escalates;
- The initial lease term is 10 years with no options. We have reset the lease in Year 9 to a market coverage; and
- Capitalization rate, Yield Rate and Terminal Cap Rate 8.00%, 9.50% and 8.75% respectively.

At the request of the client, JLL has provided a retrospective value as of December 31, 2022. Our analyses and forecasts have resulted in the value conclusion(s) below:

Value Conclusion(s)

| Scenario | Effective Date | Conclusion |
|---------------------------------------|-------------------|--------------|
| Market Value of the Leased Fee Estate | December 31, 2022 | \$92,400,000 |

The concluded market value presented above does not include the value of furniture, fixtures and equipment (FF&E), or business value.

Our valuation is based on terms of cash and a reasonable exposure time of nine months prior to the effective date of value. The estimated marketing period is twelve months. The specified assets of the business exclude certain items not normally conveyed, such as cash on hand, accounts receivable, accounts payable, management company trademarks, and proprietary management systems. Please refer to the assumptions and limiting conditions section where any extraordinary assumptions and hypothetical conditions specific to this engagement are discussed.

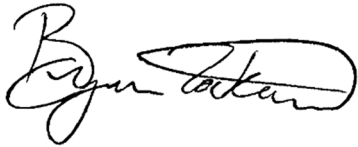
The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to any non-intended users does not extend reliance to any such party, and JLL will not be responsible for any unauthorized use of or reliance upon the report, its conclusions or contents (or any portion thereof).

The report, in its entirety, can be included within the Company's financial statements as of December 31, 2022 to be published by the Company no later than March 31, 2023.




We appreciate this opportunity to provide valuation services to Altitude Investments, Ltd.

JLL Valuation and Advisory Services, LLC



Bryan J. Lockard
Managing Director
Michigan Certified General Appraiser #1205075317
Telephone: 813-387-1301
Email: bryan.lockard@am.jll.com



John M. Hackmann
Associate
Michigan Certified General Appraiser #1205071898
Telephone: 720-418-8051
Email: john.hackmann@jll.com

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Addenda

Comparable Profiles

Appendix A

Legal Description

Appendix B

JLL Cash Flow Conclusions

Appendix C

Analyst Qualifications

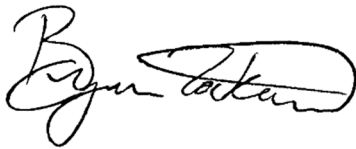
Appendix D

Certification

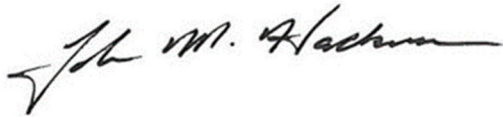
We hereby certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- The reported analyses, opinions, and conclusions developed and this report have been prepared in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
- I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- John M. Hackmann made a personal inspection of the property that is the subject of this report, but did not contribute to the value conclusions and assumptions within this report. Bryan J. Lockard has not conducted an inspection of the property that is the subject of this report.
- Jim Palac assisted in the compilation and analysis of factual data used in this report. Jim Palac is an employee of JLL Valuation & Advisory Services, LLC. No other persons provided significant real property appraisal assistance to the persons signing this certification.
- Various analysts employed by JLL procured the comparable data used in this report (improved sales, land sales, rental comparables, and expense comparables). The firm continuously gathers such data.

- USPAP requires the appraiser to disclose “any services regarding the subject property performed by the appraiser, as an appraiser or in any other capacity, within the three year period immediately preceding the agreement to perform the assignment.” Pursuant to that requirement, to the best of our knowledge:
 - Bryan J. Lockard and John M. Hackmann have appraised this property within the past three years.
- In Michigan, appraisers are required to be licensed/certified and are regulated by the Michigan Department of Licensing and Regulatory Affairs, 611 West Ottawa, P.O. Box 30018, Lansing, Michigan 48909. The undersigned are licensed as Certified General Real Estate Appraiser.



Bryan J. Lockard
Managing Director
Michigan Certified General Appraiser #1205075317
Telephone: 813-387-1301
Email: bryan.lockard@am.jll.com



John M. Hackmann
Associate
Michigan Certified General Appraiser #1205071898
Telephone: 720-418-8051
Email: john.hackmann@jll.com

Summary of Salient Facts and Conclusions

| | |
|----------------------------|--|
| Name: | Allegrria Village |
| Management Company: | Sage Healthcare Partners |
| Property Identification: | Michigan |
| Purpose of the Appraisal: | To estimate the fair market value of the real estate |
| Assets Appraised: | Real estate |
| Property Rights Appraised: | Leased Fee Estate |
| Site Size (Acres): | 35.13 |

Improvement Summary -

| | |
|---------------------------|--------------------------------------|
| Property Type: | Seniors Housing |
| Care Provided: | Continuing Care Retirement Community |
| Year of Construction | 1993; 1994; 1995; 1997; and 1999 |
| Construction Type | Class C & D |
| Gross Building Area (SF): | 1,174,767 |
| Number of Buildings: | 1 |
| Number of Stories: | 1-6 |
| Total Units/Beds: | 1,053 |
| Number of Licensed Beds: | 185 |

Highest & Best Use Summary -

| | |
|--------------|---|
| As Vacant: | Development of a seniors housing property |
| As Improved: | Continued use as a seniors housing property |

Key Financial Metrics - Portfolio

| | |
|------------------------------|-------|
| Current Leased Fee Occupancy | 100% |
| Credit Loss | None |
| Overall Capitalization Rate | 8.00% |
| Yield Capitalization Rate | 9.50% |
| Terminal Capitalization Rate | 8.75% |

Tenant Operating Metrics - Portfolio

| | |
|------------------------------|--------------|
| Effective Gross Income | \$39,064,676 |
| Operating Expenses (No Rent) | \$28,572,280 |
| Net Operating Income | \$10,492,396 |
| Expense Ratio | 73.14% |

Lease Metrics - Portfolio

| | |
|---------------------------|-------------|
| Effective Gross Income | \$5,875,002 |
| Operating Expenses | \$0 |
| Net Operating Income | \$5,875,002 |
| Expense Ratio | 0% |
| Stabilized Lease Coverage | 1.79 |
| Year 1 Lease Coverage | 1.01 |
| Year 2 Lease Coverage | 1.08 |

Please note, senior housing single-tenant leases do not include vacancy or credit loss. The tenant operations above do not include the projected income loss in Years 1 thru 4 which is discussed later in this report.

Value Indications

| Approach to Value | Value Indication | Per Bed Indication |
|--|------------------|--------------------|
| The Income Capitalization Approach- Yield Capitalization | \$92,400,000 | \$87,749 |
| The Sales Comparison Approach | \$94,800,000 | \$90,028 |

Value Conclusion(s)

| Scenario | Effective Date | Conclusion |
|---------------------------------------|-------------------|--------------|
| Market Value of the Leased Fee Estate | December 31, 2022 | \$92,400,000 |

The concluded market value presented above does not include the value of the furniture, fixtures, and equipment (FF&E), or business value.

General Information

Identification of the Subject

The subject is an existing continuing care retirement community located at 15101 Ford Rd, Dearborn, Wayne County, Michigan; and it is known as Allegria Village. A legal description for the subject is presented in the Addendum of this report.



Front View of Subject

Allegria Village is an existing 1,053-unit/ 1,053 bed continuing care retirement community (CCRC). The facility was constructed in 1993; 1994; 1995; 1997; and 1999, is in average condition, and situated on a 35.13 acre site. The physical address is 15101 Ford Rd, Dearborn, Michigan

The subject is currently 100% leased by HFV OpCo, LLC. The 10-year, absolute net lease commenced September 30, 2021 at a base annual rental rate of \$4,249,998 with an average of 5.7% annual escalations and no options.

Purpose of the Appraisal

The purpose of this appraisal is to estimate the market value of the subject under the following scenario(s):

- Market Value of the Leased Fee Estate

Client, Intended User(s) and Intended Use(s)

The effective date of appraisal is December 31, 2022, and the date of the report is March 8, 2023. Altitude Investments, Ltd, future shareholders, and prospective bond holders, are the intended users of this report, subject to JLL's written consent to publication.

The intended use is to update financial reports, investors and potential investors and bond prospectuses.

Prior Services

USPAP requires the appraiser to disclose "any services regarding the subject property performed by the appraiser, as an appraiser or in any other capacity, within the three year period immediately preceding the agreement to perform the assignment." Pursuant to that requirement, to the best of our knowledge, we:

- Bryan J. Lockard and John M. Hackmann have appraised this property within the past three years.

Definition of Market Values

For purposes of this appraisal, market value and as is market value are defined as:

Market value: The most probable price which a property should bring in a competitive and open market, under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.¹

As Is Market Value: The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal's effective date.²

Property Rights Appraised

Definitions of the three major classes of property rights are as follows:

Fee simple estate: Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.³

Leased fee interest: A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease)⁴

Leasehold estate: The tenant's possessory interest created by a lease.⁵

The property rights valued in this appraisal are leased fee.

The subject property is currently encumbered by a related party lease. The definition of a lease is as follows:

Lease: A contract in which rights to use and occupy land or structures are transferred by the owner to another for a specified period of time in return for a specified rent.⁶

The lease terms are discussed in detail later in this report.

Scope of Work

USPAP states:

For each appraisal and appraisal review assignment, an appraiser must:

1. Identify the problem to be solved;
2. Determine and perform the scope of work necessary to develop credible assignment results; and

¹. 12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990 as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994.

². *The Dictionary of Real Estate Appraisal* (Chicago, IL: Appraisal Institute, Sixth Edition).

³. *The Dictionary of Real Estate Appraisal* (Chicago, IL: Appraisal Institute, Sixth Edition).

⁴. *The Dictionary of Real Estate Appraisal* (Chicago, IL: Appraisal Institute, Sixth Edition).

⁵. *The Dictionary of Real Estate Appraisal* (Chicago, IL: Appraisal Institute, Sixth Edition).

⁶. *The Dictionary of Real Estate Appraisal* (Chicago, IL: Appraisal Institute, Sixth Edition).

3. Disclose the scope of work in the report.

Inspection

Bryan J. Lockard and John M. Hackmann did not conduct an inspection of the subject of this report. We have relied on our previous inspection on February 1, 2020. JLL has also relied on prior experience with the subject's property type, information provided by the operator and other third party sources.

Data Collection

Three types of data are normally gathered while completing an appraisal: general, specific, and competitive supply and demand.

General Data

General data concerns the social, economic, governmental, and environmental forces that impact property values. This data is found in the area description and analysis and the neighborhood description and analysis sections of this report. We have gathered the general data from a variety of sources and publications, which are noted in the analyses. In addition, the general data concerning the neighborhood is based upon observations made during our inspection of the neighborhood.

Specific Data

The data relating to the property being appraised and to comparable properties is referred to as specific data. We obtained specific data regarding the subject from the property owner and/or operator. Documents we have relied upon for specific data pertaining to the subject are listed in the assumptions and limiting conditions section. Additional data pertaining to the subject has been gathered from zoning maps, tax records, and other resources maintained in our library, city halls and chambers of commerce, and various State of Michigan offices.

The specific comparable data has been gathered from market participants. The extent of the comparable market data collection process varies for each type of comparable data. Refer to discussions preceding the presentation of data in the approaches to value for descriptions of the data sources consulted and the search criteria.

Competitive Supply and Demand Data

An analysis of seniors housing supply and demand conditions is included in this report.

Approaches to Value

The three approaches to value are:

The Income Capitalization Approach, typically referred to as the income approach is used to value commercial and investment properties. It capitalizes an income stream into a present value. This can be accomplished using revenue multipliers or a capitalization rate applied to net operating income (NOI). The NOI is gross potential income (GPI), less vacancy,

less operating expenses, but excluding debt service or depreciation charges applied by accountants. NOI is synonymous with EBITDA. Alternatively, multiple years of NOI can be valued by a discounted cash flow analysis (DCF) model.

The Sales Comparison Approach, derives a value indication by comparing the subject being appraised to similar properties that have recently sold.

The Cost Approach, based on the principle of substitution which asserts that no prudent buyer or investor will pay more for a property than that amount for which the site could be acquired, and which improvements that have equal desirability and utility can be constructed without undue delay. It is a method of appraising property based on the depreciated reproduction or replacement cost new of improvements, plus the market value of the site.

In appraising the subject, we have applied the approaches to value as follows:

Approaches to Value

| Approach to Value | Developed | Applicability |
|---|-----------|--|
| Income Capitalization-Direct Capitalization | No | Not Applicable |
| Income Capitalization-Yield Capitalization | Yes | Most Applicable |
| Sales Comparison | Yes | Applicable, but not as relevant as income approach |
| Cost | No | Not Applicable |

The Direct Capitalization method was not developed due to the uneven cash flow of the lease payment. The discounted cash flow analysis recognizes the changes in cash flows over the holding period of an asset and given primary weight for our value conclusion.

The cost approach was not developed. The subject is dated, with a construction of 1993; 1994; 1995; 1997; and 1999 and the cost approach is generally only reliable for new or nearly new properties.

Report Type

Standards Rule 2-2 of the Uniform Standards of Professional Appraisal Practice sets forth two different reporting options, as follows:

Appraisal Report: should summarize all pertinent data considered and summarize all analyses developed in arriving at the conclusion of value.

Restricted Report: merely states the major conclusions without discussion of the data considered and the analyses conducted.

This report is intended to comply with the requirements for an Appraisal Report.

Compliance

We have developed this appraisal in compliance with:

- The requirements of the Code of Ethics and the Standards of Professional Practice of the Appraisal Institute; and
- The Uniform Standards of Professional Appraisal Practice promulgated by the Appraisal Foundation.

Ownership, History and Management of the Subject

USPAP Standards Rules 1-5(a) and (b) require an appraiser, when the value opinion to be developed is market value, and if such information is available to the appraiser in the normal course of business, to analyze (1) all agreements of sale, options, or listings of the subject property current as of the effective date of the appraisal and (2) all sales of the subject property that occurred within three years prior to the effective date of the appraisal. The subject's current ownership, ownership history, current status, and management are discussed below.

Current Ownership

The subject is currently owned by Firo Property, LLC.

Most Recent Transaction

| | |
|---------------------|--|
| Grantors (Seller): | Henry Ford Village Inc., a non-profit entity |
| Grantee: | HFV OPCO LLC |
| Date of Sale: | May 4, 2021 |
| Sales Price: | \$76,300,000 in addition to 5% of the outstanding dollar amount of entrance fee deposits at closing which is currently estimated at approximately \$3,000,000. |
| Sale Details: | Existing improvements and land |
| Conditions of Sale: | Chapter 11 Bankruptcy |

The most recent sale for the subject property is considered to reflect the distressed value of the bankrupted asset. Our concluded As Is value is above the recent sale price as the subject was purchased in a court mandated auction and was not openly marketed. Since the sale, a lease was put into place and operating performance has improved. Our assumptions fall within typical market parameters and are supported by market extracted data.

Management

The subject is managed by Sage Healthcare Partners. Sage Healthcare Partners is an owner/operator of skilled nursing and seniors housing facilities across the Midwest and Northeast. Sage Healthcare Partners is well experienced with skilled nursing operations.

Assumptions and Limiting Conditions

The use of this report is subject to the following assumptions and limiting conditions:

- All reports and work product we deliver to you (collectively called “report”) represents an opinion of value, based on historical information and forecasts of market conditions. Actual results may vary from those forecast in the report. There is no guaranty or warranty that the opinion of value reflects the actual value of the property.
- The conclusions stated in our report apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events. Assessed values may change significantly and unexpectedly over short periods. We are not liable for any conclusions in the report that may be different if there are subsequent changes in value. We are not liable for loss relating to reliance upon our report more than three months after its date.
- There may be differences between projected and actual results because events and circumstances frequently do not occur as predicted, and those differences may be material. We are not liable for any loss arising from these differences.
- We are not obligated to predict future political, economic or social trends. We assume no responsibility for economic factors that may affect or alter the opinions in the report if the economic factors were not present as of the date of the letter of transmittal accompanying the report.
- The report reflects an appraisal of the property free of any liens or encumbrances unless otherwise stated.
- We assume responsible ownership and competent property management.
- The appraisal process requires information from a wide variety of sources. We have assumed that all information furnished by others is correct and complete, up to date and can be relied upon, but no warranty is given for its accuracy. We do not accept responsibility for erroneous information provided by others. We assume that no information that has a material effect on our appraisal has been withheld.
- We assume the following, unless informed to the contrary in writing: Each property has a good and marketable title. All documentation is satisfactorily drawn and that there are no encumbrances, restrictions, easements or other adverse title conditions, which would have a material effect on the value of the interest under consideration. There is no material litigation pending involving the property. All information provided by the Client, or its agents, is correct, up to date and can be relied upon. We are not responsible for considerations requiring expertise in other fields, including but not limited to: legal descriptions, interpretation of legal documents and other legal matters, geologic considerations such as soils and seismic stability, engineering, or environmental and toxic contaminants. We recommend that you engage suitable consultants to advise you on these matters.

- We assume that all engineering studies correct. The plot plans and illustrative material in the report are included only to help the reader visualize the property.
- We assume that there are no hidden or unapparent conditions of the property, subsoil or structures that render it more or less valuable. We are not responsible for such conditions or for obtaining the engineering studies that may be required to discover them.
- We assume that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the report. We have not made or requested any environmental impact studies in conjunction with the report. We reserve the right to revise or rescind any opinion of value that is based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the report assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
- Unless otherwise stated in the report, you should assume that we did not observe any hazardous materials on the property. We have no knowledge of the existence of such materials on or in the property; however, we are not qualified to detect such substances, and we are not providing environmental services. The presence of substances such as asbestos, urea-formaldehyde foam insulation and other potentially hazardous materials may affect the value of the property. Our report assumes that there is no such material on or in the property that would cause a loss in value. We do not assume responsibility for such conditions or for any expertise or engineering knowledge required to discover them. We encourage you to retain an expert in this field, if desired. We are not responsible for any such environmental conditions that exist or for any engineering or testing that might be required to discover whether such conditions exist. We are not experts in the field of environmental conditions, and the report is not an environmental assessment of the property.
- We may have reviewed available flood maps and may have noted in the report whether the property is generally located within or out of an identified Special Flood Hazard Area. However, we are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property. Any opinion of value we include in our report assumes that floodplain and/or wetlands interpretations are accurate.
- The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether it is in compliance with the ADA. We claim no expertise in ADA issues, and render no opinion regarding compliance of the property with ADA regulations.
- We assume that the property conforms to all applicable zoning and use regulations and restrictions unless we have identified, described and considered a non-conformity in the report.

- We assume that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the opinion of value contained in the report is based.
- We assume that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
- We have not made any investigation of the financial standing of actual or prospective tenants unless specifically noted in the report. Where properties are valued with the benefit of leasing, we assume, unless we are informed otherwise, that the tenants are capable of meeting their financial obligations under the leases, all rent and other amounts payable under the leases have been paid when due, and that there are no undisclosed breaches of the leases.
- We did not conduct a formal survey of the property and assume no responsibility for any survey matters. The Client has supplied the spatial data, including sketches and/or surveys included in the report, and we assume that data is correct, up to date and can be relied upon.
- Unless otherwise stated, the opinion of value included in our report excludes any additional value attributable to goodwill, or to fixtures and fittings which are only of value, in situ, to the present occupier. We have made no allowance for any plant, machinery or equipment unless they form an integral part of the building and would normally be included in a sale of the building. We do not normally carry out or commission investigations into the capacity or condition of services being provided to the property. We assume that the services, and any associated controls or software, are in working order and free from defect. We also assume that the services are of sufficient capacity to meet current and future needs.
- In the case of property where construction work is in progress, such as refurbishment or repairs, or where developments are in progress, we have relied upon cost information supplied to us by the Client or its appointed experts or upon industry accepted cost guides. In the case of property where construction work is in progress, or has recently been completed, we do not make allowance for any liability already incurred, but not yet discharged, in respect of completed work, or obligations in favor of contractors, subcontractors or any members of the professional or design team. We assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
- Any allocation in the report of value between the land and the improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

- The report is confidential to the party to whom it is addressed and those other intended users specified in the report for the specific purpose to which it refers. Use of the report for any other purpose or use by any party not identified as an intended user of the report without our prior written consent is prohibited, and we accept no responsibility for any use of the report in violation of the terms of this Agreement.
- We are not required to testify or provide court-related consultation or to be in attendance in court unless we have agreed to do so in writing.
- Neither the whole report, nor any part, nor reference thereto, may be published in any manner without our prior written approval.
- We may rely on, and will not verify, the accuracy and sufficiency of documents, information and assumptions provided to it by the Client or others. We will not verify documents, information and assumptions derived from industry sources or that JLL or its affiliates have prepared in the regular course of business. We are not liable for any deficiency in the report arising from the inaccuracy or insufficiency of such information, documents and assumptions. However, our report will be based on our professional evaluation of all such available sources of information.
- JLL IS NOT LIABLE TO ANY PERSON OR ENTITY FOR LOSS OF PROFITS, CONSEQUENTIAL, PUNITIVE, EXEMPLARY OR SIMILAR DAMAGES IN CONNECTION WITH THIS AGREEMENT. IN NO EVENT SHALL THE LIABILITY OF JLL AND ITS AFFILIATES IN CONNECTION WITH THIS AGREEMENT EXCEED THE FEE PAID TO JLL HEREUNDER.
- Unless expressly advised to the contrary, we assume that appropriate insurance coverage is and will continue to be available on commercially acceptable terms.
- We assume that no material changes in any applicable federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
- We may determine during the course of the assignment that additional Hypothetical Conditions and Extraordinary Assumptions may be required in order to complete the assignment. The report will be subject to those Hypothetical Conditions and Extraordinary Assumptions. Each person that is permitted to use the report agrees to be bound by all the Assumptions and Limiting Conditions and any Hypothetical Conditions and Extraordinary Assumptions stated in the report.

Extraordinary Assumptions

USPAP defines an extraordinary assumption as “an assignment-specific assumption as of the effective date regarding uncertain information used in the analysis which, if found to be false, could alter the appraiser’s opinion of conclusions.” Our appraisal is subject to the following extraordinary assumptions:

- For purposes of this analysis, a retrospective date of value as of December 31, 2022 was provided. JLL assumes no material changes both physically and market related between the report date and date of value.

Hypothetical Conditions

USPAP defines a hypothetical condition as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.” Our analysis is based upon the following hypothetical conditions:

- None

Area Analysis

The dynamic nature of economic relationships within a market area has a direct bearing on real estate values and the long-term quality of a real estate investment. In the market, the value of a property is not based on the price paid for it in the past or the cost of its creation, but on what buyers and sellers perceive it will provide in the future.

Consequently, the attitude of the market toward a property within a specific neighborhood or market area reflects the probable future trend of that area.

Neighborhood Analysis

The subject is located on the norther border of Dearborn and is considered an urban location. Dearborn is bordered by Detroit to the north, south, east, and Dearborn Heights to the west. Specifically, the subject site is located south of Ford Road between Greenfield Road and Homestead Drive. The subject is located approximately 10 miles west of Detroit.

The immediate neighborhood is supportive of the subject's current use as seniors housing. There are multiple healthcare provider supportive of the subject within the subject's immediate vicinity. Access to area highways, employment centers, and shopping is good. The neighborhood is considered to be in a stage of balance having a favorable impact on the subject property.

Conclusion

The subject contains a land area of 1,530,263 square feet. The shape of the site is rectangular and the topography is mostly level. Overall, the site is considered to have average functional utility. In general, each site is physically suited for a wide range of uses and well suited for the present use.

Improvement Description and Analysis

Introduction

The following definitions of the Seniors Housing Classifications were jointly developed by the American Seniors Housing Association (ASHA) and the National Investment Center (NIC):

Active Adult Community: Age-restricted housing can be provided in a multifamily or a single-family residential setting. Often referred to as “55+” or “active adult” communities, these can be either rented or owned units or homes that regulate residency based on age. Additional amenities are typically provided through organized social activities, common spaces, and recreational options such as golf and fitness. There are wide-ranging and expanding models for these types of communities, from “low maintenance” and “empty nester” single family communities to rental senior apartments that provide amenities ranging from socialization opportunities to limited personal assistance such as transportation. These services are typically provided “A-La-Carte” giving the resident the option to customize their rental package. The typical age-restricted housing community does not provide residents access to care.

Senior Apartments: Market-rate units in age-restricted communities where at least 80% of the residents are age 55 or older. Although optional meal plans may be offered at these senior apartments, the base monthly fee does not include meals in a common dining facility. Therefore, “senior apartments” are different from “independent living units.”

Independent Living (IL): Designed for seniors who pay for some services (e.g., meals, housekeeping, transportation) as part of a monthly fee or rental rate, and who require little, if any assistance with Activities of Daily Living. Typically, independent living units are not licensed for health care — although the residents of independent living units may receive home health care services provided to them by either an outside agency or by a licensed affiliate of the property management. In order to qualify as having independent living units (rather than seniors apartments), the community must contain a common dining facility that provides at least one daily meal as part of the monthly fee.

Assisted Living (AL): Designed for frail seniors who need assistance with Activities of Daily Living (bathing, eating, dressing, toilet, transfer in/out of bed, etc.) but do not require continuous skilled nursing care. These beds can be offered in a separate wing, separate floor, or separate building and typically have state licensure requirements for the delivery of assisted living services.

Independent and Assisted Living (IAL): Single communities offering both independent and assisted living within the same building or on the same campus.

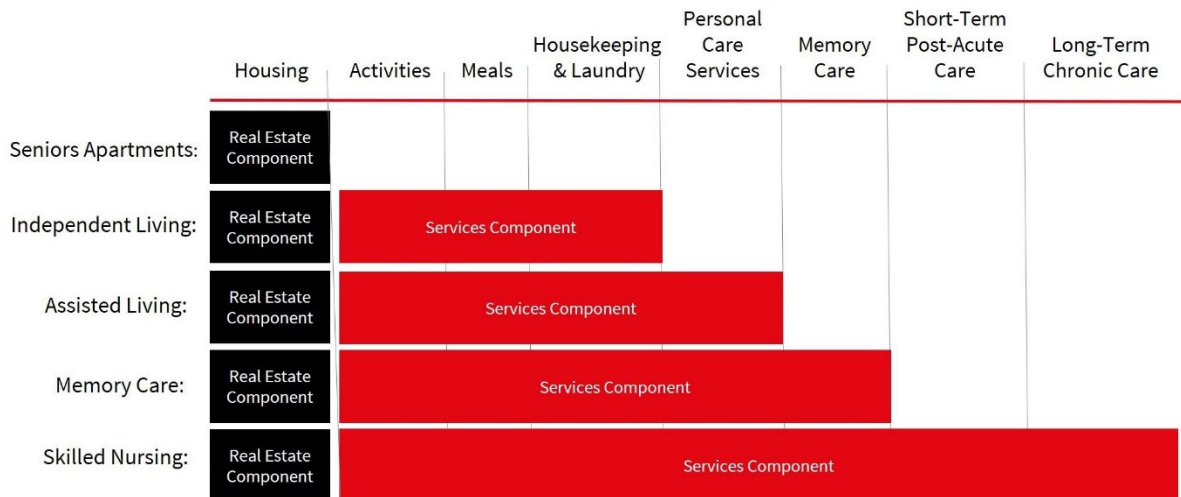
Nursing Care (NC) or Skilled Nursing Facility (SNF): Licensed daily rate or rental properties that are technically referred to as skilled nursing facilities (SNF) where the majority of individuals require 24-hour nursing and/or medical care. In most cases, these properties are licensed for Medicaid and/or Medicare reimbursement. These properties may include a minority of assisted living and/or Alzheimer’s/dementia units.

Continuing Care Retirement Communities (CCRCs): feature a combination of independent living units and skilled nursing beds, as well as properties that [must] comprise both independent living units and nursing care beds but may also include some assisted living beds and/or memory care beds. CCRC is also referred to as “Life Plan Community,” (LPCs).

Further, the below graph and discussion outline the range of services offered across different property types according to the *NIC Investment guide 5th Edition*. Besides housing (shelter and amenities), seniors housing and care properties offer residents myriad services:

- Hospitality Services: meals, transportation, housekeeping, entertainment, and concierge services
- Care Services: assistance with bathing, grooming, dressing, eating, medication management, and other activities of daily living (ADLs)
- Medical Services: skilled nursing, rehab therapy, and chronic care

The care and medical service mix at the property increases with the residents’ needs. Independent living typically serves the most able residents and offers primarily hospitality services. Nursing care on the other hand, serves residents with the greatest medical needs and, accordingly, has the most intensive services.



A continuing trend in seniors housing and care has been the rising acuity levels of residents upon initial move-in across the care segments. As a result, independent living and assisted living operators

often care for residents who already have some ADL needs. In addition, skilled nursing operators increasingly are serving residents in need of short-term rehabilitation services or those with high-acuity medical care needs who were previously served for a more extended period of time in an acute care hospital, a long-term acute care hospital, or an in-patient rehabilitation facility. Some independent living and assisted living operators now provide home healthcare, therapy, and other services to residents in order to better meet the needs of residents in their properties. Others allow residents independently to engage third-party service providers to meet care needs that could not otherwise be accommodated in their properties either by the decision of the operator or by the state regulatory framework.

Unit/Bed Mix and Building Areas

The following is a tabulation of the subject's unit/bed mix.

Unit Mix

| Unit Type | Unit Square | | Beds Per Unit | Total Beds |
|------------------------------|-------------|-----------------|---------------|--------------|
| | Feet | Number of Units | | |
| Nursing - Private | 275 | 89 | 1 | 89 |
| MC Assisted - Private Studio | 500 | 30 | 1 | 30 |
| Assisted - Private Studio | 500 | 66 | 1 | 66 |
| Independent - Studio | 535 | 56 | 1 | 56 |
| Independent - 1 Bedroom | 793 | 472 | 1 | 472 |
| Independent - 2 Bedroom | 1086 | 340 | 1 | 340 |
| Totals | N.A. | 1,053 | N.A. | 1,053 |

The subject is licensed for 185 beds and operates with 1053 beds as shown above.

Summary of Construction Components

A summary of the improvements follows.

Size and Shape

| | |
|---------------------------|---|
| Gross Building Area (SF): | 1,174,767 |
| Basement: | A continuous basement level runs beneath most of the residential structures, community buildings and ALF/HRC building. No basement level at the medical center, pool, maintenance structure, or gatehouse |
| Stories: | 1-6 |
| Building Shape: | Mostly rectangular |

Age and Life

| | |
|------------------------------|----------------------------------|
| Year Built: | 1993; 1994; 1995; 1997; and 1999 |
| Last Renovation: | 1969 |
| Chronological Age (Years): | 30 |
| Effective Age (Years): | 25 |
| Total Economic Life (Years): | 60 |
| Remaining Economic Life: | 35 |

Living Unit Finish and Mechanicals

| | |
|-----------------|--|
| Floor Surfaces: | Carpet and tile |
| Bathrooms: | One bathroom per unit with sink, toilet and walk-in shower |
| Kitchen: | Full kitchens, kitchenettes or no kitchen areas |
| Closets: | One per bedroom |

Common Area Finish and Mechanicals

| | |
|-------------------------|---|
| Common Area Room Types: | Offices, lounge areas, activity room, commercial kitchen, beauty salon, dining room and library |
| Floor Surfaces: | Carpet and vinyl |
| Elevators: | 18 |

Safety and Health Care

| | |
|-----------------------|---|
| Fire Protection: | Fire sprinkler system with alarms |
| Memory Care Security: | Thirty units are “secure” to prevent residents with memory care issues from wandering outside of the building or designated exterior areas. Doors are equipped with keypads for entry and exit. |

Other Improvements

| | |
|---------------------|--|
| Other Structures: | Additional improvements consist of a gatehouse with secure entrance, full perimeter fencing, asphalt and concrete parking surfaces, concrete, asphalt, and brick paver sidewalks/ patios, indoor swimming pool, medical center, courtyard with walking trails, a pond, gazebos, putting green, bocce ball court, covered car ports (60) and well-maintained landscaping features |
| Parking Spaces (#): | 925 spaces including 60 reserved carports and 32 handicap spaces |
| Signage: | Monument sign at front of site |

Ratings

| | |
|-------------------------|---------|
| Construction Quality: | Good |
| Layout: | Average |
| Unit\Bed Configuration: | Average |
| Overall Condition: | Average |

JLL assumes that the subject is up to code for fire, plumbing and electrical systems are typical for the property type, that there is adequate landscaping and the subject contains typical FF&E items.

Amenities

The subject’s amenities include:

- Dining area
- Lobby
- Lounges
- TV viewing areas
- Courtyard
- Therapy room

Effective Age and Remaining Economic Life

According to Marshall & Swift the life expectancy for a Class C & D, good quality facility of the subject's use is 60 years. To support this, we can look to the implied life assigned to buildings involved in recent transactions. We conducted valuations of several large portfolios of seniors housing facilities, including a mix of nursing facilities and assisted living. Important statistics are as follows:

- Portfolio A had 261 assets in operation. The average age was 36 years. Of the total 261 assets, 22% were already 40 years old. The entire portfolio was leased to an operator for a term of 20 years, implying a life of at least 56 years (36-year average + 20-year lease).
- Portfolio B had 336 assets with an average age of 24 years. The portfolio was leased for a maximum term of 22 years, implying a life of at least 46 years.
- Portfolio C had 19 assets with an average age of 45 years. The portfolio was leased for a maximum term of 20 years, implying a life of at least 65 years.

In addition, barriers to entry can limit competition and serve to extend the economic life of a building. A significant barrier to entry in the nursing facility sector is CON requirements. The subject is located in a state with CON requirements, which will likely result in the subject having a longer than typical economic life.

Based upon the preceding, we conclude the total economic life of the subject to be 60 years. The subject was built in 1993; 1994; 1995; 1997; and 1999, thus the actual chronological age is 30 years. The subject has been routinely updated. The level of maintenance received appears to have been average.

We have concluded the effective age of the subject to be 25 years. Therefore, the concluded remaining economic life of the subject is 35 years (60 years less 25 years).

Functional Utility and Functional Obsolescence

The subject has average functional utility. Like many facilities of its age, the subject has shared bathrooms and a large number of semi-private beds. This is common in the market and has no negative impact upon the subject operationally. However, newer facilities tend to have more private rooms and bathrooms. The impact of this will be considered in selecting the appropriate capitalization rate for the subject.

Deferred Maintenance / Capital Expenditures

No items of deferred maintenance were reported.

Based on discussions with management, no items of deferred maintenance, and further, we understand the property is well-maintained with a regular capital expenditure program.

Conclusion

The subject operates with 1053 beds. The subject was built in 1993; 1994; 1995; 1997; and 1999 (renovated 1969) and contains in aggregate contains 1,174,767 square feet. Overall construction quality is rated as good and condition is average.

Ad Valorem Tax Analysis

Current Taxes

For purposes of forecasting taxes for that period, subject taxes for the most recent year are summarized below. JLL ad valorem tax conclusions are as follows:

Ad Valorem Tax Analysis

| Parcel Number | Total | State Equalized Value | JLL Conclusion |
|-----------------------------------|---------------|-----------------------|--------------------|
| 32 10 181 01 001 00 | \$14,617,582 | \$29,235,165 | \$29,235,165 |
| Total Assessor Market Value | \$14,617,582 | \$29,235,165 | \$29,235,165 |
| Exemptions | \$14,617,582 | \$0 | \$0 |
| Assessment Ratio | 50% | 50% | 50% |
| Total Taxable Value | \$0 | \$14,617,583 | \$14,617,583 |
| Effective Tax Rate per \$1,000 | 68.90 | 68.90 | 68.90 |
| Total Real Estate Taxes | \$0 | \$1,007,151 | \$1,007,151 |
| Admin Fee (1%) | \$0 | \$10,072 | \$10,072 |
| Total Taxes | Exempt | \$1,017,223 | \$1,017,223 |

The assessor's estimate of market value is shown above. The subject's account number is 32 10 181 01 001 00. In this jurisdiction, property is assessed at 50% of the assessor's estimated market value and is reassessed every three years. Also, in this jurisdiction, sale of a property does not trigger an automatic reassessment the following year.

Please note, the subject has historically been tax exempt due to its former non-profit status. We have utilized the new assessment for the subject along with the current tax rate for similar properties. We have included a portion of the taxes as a passthrough to the projected Medicaid rate.

Total Taxes

Total real estate taxes that will be payable in the 12 month period following the date of valuation are \$1,017,223, based upon a total taxable value of \$14,617,583 or \$13,882 per bed. This is supported by current assessor methodology.

Regulatory Overview

Zoning

According to the City of Dearborn, the subject is currently zoned RE (Multiple Family Residential District).

JLL does not represent to be zoning experts and it is recommended the local planning and zoning department be contacted for additional details.

Deed Restrictions

We have assumed that the subject is not affected by any adverse deed restrictions. However, this is a legal matter, and an attorney should be consulted for verification of this assumption.

Michigan Nursing Facility Licensing

The state of Michigan licenses and regulates nursing facilities. The following summarizes license requirements:

CCRC State Regulations

| STATE | Michigan |
|---|--|
| CLASSIFICATION | Low: Title 13, CHP. 130 §§554.801 et seq. MI Administrative Code R. 554.1 et seq. |
| DEFINITION | |
| a. For life | Y |
| b. 1 year | Y |
| c. Entrance fee required | Y |
| e. Health/ health-related services | Y |
| f. Personal care | Y |
| APPLICATION | |
| a. Disclosure statement | Y |
| b. Financials | Y |
| d. Actuarial study | Y; unless waived |
| ESCROW OF FEES | |
| a. Required | Y; based on occupancy |
| b. Basis for release | |
| i. Presales | |
| ii. Funds | |
| ii. Construction | |
| iv. Financing | |
| ADDITIONAL PRESALES | |
| RESERVES | |
| c. Operating costs | |
| DISCLOSURE TO RESIDENTS | |
| a. Financial report | Y; before signing & annually upon request |
| b. Public inspection of filings | Y |
| CONTRACT TERMS | |
| a. Submit form | Y |
| b. Detailed contents | Y |
| c. Rescission period | 7 days (full refund); |
| d. Refunds in general | Y |
| e. Required amortization of refund | 1.5% per month |
| f. Full refund if res. dies before occupanc | Less costs |
| ADVERTISING | |
| b. Sponsor liability | |
| RESIDENT'S RIGHT TO ORGANIZE | |
| LIENS | |
| AGENCY | Department of Licensing & Regulatory Affairs |

Potential Changes in the Regulatory Environment

We are not aware of any pending changes in the regulatory environment in the state of Michigan that would negatively impact the subject.

Conclusion

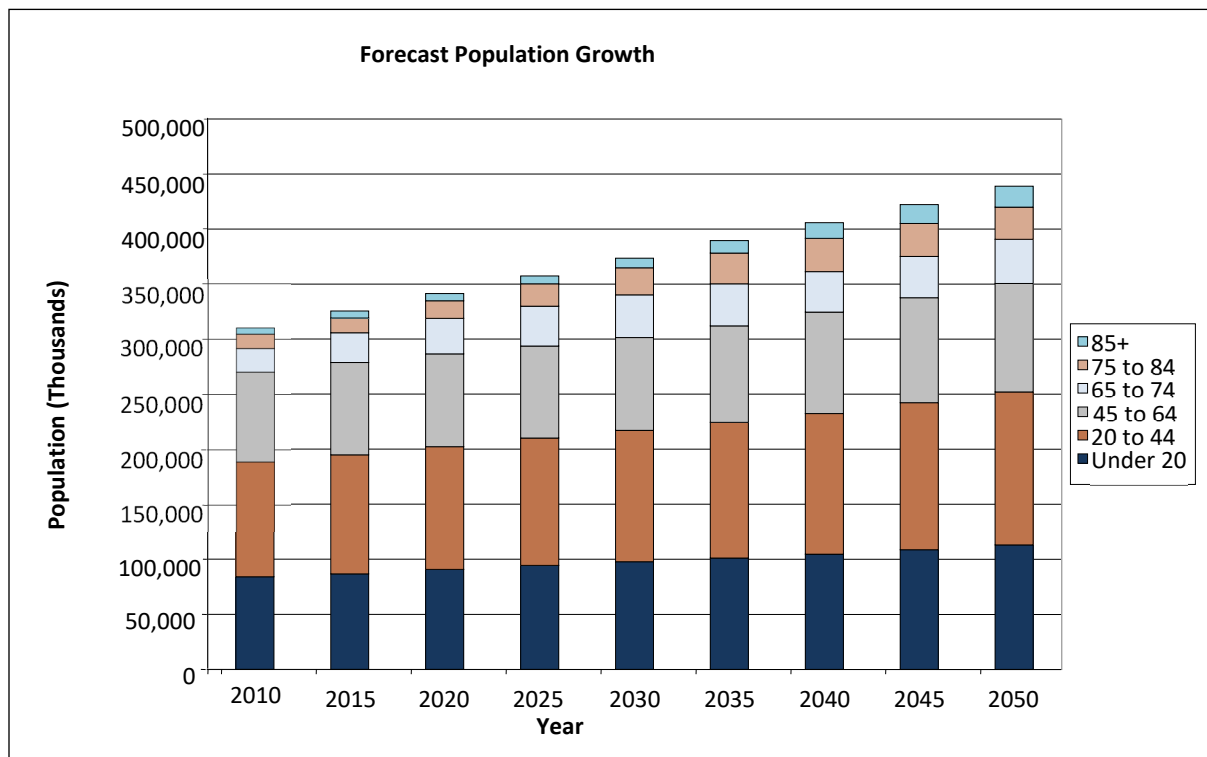
The subject is licensed for 185 licensed beds. The number of operating beds is 1053 beds. The license is currently in good standing. We are not aware of any changes in the regulatory environment that would negatively impact the subject.

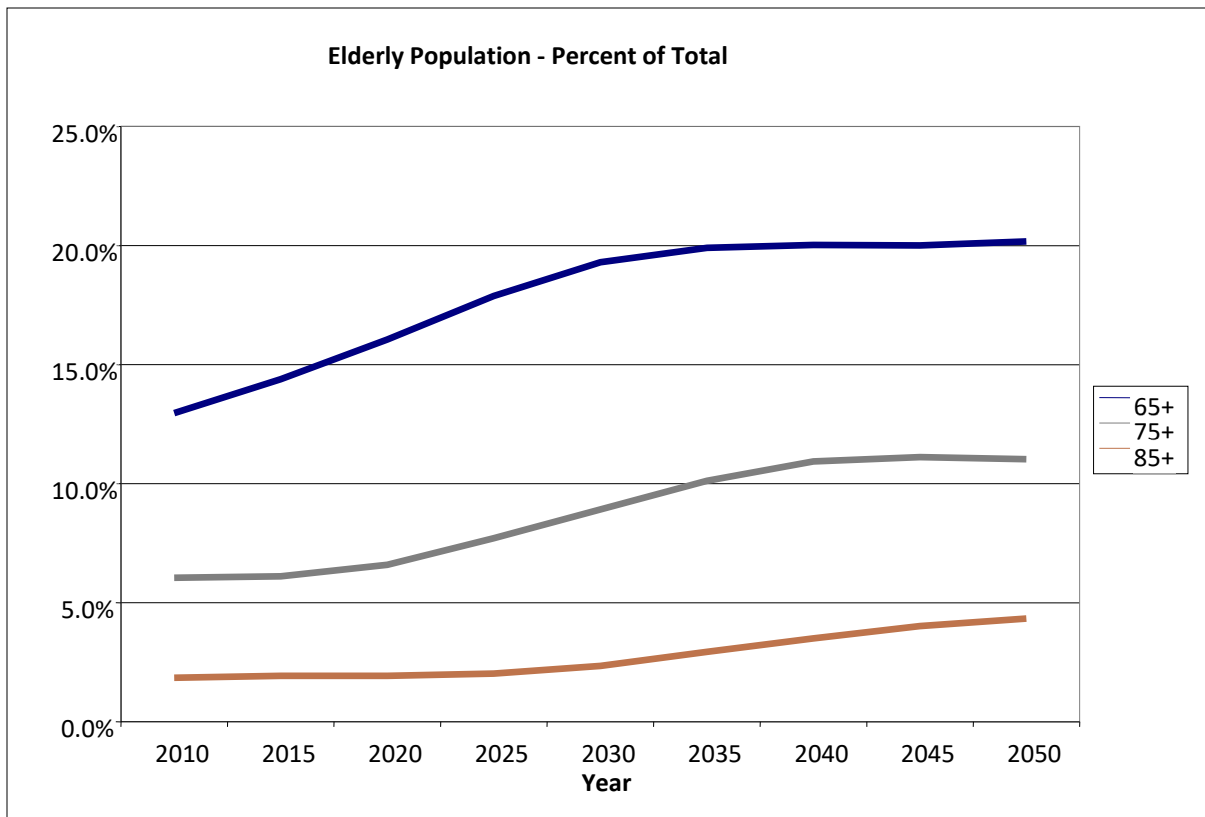
Seniors Housing Market Analysis

Aging Trends

There is no denying that the demographic trends impacting the seniors housing sector are positive. As of the 2010 Census, there were 40.3 million elderly Americans (those aged 65 and older), making up nearly 13% of the total population. The elderly population is expected to almost double by the year 2030 to 72 million, to make up 19% of the total population. The 2010 Census also indicated that there were 5.5 million Americans aged 85 and older, almost 2% of the total population. This population is expected to almost double by 2030 and become 2.3% of the total population. In 2050, as many as one in five Americans could be elderly.

Much of the forecast growth will occur between 2010 and 2030, due to the Baby Boomer generation entering their elderly years. This is most apparent when comparing growth rates. Between 2010 and 2030, the overall U.S. population is forecast to grow at an annual pace of 0.9% per year. Remarkably, growth in all three seniors sectors is much stronger: 3.0% per year for the 65+ population, 2.9% per year for the 75+ population, and 2.1% per year for the 85+ population. These strong rates of growth will lead to growing demand for seniors housing.





Other Factors Leading to Increased Demand

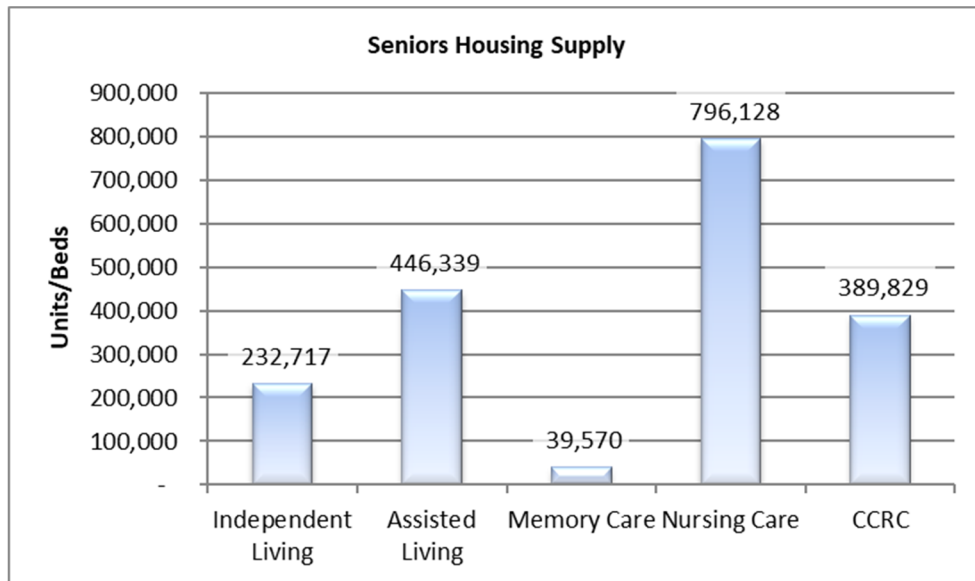
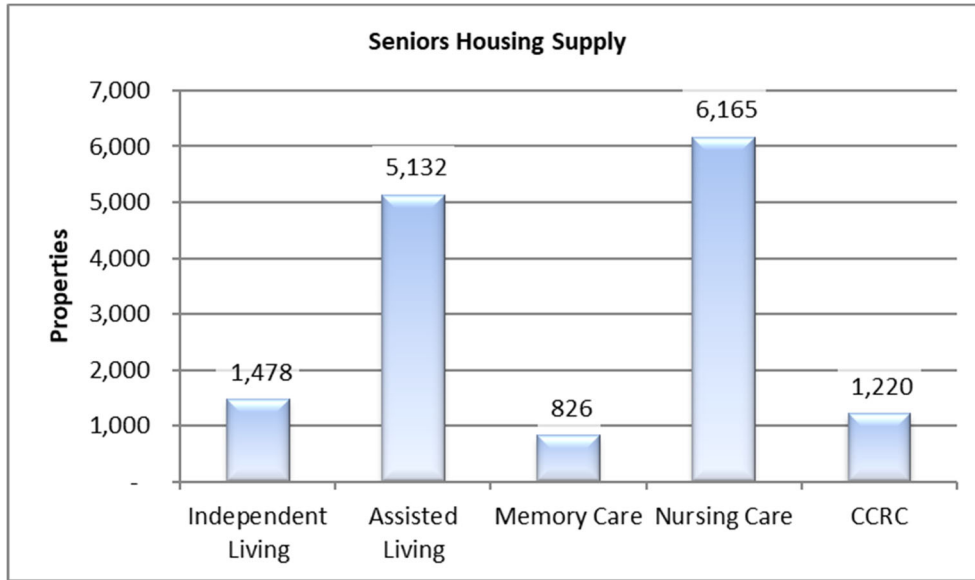
In addition to demographic trends, the following factors are leading to increasing demand for seniors housing and long-term care:

- Need for assistance with ADLs. According to census figures, about 6.5 million seniors need assistance with ADLs. As the number of seniors continues to increase, that number is expected to double by 2020.
- More elderly living alone. Women continue to outlive men, and the likelihood that either men or women will live alone increases with age. Societal factors, such as rising divorce rates and the growing numbers of people choosing not to marry, also contribute to this trend.
- Changes in the role of women. Women have traditionally been the primary caregivers of older people. However, the number of women in the work force grew from 20.5% in 1915 to more than 58% in 2010. With this change, fewer women are serving as caregivers, creating the need for the elderly to seek assistance outside the home.

National Senior Housing Supply Trends

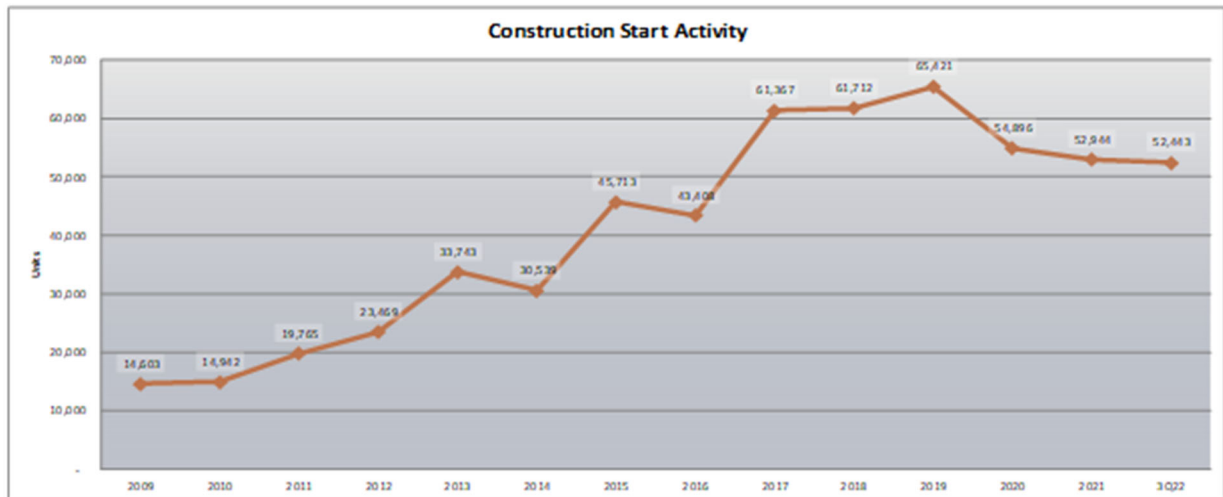
Senior apartments and independent living supply is typically expressed in terms of units, while assisted living and nursing supply is expressed in terms of beds. NIC MAP Construction Monitor

estimated there were 14,889 seniors housing properties consisting of 1,915,575 units/beds in the primary and secondary markets of the U.S. as of the 4th quarter 2022, as shown below.



New Development

According to *NIC Map Construction Monitor* for the 4th quarter of 2022, national construction start activity (not including senior apartments) was as follows.

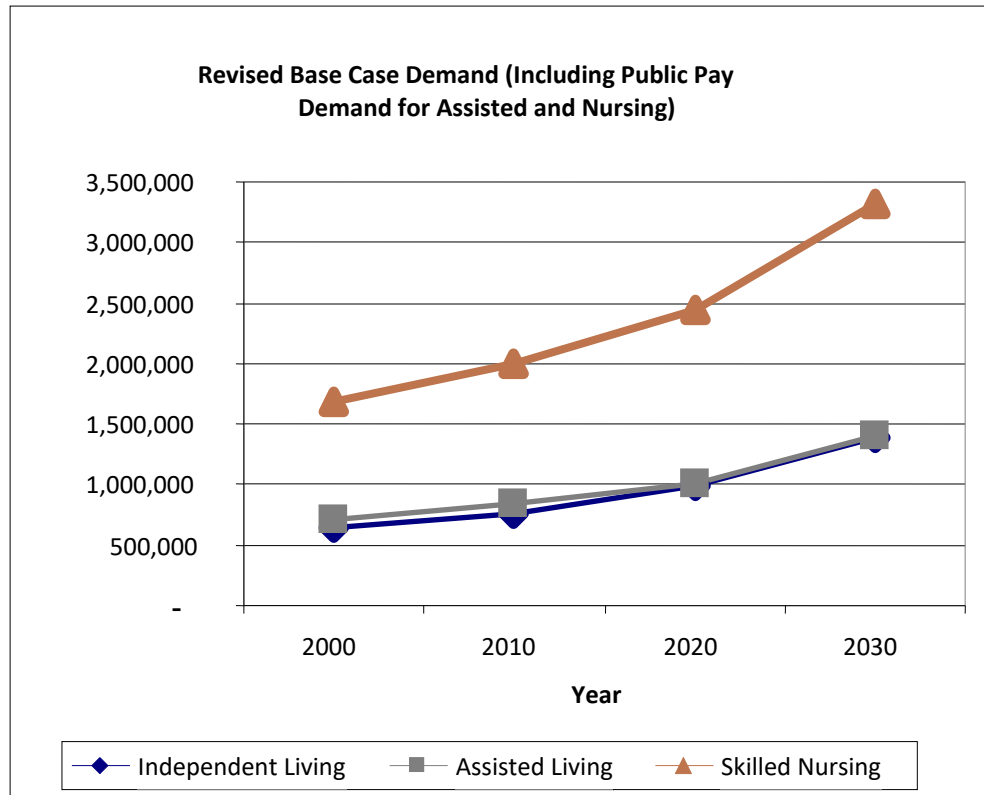


There were 509 seniors housing properties under construction as of the 4th quarter of 2022. The majority of the construction was within new properties with construction in these properties totaling 45,219 units spread across 343 properties. In addition, there were also 166 existing properties undergoing expansions totaling 9,496 units.

National Demand Trends

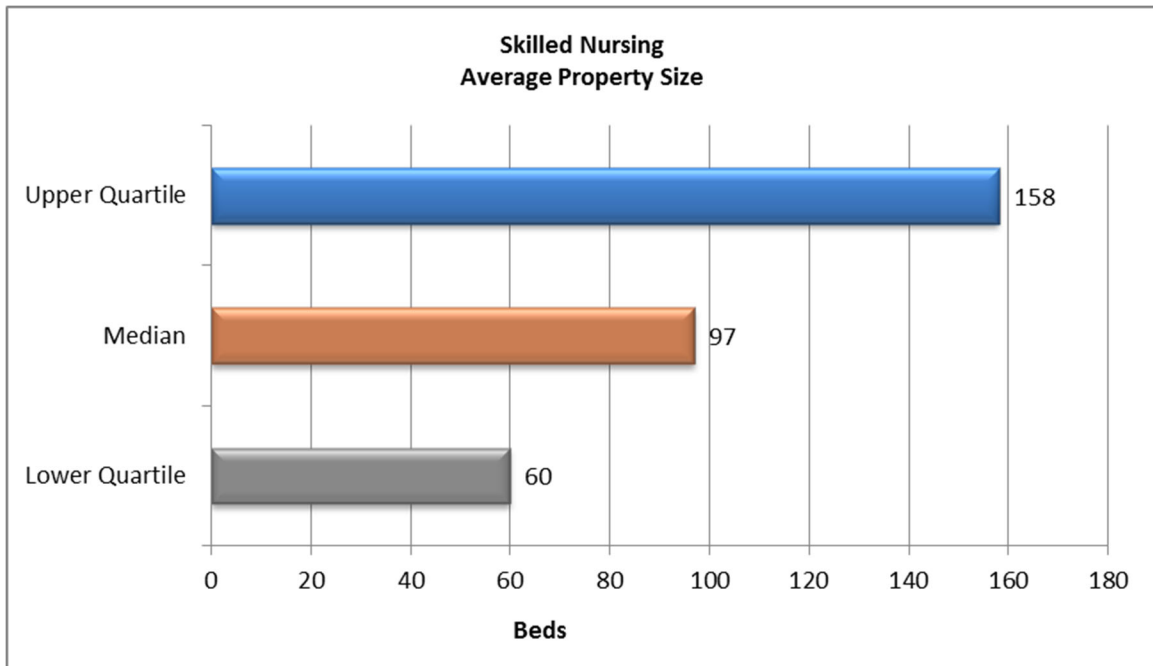
As noted previously, demographic trends will lead to growing demand for seniors housing over the coming years. Most industry analysts agree that the level of assisted and independent living units that are supportable is not yet known. As the public becomes more educated as to seniors housing options, an increasing percentage of seniors may elect to occupy some form of seniors housing.

To date the most comprehensive estimate of demand for seniors housing was published in *The Case for Investing in Seniors Housing and Long Term Care Properties with Updated Projections*. The study, conducted by NIC in partnership with Price Waterhouse, LLP, produced the following base case estimates of effective demand for seniors housing.



Property Size - Skilled Nursing

Nursing facilities provide various levels of health care service on a 24-hour basis in addition to shelter, dietary, housekeeping, laundry, and social needs. Skilled care is a level of nursing and supportive care provided by licensed nurses to patients who need 24-hour nursing services on an extended basis. The upper quartile of beds is 158, and the lower quartile of beds is 60. In addition, the median number of beds is 97. It is noted that the 2012 data is the most recent available.



Source: *The State of Seniors Housing 2012*, ASHA

Occupancy

The table on the following page shows the occupancy performance by region compared to a year ago from the National Investment Center for Seniors Housing & Care (NIC).

Performance by Region

Current Quarter vs. One Year Ago

| | Occupancy (%) | | Stabilized Occupancy (%) | | Annual Rent Growth (%) | | Annual Inventory Growth (%) | | Annual Absorption (%) | |
|---------------------------------------|---------------|--------------|--------------------------|--------------|------------------------|-------------|-----------------------------|--------------|-----------------------|-------------|
| | 3Q21 | 3Q22 | 3Q21 | 3Q22 | 3Q21 | 3Q22 | 3Q21 | 3Q22 | 3Q21 | 3Q22 |
| | | | | | | | | | | |
| Independent Living¹ | 83.4% | 85.2% | 84.9% | 86.4% | 1.7% | 4.1% | 1.8% | 1.2% | -0.1% | 3.4% |
| East North Central | 82.6% | 83.7% | 83.9% | 84.7% | 1.5% | 2.9% | 1.5% | 1.5% | -0.7% | 2.8% |
| Mid-Atlantic | 84.8% | 86.6% | 86.9% | 88.2% | 1.8% | 3.4% | 1.8% | 0.9% | 0.0% | 3.0% |
| Mountain | 81.8% | 82.9% | 83.5% | 84.4% | 2.6% | 5.1% | 1.9% | 1.8% | 1.7% | 3.0% |
| Northeast | 86.0% | 88.4% | 87.4% | 89.3% | 1.6% | 4.2% | 1.6% | 0.2% | -0.1% | 2.9% |
| Pacific | 85.1% | 86.1% | 86.5% | 87.7% | 1.9% | 4.9% | 1.4% | 1.5% | -0.8% | 2.8% |
| Southeast | 81.3% | 83.5% | 82.4% | 84.3% | 0.9% | 4.9% | 2.0% | 1.3% | -0.9% | 4.1% |
| Southwest | 79.6% | 82.9% | 81.3% | 84.0% | 1.3% | 4.4% | 1.2% | 2.1% | 0.4% | 6.3% |
| West North Central | 84.0% | 86.1% | 86.5% | 87.2% | 3.5% | 3.0% | 4.0% | 0.4% | 1.7% | 2.9% |
| Assisted Living¹ | 76.4% | 80.4% | 78.6% | 82.0% | 2.2% | 4.7% | 2.7% | 1.5% | 0.1% | 6.9% |
| East North Central | 74.9% | 79.1% | 76.8% | 80.3% | 2.3% | 4.0% | 2.6% | 1.9% | -0.8% | 7.5% |
| Mid-Atlantic | 74.8% | 78.8% | 76.4% | 80.5% | 2.7% | 3.6% | 2.3% | 2.5% | 0.1% | 8.0% |
| Mountain | 76.2% | 80.6% | 77.9% | 81.9% | 2.0% | 4.4% | 2.1% | 1.2% | 1.2% | 7.0% |
| Northeast | 77.2% | 81.4% | 80.0% | 83.4% | 2.0% | 4.8% | 2.5% | 1.4% | 0.3% | 7.0% |
| Pacific | 77.6% | 80.5% | 79.8% | 82.4% | 2.4% | 6.3% | 2.9% | 1.7% | -1.8% | 5.6% |
| Southeast | 76.1% | 80.3% | 78.9% | 82.0% | 1.4% | 3.6% | 3.6% | 1.6% | 1.6% | 7.2% |
| Southwest | 75.5% | 80.1% | 76.7% | 81.2% | 1.8% | 3.7% | 1.4% | -0.7% | 1.1% | 5.2% |
| West North Central | 77.8% | 82.2% | 80.8% | 83.7% | 3.9% | 6.5% | 3.3% | 2.3% | 1.1% | 8.0% |
| Nursing Care¹ | 76.4% | 79.3% | 76.6% | 79.3% | 2.0% | 2.8% | -0.8% | -0.9% | -0.4% | 2.8% |
| East North Central | 73.3% | 75.7% | 73.4% | 75.7% | 2.0% | 3.2% | -0.6% | -0.9% | -4.1% | 2.3% |
| Mid-Atlantic | 79.1% | 81.6% | 79.1% | 81.6% | 2.9% | 2.7% | -0.8% | -0.8% | -0.6% | 2.4% |
| Mountain | 76.8% | 78.7% | 76.9% | 78.9% | 0.9% | 2.4% | -1.4% | -1.1% | -1.5% | 1.5% |
| Northeast | 80.2% | 83.3% | 80.2% | 83.3% | 1.6% | 2.3% | -1.1% | -1.0% | 2.1% | 2.9% |
| Pacific | 80.1% | 83.2% | 80.2% | 83.2% | 4.2% | 4.3% | 0.4% | -0.6% | 1.5% | 3.2% |
| Southeast | 77.2% | 81.0% | 77.7% | 81.1% | 1.5% | 2.4% | -0.3% | -0.4% | -1.2% | 4.4% |
| Southwest | 66.1% | 68.7% | 66.2% | 68.8% | 1.3% | 2.1% | -1.1% | -0.9% | -1.1% | 3.1% |
| West North Central | 73.1% | 75.2% | 73.1% | 75.1% | 2.2% | 3.7% | -1.4% | -2.4% | -2.5% | 0.3% |
| CCRCs¹ | 85.3% | 86.8% | 85.6% | 86.9% | 2.3% | 4.2% | 0.8% | -0.4% | -1.0% | 1.3% |
| East North Central | 83.3% | 84.5% | 83.4% | 84.5% | 2.1% | 3.3% | 0.4% | -0.1% | -2.6% | 1.3% |
| Mid-Atlantic | 88.0% | 89.0% | 88.6% | 89.3% | 1.8% | 3.6% | 0.7% | -0.6% | -0.8% | 0.6% |
| Mountain | 84.8% | 84.6% | 85.5% | 85.1% | 4.5% | 5.7% | 3.2% | -0.6% | 0.8% | -0.8% |
| Northeast | 87.6% | 89.3% | 87.6% | 89.3% | 1.6% | 4.5% | 0.0% | -0.7% | -1.2% | 1.2% |
| Pacific | 89.0% | 89.6% | 89.0% | 89.6% | 3.3% | 5.1% | 0.5% | -0.2% | 0.1% | 0.5% |
| Southeast | 83.4% | 84.9% | 83.5% | 85.2% | 0.7% | 5.1% | 0.6% | 0.6% | -2.6% | 2.3% |
| Southwest | 80.8% | 82.9% | 81.7% | 82.9% | 3.1% | 4.3% | 1.2% | 0.8% | 0.9% | 3.3% |
| West North Central | 82.2% | 85.1% | 82.9% | 85.1% | 5.8% | 2.4% | 2.3% | -1.6% | 1.8% | 2.0% |

1. Represents aggregate property type data for all markets.

The preceding table represents aggregate property type data collected from the NICMAP 99 markets (primary and secondary market aggregate), as shown below:

East North Central: Includes Akron, OH; Chicago, IL; Cincinnati, OH; Cleveland, OH; Columbus, OH; Dayton, OH; Detroit, MI; Grand Rapids, MI; Indianapolis, IN; Madison, WI; Milwaukee, WI; Toledo, OH; and Youngstown, OH.

Mid-Atlantic: Includes Baltimore, MD; Charleston, SC; Charlotte, NC; Columbia, SC; Greensboro, NC; Greenville, SC; Louisville, KY; Raleigh, NC; Richmond, VA; Virginia Beach, VA; and Washington, DC.

Mountain: Includes Albuquerque, NM; Boise, ID; Colorado Springs, CO; Denver, CO; Las Vegas, NV; Ogden, UT; Phoenix, AZ; Salt Lake City, UT; and Tucson, AZ.

Northeast: Includes Albany, NY; Allentown, PA; Boston, MA; Bridgeport, CT; Buffalo, NY; Harrisburg, PA; Hartford, CT; Lancaster, PA; New Haven, CT; New York, NY; Philadelphia, PA; Pittsburgh, PA; Portland, ME; Providence, RI; Rochester, NY; Scranton, PA; Springfield, MA; Syracuse, NY; and Worcester, MA.

Pacific: Includes Bakersfield, CA; Fresno, CA; Los Angeles, CA; Modesto, CA; Portland, OR; Riverside, CA; Sacramento, CA; San Diego, CA; San Francisco, CA; San Jose, CA; Seattle, WA; Stockton, CA; and Ventura, CA.

Southeast: Includes Atlanta, GA; Augusta, GA; Birmingham, AL; Chattanooga, TN; Daytona Beach, FL; Fort Myers, FL; Jackson, MS; Jacksonville, FL; Knoxville, TN; Lakeland, FL; Melbourne, FL; Memphis, TN; Miami, FL; Nashville, TN; Orlando, FL; Sarasota, FL; and Tampa, FL.

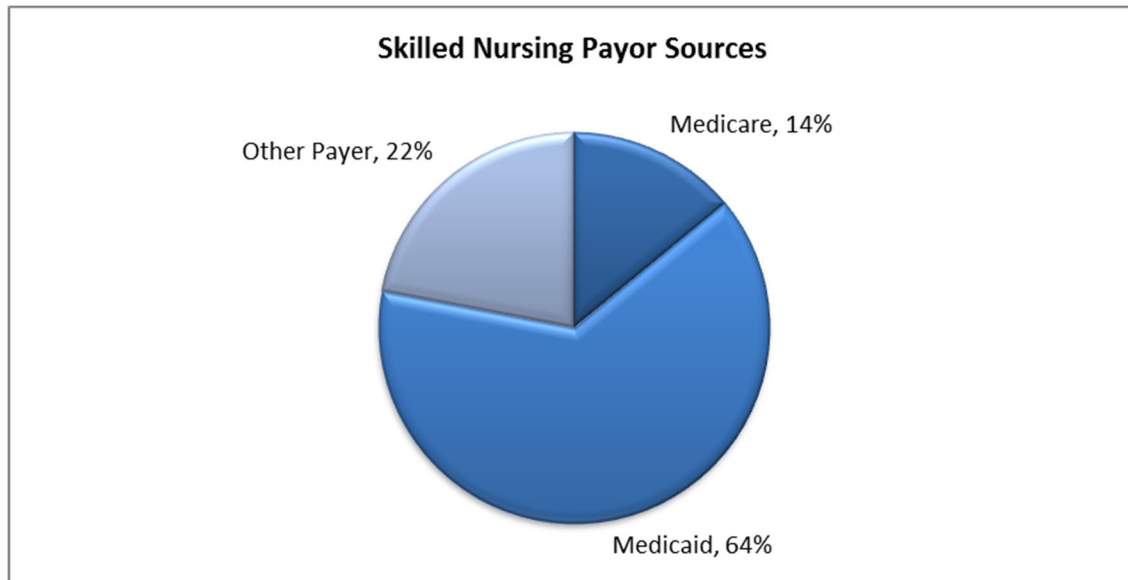
Southwest: Includes Austin, TX; Baton Rouge, LA; Dallas, TX; El Paso, TX; Houston, TX; Little Rock, AR; McAllen, TX; New Orleans, LA; Oklahoma City, OK; San Antonio, TX; and Tulsa, OK.

West North Central: Includes Des Moines, IA; Kansas City, MO; Minneapolis, MN; Omaha, NE; St. Louis, MO; and Wichita, KS.

Payment Types

Skilled Nursing

The majority of nursing home stays are funded by Medicare, Medicaid, or private long-term care insurance.



Source: American Health Care Association, Online Survey, Certification and Reporting (OSCAR)

Medicaid

Medicaid (Title XIX of the Social Security Act) is a joint federal and state health insurance plan for the indigent. Each state administers its own program and provides various benefit levels within broad federal guidelines. Thus, the form and manner of reimbursement vary significantly from state to state.

The Medicaid benefit payment for long-term nursing care service is the lifeblood of the nursing home industry. With some exceptions, the federal government usually provides matching funds of a minimum of 50% of the cost of a state's Medicaid program. The federal participation match rate for each state is calculated using a formula based on the state's average per capita income.

Medicaid predominantly pays nursing homes on a per diem basis, sometimes cost-based, as opposed to per discharge or per diagnosis. Generally, Medicaid per diem rates are raised by a percentage substantially less than the Consumer Price Index inflation rate. In fiscal years when a state is experiencing a budget constraint, the tendency is to allow few or no rate increases.

Among the large for-profit nursing facility companies, Medicaid typically comprises 65% to 70% of the resident census and typically generates around 45% of revenue for nursing facilities. According to AHCA, the average Medicaid rate for nursing home care was projected to be \$182.59 in 2013. Higher Medicare payments subsidize lower Medicaid payments in nursing facilities.

During an economic downturn, demand for Medicaid rises as more people fall into poverty or lose their employer sponsored coverage and become uninsured. At the same time, state revenues decline, affecting states' ability to balance their budgets and fund programs such as Medicaid. As a result, states must grapple with increasing pressures to limit program spending in Medicaid and manage the increase of newly eligible enrollees in the program.

In 2002, revenues plummeted, and Medicaid spending and enrollment growth peaked resulting in state budget pressures. Every state adopted measures to control provider payments and spending for prescription drugs. These actions had immediate effects on Medicaid spending. Often as a last resort, states also turned to Medicaid benefit and eligibility cuts as well as increased co-payment requirements in an effort to control costs. Most efforts to control Medicaid long-term care spending were focused on reductions for institutional care while states continued to expand community based long-term care options.

Federal fiscal relief legislation during the last economic downturn was successful in helping to avoid deeper Medicaid cuts and preserve eligibility. In 2003, Congress passed the Jobs and Growth Tax Relief Reconciliation Act that provided \$20 billion in temporary federal fiscal relief to states, of which \$10 billion came in the form of a uniform increase in the federal matching rate (FMAP) for Medicaid expenditures. To receive the increased FMAP, states were required to maintain existing eligibility levels; thus, helping states avoid deep cuts and preserve eligibility.

In recent years, many states have established nursing facility provider tax programs. Under this program, nursing facilities are assessed an amount (within federal limits and other regulatory requirements) which can be used by the state, along with federal matching funds, to provide Medicaid rate increases to providers. Prior to fiscal year (FY) 2004, only 20 states assessed provider taxes on nursing homes. In FY 2012, more than twice as many (43 states, plus the District of Columbia) implemented nursing home tax programs. Total tax collections exceed \$5 billion. Overall, provider taxes on nursing homes generate more than \$6.0 billion in matching federal funds. In states with such programs, these taxes are used to reimburse an average of \$24 per patient day in allowable Medicaid nursing home costs.

In June 2012, the Medicaid provisions of the health care law were upheld but limited by the Supreme Court in a way that increased the possibility that not all states would choose to participate in the new version of Medicaid. Under the original health care law, the federal government would have covered all costs from the Medicaid expansion for the first three years, beginning in 2014. Afterward (between 2016 and 2020), the states would have to pay a share that would rise up to 10% of the new costs. According to the law, states that refused to participate would lose all of their existing Medicaid funds. However, the United States Supreme Court ruled in National Federation of Independent Business v. Sebelius that states do not have to agree to this expansion in order to continue to receive previously established levels of Medicaid funding, and many states have chosen to continue with pre-Affordable Care Act funding levels and eligibility standards.

Nursing home providers in most states will have to continue to rely on Medicare, other payers, and other revenue sources to help bridge the gap between Medicaid rates and the cost of caring for residents. There is no predictability or stability in many states relative to Medicaid rate increases. The length and depth of this economic downturn, the outcome of pending federal regulations and the availability of federal fiscal relief will play a large role in determining how Medicaid programs and the individuals served by the program will fare during this downturn.

Medicare

Medicare reimbursement for nursing facilities consists of two parts:

Medicare Part A: Provides payment for post-hospital care in a Medicare certified nursing facility. Medicare Part A may provide payment for post-hospital care in a nursing facility for up to 100 days if Medicare coverage requirements, or “the 5 rules”, are met. A resident is entitled to full coverage for the first 20 days; from the 21st day through the 100th day, Medicare pays for all covered services except a daily co pay amount for which the resident is responsible. That means the resident has to pay the co pay either with his or her own money or, if eligible, through Medicaid or private insurance (i.e. medi-gap policy). A nursing facility resident will not be entitled to any Medicare Part A coverage unless he or she is admitted to a nursing facility within 30 days following a 3-day hospital stay. Medicare certified nursing facilities are reimbursed for providing nursing facilities stays based upon the Prospective Payment System (PPS).

Medicare Part B: Seniors are required to enroll in Medicare Part B. Medicare, which pays for doctors’ services, outpatient hospital care, and some other medical services that Part A does not cover, such as the services of physical and occupational therapists, and some home health care. Part B helps pay for these covered services and supplies when they are medically necessary.

Fiscal Year Beginning October 1, 2018

In 2018, CMS proposed an increase to the FY 2019 rates of 2.4%, as mandated by the Bipartisan Budget Act of 2018. It was reported that without this legislation, the update would have been 1.9%. According to a report by Reed Smith, LLP, the update is reduced by 2% for nursing facilities that do not submit the required quality data under the new Quality Reporting Program, or QRP. No additional QRP measures are currently proposed, rather, the CMS is in favor of potentially removing some prior measures after a cost benefit analysis. As part of the announcements, the CMS is proposing a new rate structure for Medicare payments, based on resident needs rather than therapy needs. In short, the proposed PDPM would identify and adjust the following five case-mix components to characterize a resident’s care: Physical Therapy (PT), Occupational Therapy (OT), Speech-Language Pathology, Non-Therapy Ancillary (NTA), and Nursing. Within these components, the patient is assigned to one of 10 clinical categories based on their primary diagnosis (determined by ICD-10 codes recorded in MDS

item I8000). CMS would apply variable per diem payment adjustments to account for changes in resource use over the course of a stay for the PT, OT, and NTA components. The sum of each of five components would be combined with the non-case-mix component to determine the full SNF PPS per diem rate for that resident. CMS implemented the PDPM effective October 1, 2019, or FY 2020.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed by Congress signed into law by President Trump on March 27th, 2020. This over \$2 trillion economic relief package delivers commitment to protecting the American people from the public health and economic impacts of COVID-19. The CARES Act provides fast and direct economic assistance for American workers, families, and small businesses, and preserve jobs for our American industries.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 does two things. First, it temporarily suspends the Medicare sequester from taking effect between May 1, 2020 and December 31, 2020. However, this has recently been extended through December 31, 2021. This means that Medicare plans and providers would receive an increase in payment rates of approximately 2.0% more than what they otherwise would have received during this time. Second, it extended the mandatory sequester for one additional year. This means that mandatory spending for all non-exempt programs, including Medicare and non-Medicare, will be reduced through 2030.

In September 2021, the U.S. Department of Health and Human Services (HHS), through the Health Resources and Services Administration (HRSA) made \$25.5 billion in new funding available for health care providers affected by the COVID-19 pandemic. This funding included \$8.5 billion in American Rescue Plan (ARP) resources for providers who serve rural Medicaid, Children's Health Insurance Program (CHIP), or Medicare patients, and an additional \$17 billion for Provider Relief Fund (PRF) Phase 4 for a broad range of providers who can document revenue loss and expenses associated with the pandemic. PRF Phase 4 payments were based on providers' lost revenues and expenditures between July 1, 2020, and March 31, 2021. Phase 4 has reimbursed smaller providers who have low margins in rural or isolated communities.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 has done two things. First, it temporarily suspended the Medicare sequester from May 1, 2020 through March 31, 2022. It should be noted that this has been extended several times during the pandemic. This means that Medicare plans and providers would receive an increase in payment rates of approximately 2.0% more than what they otherwise would have received during this time. Second, it extended the mandatory sequester through March 31, 2022. This means that mandatory spending for all nonexempt programs, including Medicare and non-Medicare, will be reduced through 2030.

Conclusion

Based on influential overall market and submarket area trends, construction outlook, and the performance of competing properties, JLL expects the mix of property fundamentals and economic conditions in the seniors housing segment to have a negative impact on the subject property's performance in the near-term due to the economic uncertainties surrounding COVID-19.

Across the seniors housing and care sector, operators have transitioned from “emergency response mode” and are actively in “recovery mode” with absorption rates and rent growth being reported at all-time highs. While employing a gained understanding of the additional operational burdens, staffing shortages advance once again as the top concern for maintaining healthy operations and providing the necessary services and care.

In the short-term, federal stimulus programs have provided much needed relief. The \$2.2 trillion CARES Act included \$100 billion for qualified healthcare providers. The Department of Health & Human Services (HHS) distributed nearly \$4.9 billion to nursing homes impacted by COVID-19. Coronavirus Stimulus Bill includes \$200 million for nursing homes infection-control efforts, with industry lobbyists working for additional government relief.

For the long term, curtailed construction caused by this pandemic only magnifies the long-term supply shortage. Medium and long-term investment remains bullish as experts prepare for the “silver tsunami”, with the leading-edge baby boomer now within a ten-year investment cycle of occupancy. Considering global economic impact of COVID-19, the need to serve the middle-income population will continue to grow.

Highest and Best Use Analysis

Highest and best use is shaped and determined by forces within the market such as supply and demand. The four criteria used in evaluating the highest and best use of a property are:

- Legally permissible
- Physically possible
- Financially feasible
- Maximally productive

The four criteria are applied in sequential order. A property often will have numerous uses that are legally permissible, but the test of physical possibility may remove some options from consideration, fewer still may meet the test of financial feasibility, and only a single use is maximally productive.

Highest and Best Use of the Land as Though Vacant

The analysis of the highest and best use of the land as though vacant assumes that the property being appraised is vacant or can be made vacant by demolishing any improvements. This determination is crucial to determine the value of the site as though vacant and is also used in examining improvements and their conformance to the highest and best use of the site.

Legally Permissible

Private restrictions, zoning, building codes, historical district regulations, and environmental regulations must all be considered in determining the legally permissible uses of a site. Potential changes in these restrictions must also be addressed.

The subject's current zoning is considered to be legally conforming. Seniors housing is a permitted use. There are no known zoning changes pending or contemplated.

Physically Possible

The physical characteristics of the subject site were discussed in detail in the site analysis section. The site is functional in size and shape and is serviced by standard municipal utilities. The site has average accessibility and average visibility. Overall functional utility is considered to be average. The site is suitable for a broad range of uses, including seniors housing.

Financially Feasible

An analysis of local market conditions provides an indication of the financial feasibility of a given use. The market analysis presented earlier in this report assessed the local market and indicated that there is demand for the subject. Further, the income and expense analysis that follows reveals the subject is forecasted to produce a positive return. Therefore, development of a seniors housing facility is a financially feasible use.

Maximally Productive

The final test of highest and best use of the site as though vacant is whether the use is maximally productive, yielding the highest land value. Analysis of physically possible, legally permissible, and financially feasible uses indicates that the maximally productive use of the site as though vacant is for development of a seniors housing facility. While there are potentially other feasible uses, this use is believed to provide the highest net return to the site.

Highest and Best Use of the Property as Improved

This analysis considers the subject as improved.

Legally Permissible

The current use is a legal use. Other legal uses of the improvements would be multi-family.

Physically Possible

The physical characteristics of the subject improvements were discussed in detail in the Improvement Description and Analysis section of this report. Overall, the current layout and position of the improvements are considered functional. Since seniors housing facilities are specialized facilities, there are no other physically possible uses of the structure that would not require substantial reconstruction or demolition.

Financially Feasible

Operation of the subject as a seniors housing facility is a financially feasible use, yielding a positive value.

Maximally Productive

The maximally productive use of the subject as improved is for continued use as a seniors housing facility. The subject is valued based upon this use as a skilled nursing facility. The most likely potential purchaser is a REIT, investor, or seniors housing owner/operator.

Income Capitalization Approach

The income capitalization approach is based upon the premise that the present value of a property is based upon the present worth of future benefits. There are two primary methods that are normally utilized in developing the income capitalization approach – the yield capitalization method and the direct capitalization method. Development of the direct capitalization method is presented below.

The direct capitalization method is a method that converts an income estimate for a single year into an estimate of value through the application of a capitalization rate. An overall capitalization rate (R_0) is normally used. The R_0 reflects the relationship between a single year's income and value. The most common way to estimate overall capitalization rates is via analysis of comparable sales. The direct capitalization method is developed in four basic steps:

- Analyze the market and contractual income of the subject.
- From available market data, estimate a proper allowance for vacancy and credit loss forecast to occur during the projected period of ownership.
- Estimate and project anticipated fixed and operating expenses to be incurred by the real estate.
- Select and apply an appropriate capitalization rate.

Please note, the subject is encumbered by a lease and therefore a capitalization rate is applied to the lease payment.

Income and Expense Analysis – Tenant Operations

This appraisal analyzes and reports the leased fee position of the property owner. The subject is encumbered by a lease agreement, which is discussed in detail later in this report. As part of this analysis, the tenant net operating income is analyzed for lease coverage conclusions. The income and expenses provided to us are summarized in the following tables:

Historical Income and Expenses

Shown in Dollars and Per Resident Day

| Item | Year Ending 12/31/2020 | | Year to Date Annualized Ending 12/31/2021 | | Year to Date Annualized Ending 9/30/2022 | | Budget For Trailing-12 Months Ending 7/31/2026 | |
|---|------------------------|-----------------|--|-----------------|---|-----------------|---|-----------------|
| | \$ | PRD | \$ | PRD | \$ | PRD | \$ | PRD |
| Income - | | | | | | | | |
| Room & Board - | | | | | | | | |
| Independent Living | \$16,348,648 | \$74.48 | \$15,882,050 | \$95.07 | \$15,121,739 | \$73.01 | \$22,645,911 | \$101.71 |
| Assisted Living | \$4,578,193 | \$194.84 | \$3,957,666 | \$225.87 | \$5,849,250 | \$246.53 | \$6,321,085 | \$187.49 |
| Private Pay Nursing | \$1,958,923 | \$416.28 | \$2,303,865 | \$530.01 | \$2,319,454 | \$416.22 | \$2,437,295 | \$483.54 |
| Ins./Managed Care Nursing | \$2,959,995 | \$431.49 | \$3,076,338 | \$521.48 | \$3,550,158 | \$526.33 | \$4,572,899 | \$454.84 |
| Medicaid Nursing | \$546,718 | \$302.43 | \$432,812 | \$296.35 | \$804,881 | \$227.26 | \$795,465 | \$329.24 |
| Medicare Nursing | \$3,328,738 | \$504.28 | \$2,615,716 | \$593.77 | \$4,076,910 | \$542.97 | \$5,184,834 | \$508.80 |
| VA/Hospice Nursing | \$88,200 | \$580.26 | \$5,853 | \$0.00 | \$77,730 | \$153.80 | \$38,548 | \$175.22 |
| Total Room & Board | \$29,809,415 | \$113.29 | \$28,274,300 | \$140.88 | \$31,800,122 | \$124.84 | \$41,996,037 | \$147.73 |
| Therapy & Other - | | | | | | | | |
| Therapy & Ancillary Income | \$1,400,323 | \$5.32 | \$976,898 | \$4.87 | \$59,782 | \$0.23 | \$1,967,891 | \$6.92 |
| Other Income | \$985,945 | \$3.75 | \$512,751 | \$2.55 | \$1,461,182 | \$5.74 | \$1,033,090 | \$3.63 |
| Total Therapy & Other Income | \$2,386,268 | \$9.07 | \$1,489,649 | \$7.42 | \$1,520,963 | \$5.97 | \$3,000,981 | \$10.56 |
| Income Summary - | | | | | | | | |
| Total Room & Board Income | \$29,809,415 | \$113.29 | \$28,274,300 | \$140.88 | \$31,800,122 | \$124.84 | \$41,996,037 | \$147.73 |
| Total Therapy & Other Income | \$2,386,268 | \$9.07 | \$1,489,649 | \$7.42 | \$1,520,963 | \$5.97 | \$3,000,981 | \$10.56 |
| Prior Period Adjustments | \$0 | \$0.00 | \$0 | \$0.00 | (\$468,544) | (\$1.84) | \$0 | \$0.00 |
| Contractual Adjustments | \$0 | \$0.00 | \$0 | \$0.00 | \$0 | \$0.00 | \$0 | \$0.00 |
| Total Income | \$32,195,683 | \$122.36 | \$29,763,949 | \$148.31 | \$32,852,541 | \$128.97 | \$44,997,018 | \$158.28 |
| Expenses - | | | | | | | | |
| Nursing | \$6,229,857 | \$23.68 | \$4,386,188 | \$21.86 | \$5,587,080 | \$21.93 | \$6,159,821 | \$21.67 |
| Contract Nursing | \$0 | \$0.00 | \$0 | \$0.00 | \$0 | \$0.00 | \$0 | \$0.00 |
| Dietary | \$5,403,401 | \$20.54 | \$3,887,892 | \$19.37 | \$4,275,232 | \$16.78 | \$5,083,623 | \$17.88 |
| Therapy and Ancillary | \$1,135,775 | \$4.32 | \$643,433 | \$3.21 | \$911,295 | \$3.58 | \$1,276,163 | \$4.49 |
| Admin & General | \$7,330,330 | \$27.86 | \$2,383,326 | \$11.88 | \$3,403,896 | \$13.36 | \$4,267,926 | \$15.01 |
| Housekeeping and Laundry | \$1,158,364 | \$4.40 | \$837,858 | \$4.17 | \$686,647 | \$2.70 | \$1,281,210 | \$4.51 |
| Activities and Recreation | \$620,369 | \$2.36 | \$392,815 | \$1.96 | \$810,540 | \$3.18 | \$594,308 | \$2.09 |
| Repairs and Maintenance | \$3,823,755 | \$14.53 | \$2,400,585 | \$11.96 | \$4,185,262 | \$16.43 | \$2,951,517 | \$10.38 |
| Utilities | \$1,672,537 | \$6.36 | \$991,911 | \$4.94 | \$0 | \$0.00 | \$1,619,826 | \$5.70 |
| Bad Debt | \$1,251,663 | \$4.76 | \$360,989 | \$1.80 | \$0 | \$0.00 | \$671,846 | \$2.36 |
| Real Estate Taxes | \$594,839 | \$2.26 | \$397,409 | \$1.98 | \$0 | \$0.00 | \$2,143,026 | \$7.54 |
| PL/GL Insurance | \$379,966 | \$1.44 | \$280,625 | \$1.40 | \$975,198 | \$3.83 | \$429,175 | \$1.51 |
| Workers Compensation | \$187,092 | \$0.71 | \$137,101 | \$0.68 | \$0 | \$0.00 | \$134,643 | \$0.47 |
| Other Insurance | \$0 | \$0.00 | \$0 | \$0.00 | \$0 | \$0.00 | \$0 | \$0.00 |
| Provider Bed Tax | \$166,685 | \$0.63 | \$211,256 | \$1.05 | \$550,413 | \$2.16 | \$291,369 | \$1.02 |
| Uncateg. Salary & Benefits | \$2,409,315 | \$9.16 | \$6,067,265 | \$30.23 | \$2,120,299 | \$8.32 | \$2,078,362 | \$7.31 |
| Management Fee | \$319,894 | \$1.22 | \$211,529 | \$1.05 | \$1,555,917 | \$6.11 | \$2,239,816 | \$7.88 |
| Reserves for Replacements | \$0 | \$0.00 | \$0 | \$0.00 | \$0 | \$0.00 | \$0 | \$0.00 |
| Total Expenses | \$32,683,839 | \$124.22 | \$23,590,181 | \$117.54 | \$25,061,780 | \$98.39 | \$31,222,633 | \$109.83 |
| Net Operating Inc. | (\$488,156) | (\$1.86) | \$6,173,768 | \$30.76 | \$7,790,761 | \$30.59 | \$13,774,386 | \$48.45 |

Historical Income and Expenses

Shown in Dollars and % of Total Revenue

| Item | Year Ending 12/31/2020 | | Year to Date Annualized Ending 12/31/2021 | | Year to Date Annualized Ending 9/30/2022 | | Budget For Trailing-12 Months Ending 7/31/2026 | |
|---|------------------------|----------------|--|----------------|---|----------------|---|----------------|
| | \$ | % | \$ | % | \$ | % | \$ | % |
| Income - | | | | | | | | |
| Room & Board - | | | | | | | | |
| Independent Living | \$16,348,648 | 50.78% | \$15,882,050 | 53.36% | \$15,121,739 | 46.03% | \$22,645,911 | 50.33% |
| Assisted Living | \$4,578,193 | 14.22% | \$3,957,666 | 13.30% | \$5,849,250 | 17.80% | \$6,321,085 | 14.05% |
| Private Pay Nursing | \$1,958,923 | 6.08% | \$2,303,865 | 7.74% | \$2,319,454 | 7.06% | \$2,437,295 | 5.42% |
| Ins./Managed Care Nursing | \$2,959,995 | 9.19% | \$3,076,338 | 10.34% | \$3,550,158 | 10.81% | \$4,572,899 | 10.16% |
| Medicaid Nursing | \$546,718 | 1.70% | \$432,812 | 1.45% | \$804,881 | 2.45% | \$795,465 | 1.77% |
| Medicare Nursing | \$3,328,738 | 10.34% | \$2,615,716 | 8.79% | \$4,076,910 | 12.41% | \$5,184,834 | 11.52% |
| VA/Hospice Nursing | \$88,200 | 0.27% | \$5,853 | 0.02% | \$77,730 | 0.24% | \$38,548 | 0.09% |
| Total Room & Board | \$29,809,415 | 92.59% | \$28,274,300 | 95.00% | \$31,800,122 | 96.80% | \$41,996,037 | 93.33% |
| Therapy & Other - | | | | | | | | |
| Therapy & Ancillary Income | \$1,400,323 | 4.35% | \$976,898 | 3.28% | \$59,782 | 0.18% | \$1,967,891 | 4.37% |
| Other Income | \$985,945 | 3.06% | \$512,751 | 1.72% | \$1,461,182 | 4.45% | \$1,033,090 | 2.30% |
| Total Therapy & Other Income | \$2,386,268 | 7.41% | \$1,489,649 | 5.00% | \$1,520,963 | 4.63% | \$3,000,981 | 6.67% |
| Income Summary - | | | | | | | | |
| Total Room & Board Income | \$29,809,415 | 92.59% | \$28,274,300 | 95.00% | \$31,800,122 | 96.80% | \$41,996,037 | 93.33% |
| Total Therapy & Other Income | \$2,386,268 | 7.41% | \$1,489,649 | 5.00% | \$1,520,963 | 4.63% | \$3,000,981 | 6.67% |
| Prior Period Adjustments | \$0 | 0.00% | \$0 | 0.00% | (\$468,544) | -1.43% | \$0 | 0.00% |
| Contractual Adjustments | \$0 | 0.00% | \$0 | 0.00% | \$0 | 0.00% | \$0 | 0.00% |
| Total Income | \$32,195,683 | 100.00% | \$29,763,949 | 100.00% | \$32,852,541 | 100.00% | \$44,997,018 | 100.00% |
| Expenses - | | | | | | | | |
| Nursing | \$6,229,857 | 19.35% | \$4,386,188 | 14.74% | \$5,587,080 | 17.01% | \$6,159,821 | 13.69% |
| Contract Nursing | \$0 | 0.00% | \$0 | 0.00% | \$0 | 0.00% | \$0 | 0.00% |
| Dietary | \$5,403,401 | 16.78% | \$3,887,892 | 13.06% | \$4,275,232 | 13.01% | \$5,083,623 | 11.30% |
| Therapy and Ancillary | \$1,135,775 | 3.53% | \$643,433 | 2.16% | \$911,295 | 2.77% | \$1,276,163 | 2.84% |
| Admin & General | \$7,330,330 | 22.77% | \$2,383,326 | 8.01% | \$3,403,896 | 10.36% | \$4,267,926 | 9.48% |
| Housekeeping and Laundry | \$1,158,364 | 3.60% | \$837,858 | 2.82% | \$686,647 | 2.09% | \$1,281,210 | 2.85% |
| Activities and Recreation | \$620,369 | 1.93% | \$392,815 | 1.32% | \$810,540 | 2.47% | \$594,308 | 1.32% |
| Repairs and Maintenance | \$3,823,755 | 11.88% | \$2,400,585 | 8.07% | \$4,185,262 | 12.74% | \$2,951,517 | 6.56% |
| Utilities | \$1,672,537 | 5.19% | \$991,911 | 3.33% | \$0 | 0.00% | \$1,619,826 | 3.60% |
| Bad Debt | \$1,251,663 | 3.89% | \$360,989 | 1.21% | \$0 | 0.00% | \$671,846 | 1.49% |
| Real Estate Taxes | \$594,839 | 1.85% | \$397,409 | 1.34% | \$0 | 0.00% | \$2,143,026 | 4.76% |
| PL/GL Insurance | \$379,966 | 1.18% | \$280,625 | 0.94% | \$975,198 | 2.97% | \$429,175 | 0.95% |
| Workers Compensation | \$187,092 | 0.58% | \$137,101 | 0.46% | \$0 | 0.00% | \$134,643 | 0.30% |
| Other Insurance | \$0 | 0.00% | \$0 | 0.00% | \$0 | 0.00% | \$0 | 0.00% |
| Provider Bed Tax | \$166,685 | 0.52% | \$211,256 | 0.71% | \$550,413 | 1.68% | \$291,369 | 0.65% |
| Uncateg. Salary & Benefits | \$2,409,315 | 7.48% | \$6,067,265 | 20.38% | \$2,120,299 | 6.45% | \$2,078,362 | 4.62% |
| Management Fee | \$319,894 | 0.99% | \$211,529 | 0.71% | \$1,555,917 | 4.74% | \$2,239,816 | 4.98% |
| Reserves for Replacements | \$0 | 0.00% | \$0 | 0.00% | \$0 | 0.00% | \$0 | 0.00% |
| Total Expenses | \$32,683,839 | 101.52% | \$23,590,181 | 79.26% | \$25,061,780 | 76.29% | \$31,222,633 | 69.39% |
| Net Operating Inc. | (\$488,156) | -1.52% | \$6,173,768 | 20.74% | \$7,790,761 | 23.71% | \$13,774,386 | 30.61% |

Important items relating to the financials are as follows:

- Any costs associated with mortgage financing, including principal and interest expenses and closing fees, have been excluded;
- Depreciation expenses have been excluded;
- Contractual adjustments, if any, have been netted against income for the appropriate payer source; and

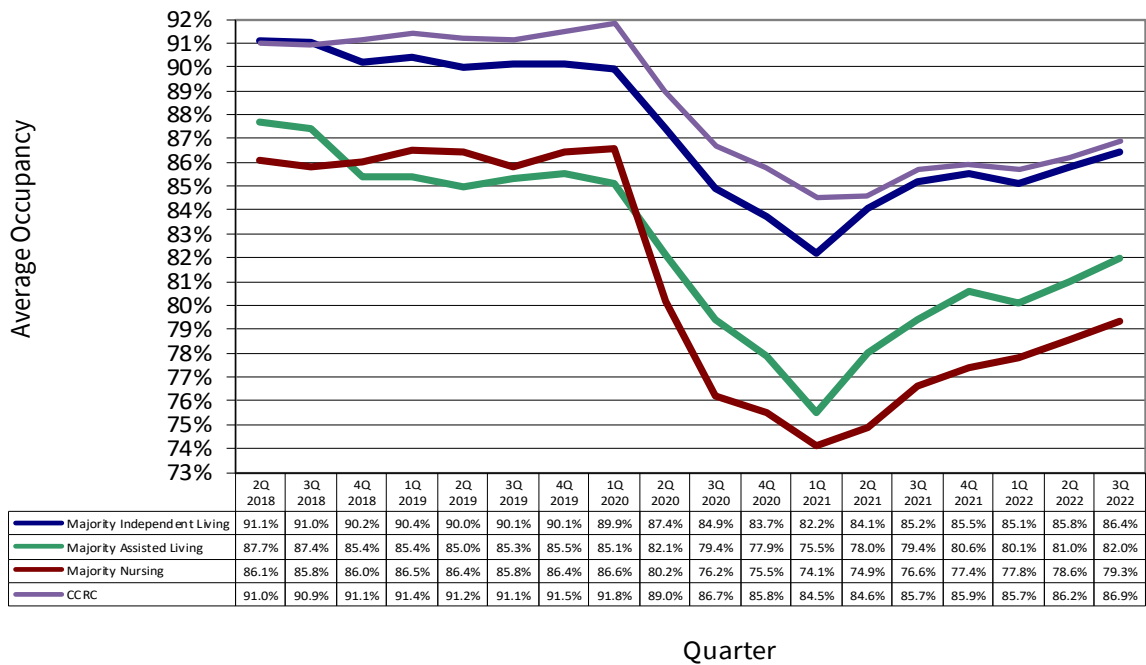
- Partial year data has been annualized.
- The COVID-19 stimulus was not included within the historical data.
- The COVID-19 expenses were detailed and were not included within the historical data.

Projected Census and Occupancy for the Subject

National Occupancy Data

NIC MAP reports the following occupancy levels for the recent past in 99 primary and secondary markets. These are indicative of national trends.

Occupancy Levels - NIC MAP 99 Markets



As can be seen in the chart above, occupancy decreased across the board in the second quarter of 2020, which at the time reflected the reluctance of potential residents to move into seniors housing during the pandemic, but did not reflect the underlying market conditions that are expected over the long term. Occupancy finally began to trend upward in the second quarter of 2021, and this trend is continuing as the market recovers.

Based on key findings from NIC Map Data for 4Q2022:

- Overall seniors housing occupancy grew to 84.9%;
- Majority Independent living occupancy averaged 86.9%, a 470 basis point increase from 1Q21;
- Majority Assisted living occupancy averaged 82.8%, a 730 basis point increase from 1Q21;
- Nursing care occupancy averaged 80.1%, a 600 basis point increase from 1Q21;
- CCRC occupancy averaged 87.3%, a 280 basis point increase from 1Q21.

Historical Data

Historical occupancy has been as follows:

Payor Mix and Projected Resident Day Occupancy

| Payor Source | Year Ending 12/31/2020 | | Year to Date Annualized Ending 12/31/2021 | | Year to Date Annualized Ending 9/30/2022 | | Budget For Trailing-12 Months Ending 7/31/2026 | |
|----------------------------|------------------------|---------------|---|---------------|--|---------------|--|---------------|
| | Days | % | Days | % | Days | % | Days | % |
| Independent Living | 219,498 | 83.4% | 167,058 | 83.2% | 207,125 | 81.3% | 222,650 | 78.3% |
| Assisted Living | 23,497 | 8.9% | 17,522 | 8.7% | 23,726 | 9.3% | 33,714 | 11.9% |
| Private Pay Nursing | 4,706 | 1.8% | 4,347 | 2.2% | 5,573 | 2.2% | 5,041 | 1.8% |
| Ins./Managed Care Nursing | 6,860 | 2.6% | 5,899 | 2.9% | 6,745 | 2.6% | 10,054 | 3.5% |
| Medicaid Nursing | 1,808 | 0.7% | 1,460 | 0.7% | 3,542 | 1.4% | 2,416 | 0.8% |
| Medicare Nursing | 6,601 | 2.5% | 4,405 | 2.2% | 7,509 | 2.9% | 10,190 | 3.6% |
| VA/Hospice Nursing | 152 | 0.1% | 0 | 0.0% | 505 | 0.2% | 220 | 0.1% |
| Total | 263,122 | 100.0% | 200,692 | 100.0% | 254,725 | 100.0% | 284,284 | 100.0% |
| Available (Operating) Beds | 1,053 | | 1,053 | | 1,053 | | 1,053 | |
| Available Res. Days | 385,398 | | 384,345 | | 384,345 | | 384,345 | |
| Occupancy Rate | 68.3% | | 52.2% | | 66.3% | | 74.0% | |

The current census is 591, equating to occupancy of 56.1% (based upon 1053 operating beds). The subject was 74% occupied in 2019. The occupancy for the subject has been impacted by COVID-19. The income loss will be deducted as typical lease-up costs detailed later in this report. The current management took over in May 2021 for the previous non-profit operator.

Tenant Occupancy Conclusion

Considering the subject's historical occupancy levels, and the subject's overall market appeal, occupancy is forecast at 74.0%. The stabilized occupancy forecast is based upon anticipated physical occupancy.

Tenant Payor Mix

In terms of payor mix, the subject's historical mix has been as follows:

Payor Mix

| Item | Year Ending 12/31/2020 | Year to Date Annualized Ending 12/31/2021 | Year to Date Annualized Ending 9/30/2022 | Budget For Trailing-12 Months Ending 7/31/2026 | Expense Comparable 1 | Expense Comparable 2 | Expense Comparable 3 | Expense Comparable 4 | Expense Comp | |
|---------------------------|------------------------|---|--|--|----------------------|----------------------|----------------------|----------------------|--------------|---------------|
| | | | | | | | | | Average | JLL Pro Forma |
| Independent Living | 83.4% | 83.2% | 81.3% | 78.3% | 56.3% | 29.0% | 59.9% | 45.8% | 47.8% | 80.5% |
| Assisted Living | 8.9% | 8.7% | 9.3% | 11.9% | 20.8% | 27.7% | 30.4% | 22.4% | 25.3% | 10.0% |
| Private Pay Nursing | 1.8% | 2.2% | 2.2% | 1.8% | 0.8% | 16.9% | 2.9% | 9.2% | 7.5% | 2.0% |
| Ins./Managed Care Nursing | 2.6% | 2.9% | 2.6% | 3.5% | 4.5% | 6.1% | 2.5% | 6.8% | 5.0% | 3.0% |
| Medicaid Nursing | 0.7% | 0.7% | 1.4% | 0.8% | 11.0% | 6.6% | 0.0% | 9.9% | 6.9% | 1.0% |
| Medicare Nursing | 2.5% | 2.2% | 2.9% | 3.6% | 6.6% | 13.4% | 4.2% | 5.9% | 7.5% | 3.0% |
| VA/Hospice Nursing | 0.1% | 0.0% | 0.2% | 0.1% | 0.0% | 0.2% | 0.0% | 0.0% | 0.0% | 0.5% |

Tenant Effective Gross Income

Using the concluded rates, occupancy, and payor mix, total effective gross income for the subject is as follows:

Pro Forma Effective Gross Income

| Payor Type | % | Gross Potential Resident Days for Payor (Rounded) | Net Resident Days for Payor (Rounded) | Daily Rate | Annual Gross Potential Income | Annual Effective Gross Income |
|-------------------------------------|---------------|---|---------------------------------------|------------|-------------------------------|-------------------------------|
| Independent Living | 80.5% | 309,398 | 228,955 | \$75.00 | \$23,204,850 | \$17,171,625 |
| Assisted Living | 10.0% | 38,435 | 28,442 | \$246.00 | \$9,455,010 | \$6,996,732 |
| Private Pay Nursing | 2.0% | 7,687 | 5,688 | \$416.00 | \$3,197,792 | \$2,366,208 |
| Ins./Managed Care Nursing | 3.0% | 11,530 | 8,532 | \$525.00 | \$6,053,250 | \$4,479,300 |
| Medicaid Nursing | 1.0% | 3,843 | 2,844 | \$227.26 | \$873,353 | \$646,322 |
| Medicare Nursing | 3.0% | 11,530 | 8,532 | \$542.00 | \$6,249,260 | \$4,624,344 |
| VA/Hospice Nursing | 0.5% | 1,922 | 1,422 | \$155.00 | \$297,910 | \$220,410 |
| Totals | 100.0% | 384,345 | 284,415 | | \$49,331,425 | \$36,504,941 |
| Therapy & Ancillary Income | | | 284,415 | \$5.50 | | \$1,564,283 |
| Other Income | | | 284,415 | \$3.50 | | \$995,453 |
| Prior Period Adjustments | | | 284,415 | \$0.00 | | \$0 |
| Contractual Adjustments | | | 284,415 | \$0.00 | | \$0 |
| Total Effective Gross Income | | | | | | \$39,064,676 |

Our estimate is compared to the subject's historical results below:

Total Effective Gross Income

| Item | Year Ending 12/31/2020 | Year to Date Annualized Ending 12/31/2021 | Year to Date Annualized Ending 9/30/2022 | Budget For Trailing-12 Months Ending 7/31/2026 | Expense Comparable 1 | Expense Comparable 2 | Expense Comparable 3 | Expense Comparable 4 | Expense Average | JLL Pro Forma |
|--------------|------------------------|---|--|--|----------------------|----------------------|----------------------|----------------------|-----------------|---------------|
| | | | | | | | | | | |
| Income in \$ | \$32,195,683 | \$29,763,949 | \$32,852,541 | \$44,997,018 | \$24,173,764 | \$10,548,455 | \$15,866,292 | \$12,399,809 | \$15,747,080 | \$39,064,676 |
| Income PRD | \$122.36 | \$148.31 | \$128.97 | \$158.28 | \$241.79 | \$265.28 | \$190.90 | \$164.48 | \$215.61 | \$137.35 |
| Income % | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

Based on the current financials, occupancy and revenue have been impacted by COVID-19. The occupancy for the subject has been impacted by COVID-19 due to less move-ins. The current management took over in May 2021 for the previous non-profit operator.

The JLL Conclusion considers historical and current indications, however most weight is placed on stabilized operations and current reimbursement indications. Most notably, JLL conclusions placed significant weight on the following changes:

- Current independent living reimbursement based on recent indications;
- Current Medicaid Reimbursement with the addition of the real estate tax passthrough; and
- Stabilized occupancy levels as supported by market and pre COVID-19 trends.

Tenant Operating Expenses

We will now forecast operating expenses for the subject on a stabilized basis.

Labor and supply costs are expected to increase in the short-term due to the COVID-19 situation. We have discussed these increased costs with the operator which are considered to be atypical and have reconciled in line with the expense comparables.

Income and Expense Comparables

In forecasting income and expenses, we will rely upon the subject's figures. We will also rely upon expense data derived from four Income and Expense Comparables. The expense data has been trended to the current year at an annual rate of 3.00% per year. The expense comparables are profiled as follows (with trended financial data shown):

Income and Expense Comparables

| Item | Comparable Number | | | |
|---------------------------|-------------------|------------|---------|--------|
| | 1 | 2 | 3 | 4 |
| City | Philadelphia | Louisville | Tucson | Warren |
| State | Pennsylvania | Kentucky | Arizona | OH |
| Operating Beds | 462 | 123 | 281 | 257 |
| Potential Res. Days | 168,630 | 44,895 | 102,565 | 93,805 |
| Actual Res. Days | 99,980 | 39,763 | 83,111 | 75,388 |
| Occupancy % | 59.3% | 88.6% | 81.0% | 80.4% |
| Payor Mix% | | | | |
| Independent Living | 56.3% | 29.0% | 59.9% | 45.8% |
| Assisted Living | 20.8% | 27.7% | 30.4% | 22.4% |
| Private Pay Nursing | 0.8% | 16.9% | 2.9% | 9.2% |
| Ins./Managed Care Nursing | 4.5% | 6.1% | 2.5% | 6.8% |
| Medicaid Nursing | 11.0% | 6.6% | 0.0% | 9.9% |
| Medicare Nursing | 6.6% | 13.4% | 4.2% | 5.9% |
| VA/Hospice Nursing | 0.0% | 0.2% | 0.0% | 0.0% |

| ITEM | \$ | PRD | % | \$ | PRD | % | \$ | PRD | % | \$ | PRD | % |
|---|---------------------|-----------------|---------------|---------------------|-----------------|---------------|---------------------|-----------------|---------------|---------------------|-----------------|---------------|
| Income - | | | | | | | | | | | | |
| Room & Board - | | | | | | | | | | | | |
| Independent Living | \$8,068,937 | \$143.25 | 33.4% | \$1,169,125 | \$101.25 | 11.1% | \$5,708,297 | \$114.74 | 36.0% | \$1,581,856 | \$45.77 | 12.8% |
| Assisted Living | \$4,327,876 | \$208.05 | 17.9% | \$1,718,654 | \$155.86 | 16.3% | \$4,909,775 | \$194.04 | 30.9% | \$2,287,519 | \$135.39 | 18.4% |
| Private Pay Nursing | \$442,759 | \$549.33 | 1.8% | \$2,221,635 | \$330.34 | 21.1% | \$791,480 | \$323.98 | 5.0% | \$2,111,618 | \$305.19 | 17.0% |
| Ins./Managed Care Nursing | \$1,872,419 | \$417.21 | 7.7% | \$1,141,859 | \$469.19 | 10.8% | \$800,647 | \$384.37 | 5.0% | \$2,111,399 | \$412.62 | 17.0% |
| Medicaid Nursing | \$2,400,846 | \$218.90 | 9.9% | \$555,585 | \$211.50 | 5.3% | \$0 | \$0.00 | 0.0% | \$1,724,454 | \$231.94 | 13.9% |
| Medicare Nursing | \$4,378,042 | \$664.35 | 18.1% | \$3,011,378 | \$564.10 | 28.5% | \$1,911,722 | \$541.56 | 12.0% | \$2,225,656 | \$498.80 | 17.9% |
| VA/Hospice Nursing | \$5,154 | \$0.00 | 0.0% | \$10,296 | \$159.22 | 0.1% | \$0 | \$0.00 | 0.0% | \$0 | \$0.00 | 0.0% |
| Total Room & Board | \$21,496,033 | \$215.00 | 88.9% | \$9,828,532 | \$247.18 | 93.2% | \$14,121,920 | \$169.92 | 89.0% | \$12,042,501 | \$159.74 | 97.1% |
| Therapy & Other - | | | | | | | | | | | | |
| Therapy & Ancillary Income | \$850,125 | \$8.50 | 3.5% | \$643,230 | \$16.18 | 6.1% | \$1,614,414 | \$19.42 | 10.2% | \$40,539 | \$0.54 | 0.3% |
| Other Income | \$1,827,605 | \$18.28 | 7.6% | \$76,693 | \$1.93 | 0.7% | \$129,959 | \$1.56 | 0.8% | \$358,901 | \$4.76 | 2.9% |
| Total Therapy & Other Income | \$2,677,730 | \$26.78 | 11.1% | \$719,923 | \$18.11 | 6.8% | \$1,744,372 | \$20.99 | 11.0% | \$399,440 | \$5.30 | 3.2% |
| Income Summary - | | | | | | | | | | | | |
| Total Room & Board Income | \$21,496,033 | \$215.00 | 88.9% | \$9,828,532 | \$247.18 | 93.2% | \$14,121,920 | \$169.92 | 89.0% | \$12,042,501 | \$159.74 | 97.1% |
| Total Therapy & Other Income | \$2,677,730 | \$26.78 | 11.1% | \$719,923 | \$18.11 | 6.8% | \$1,744,372 | \$20.99 | 11.0% | \$399,440 | \$5.30 | 3.2% |
| Prior Period Adjustments | \$0 | \$0.00 | 0.0% | \$0 | \$0.00 | 0.0% | \$0 | \$0.00 | 0.0% | -\$42,133 | -\$0.56 | -0.3% |
| Contractual Adjustments | \$0 | \$0.00 | 0.0% | \$0 | \$0.00 | 0.0% | \$0 | \$0.00 | 0.0% | \$0 | \$0.00 | 0.0% |
| Total Income | \$24,173,764 | \$241.79 | 100.0% | \$10,548,455 | \$265.28 | 100.0% | \$15,866,292 | \$190.90 | 100.0% | \$12,399,809 | \$164.48 | 100.0% |
| Expenses - | | | | | | | | | | | | |
| Nursing | \$4,576,181 | \$45.77 | 18.9% | \$2,842,451 | \$71.48 | 26.9% | \$2,414,945 | \$29.06 | 15.2% | \$4,741,274 | \$62.89 | 38.2% |
| Contract Nursing | \$0 | \$0.00 | 0.0% | \$0 | \$0.00 | 0.0% | \$0 | \$0.00 | 0.0% | \$0 | \$0.00 | 0.0% |
| Dietary | \$2,873,192 | \$28.74 | 11.9% | \$743,410 | \$18.70 | 7.0% | \$1,482,525 | \$17.84 | 9.3% | \$1,229,614 | \$16.31 | 9.9% |
| Therapy and Ancillary | \$1,750,086 | \$17.50 | 7.2% | \$1,639,592 | \$41.23 | 15.5% | \$364,526 | \$4.39 | 2.3% | \$0 | \$0.00 | 0.0% |
| Admin & General | \$2,144,515 | \$21.45 | 8.9% | \$901,294 | \$22.67 | 8.5% | \$2,950,699 | \$35.50 | 18.6% | \$1,086,524 | \$14.41 | 8.8% |
| Housekeeping and Laundry | \$1,635,265 | \$16.36 | 6.8% | \$280,025 | \$7.04 | 2.7% | \$364,027 | \$4.38 | 2.3% | \$275,690 | \$3.66 | 2.2% |
| Activities and Recreation | \$318,661 | \$3.19 | 1.3% | \$249,827 | \$6.28 | 2.4% | \$316,151 | \$3.80 | 2.0% | \$259,172 | \$3.44 | 2.1% |
| Repairs and Maintenance | \$1,122,155 | \$11.22 | 4.6% | \$317,516 | \$7.99 | 3.0% | \$460,624 | \$5.54 | 2.9% | \$446,370 | \$5.92 | 3.6% |
| Utilities | \$946,408 | \$9.47 | 3.9% | \$275,508 | \$6.93 | 2.6% | \$703,303 | \$8.46 | 4.4% | \$310,941 | \$4.12 | 2.5% |
| Bad Debt | \$67,648 | \$0.68 | 0.3% | \$114,912 | \$2.89 | 1.1% | \$43,944 | \$0.53 | 0.3% | \$8,486 | \$0.11 | 0.1% |
| Real Estate Taxes | \$958,793 | \$9.59 | 4.0% | \$154,706 | \$3.89 | 1.5% | \$256,278 | \$3.08 | 1.6% | \$227,905 | \$3.02 | 1.8% |
| PL/GL Insurance | \$657,914 | \$6.58 | 2.7% | \$143,951 | \$3.62 | 1.4% | \$297,501 | \$3.58 | 1.9% | \$102,712 | \$1.36 | 0.8% |
| Workers Compensation | \$296,208 | \$2.96 | 1.2% | \$57,638 | \$1.45 | 0.5% | \$60,617 | \$0.73 | 0.4% | \$0 | \$0.00 | 0.0% |
| Other Insurance | \$0 | \$0.00 | 0.0% | \$0 | \$0.00 | 0.0% | \$0 | \$0.00 | 0.0% | \$0 | \$0.00 | 0.0% |
| Provider Bed Tax | \$129,051 | \$1.29 | 0.5% | \$131,852 | \$3.32 | 1.2% | \$0 | \$0.00 | 0.0% | \$0 | \$0.00 | 0.0% |
| Uncateg. Salary & Benefits | \$2,933,293 | \$29.34 | 12.1% | \$305,087 | \$7.67 | 2.9% | \$1,950,720 | \$23.47 | 12.3% | \$0 | \$0.00 | 0.0% |
| Management Fee | \$971,407 | \$9.72 | 4.0% | \$453,652 | \$11.41 | 4.3% | \$148,327 | \$1.78 | 0.9% | \$699,512 | \$9.28 | 5.6% |
| Reserves for Replacements | \$0 | \$0.00 | 0.0% | \$0 | \$0.00 | 0.0% | \$0 | \$0.00 | 0.0% | \$0 | \$0.00 | 0.0% |
| Total Expenses | \$21,380,776 | \$213.85 | 88.4% | \$8,611,422 | \$216.57 | 81.6% | \$11,814,187 | \$142.15 | 74.5% | \$9,388,201 | \$124.53 | 75.7% |

Tenant Paid Management Fees

Management fees are fees paid to a management company that is responsible for the operation of a nursing facility. Management company responsibilities vary from facility to facility; however, some of the typical responsibilities of management companies are financial performance, occupancy, profitability of the business, compliance with government regulations, business activities such as billing and collection of receivables, marketing, documentation, and assistance in budgeting. The management is also responsible for the maintenance and repairing of the subject property and

grounds, supervision of day-to-day operations, and providing monthly or quarterly reports on occupancy cash flow, operating expenses, and capital accounts.

The State of Seniors Housing 2022 provided the following information pertaining to management fees:

Management Fees (Percentage of Total Revenue)

| Community Type | Minimum | Average | Maximum |
|-----------------------------|-------------|-------------|--------------|
| Independent Living | 2.4% | 4.5% | 6.2% |
| Independent/Assisted Living | 3.2% | 4.9% | 9.5% |
| IL/AL/MC | 3.0% | 4.8% | 6.6% |
| Assisted Living | 2.0% | 4.6% | 8.1% |
| Assisted Living/Memory Care | 1.2% | 5.2% | 10.7% |
| Memory Care | 1.0% | 4.8% | 8.4% |
| CCRC | 1.5% | 4.2% | 11.9% |
| All Communities | 1.0% | 4.6% | 11.9% |

Source: The State of Seniors Housing 2022

Typically, management fees charged by unaffiliated third party companies are in the range of 4% to 7% of EGI for seniors housing projects. Although the comparables actually reported a variety of management expenses, we have shown an expense of 5.0% so that the comparables can be compared to the subject on a consistent basis in the analysis of total expenses.

Tenant Paid Reserves for Replacements

Realty Rates Investor Survey 3Q22 indicated the following capital expenditure/replacement reserve requirements:

Reserve Requirements for Health Care/Senior Housing

| | Per Unit |
|---------|----------|
| Minimum | \$275 |
| Maximum | \$750 |
| Typical | \$419 |

Source: 3rd Quarter 2022 Realty Rates Investor Survey

Note that these are expressed as amount per unit, not beds. Based on the foregoing, reserve of \$375 per bed has been utilized.

Total Tenant Expenses

Total forecast expenses are as follows, in comparison to the historicals and expense comparables.

Comparison of Expenses

| Item | Total Expenses | Expenses PRD | Expenses as a Percent of EGI |
|--|---------------------|-----------------|------------------------------|
| Year Ending 12/31/2020 | \$34,368,604 | \$130.62 | 106.75% |
| Year to Date Annualized Ending 12/31/2021 | \$25,261,725 | \$125.87 | 84.87% |
| Year to Date Annualized Ending 9/30/2022 | \$25,543,365 | \$100.28 | 77.75% |
| Budget For Trailing-12 Months Ending 7/31/2026 | \$31,627,543 | \$111.25 | 70.29% |
| JLL Pro Forma | \$28,572,280 | \$100.46 | 73.14% |
| Expense Comp 1 | \$21,791,308 | \$217.96 | 90.14% |
| Expense Comp 2 | \$8,731,318 | \$219.58 | 82.77% |
| Expense Comp 3 | \$12,564,550 | \$151.18 | 79.19% |
| Expense Comp 4 | \$9,405,054 | \$124.76 | 75.85% |

The forecast expenses are reasonable in comparison to the historicals and comparables. We have normalized contract nursing which is supported by historical levels and expense comparables. Based on discussions with management, the following expense departments were adjusted:

- Administrative: bad debt has been normalized based on market extracted data, or at approximately 1.25% to 2.00% of revenue JLL has concluded based on market extracted data.
- Management fees have been normalized based on market extracted data, or at approximately 5.00% of revenue.

Tenant Income and Expense Pro Forma

The following table summarizes:

- Our pro forma conclusions for the current year (tenant)

Stabilized Pro Forma

| | |
|--------------------------|------------------|
| Property Name | Allegria Village |
| Operating Beds | 1,053 |
| Potential Resident Days: | 384,345 |

Forecasted Census - Net of Vacancy

| | | |
|---------------------------|----------------|---------------|
| Independent Living | 228,955 | 80.5% |
| Assisted Living | 28,442 | 10.0% |
| Private Pay Nursing | 5,688 | 2.0% |
| Ins./Managed Care Nursing | 8,532 | 3.0% |
| Medicaid Nursing | 2,844 | 1.0% |
| Medicare Nursing | 8,532 | 3.0% |
| VA/Hospice Nursing | 1,422 | 0.5% |
| Total | 284,415 | 100.0% |
| Average Daily Census | 779.2 | |
| Occupancy Rate | 74.0% | |

| ITEM | DOLLARS | PRD | % OF REVENUE |
|---|---------------------|-----------------|---------------|
| Income - | | | |
| Room & Board - | | | |
| Independent Living | \$17,171,625 | \$75.00 | 44.0% |
| Assisted Living | \$6,996,732 | \$246.00 | 17.9% |
| Private Pay Nursing | \$2,366,208 | \$416.00 | 6.1% |
| Ins./Managed Care Nursing | \$4,479,300 | \$525.00 | 11.5% |
| Medicaid Nursing | \$646,322 | \$227.26 | 1.7% |
| Medicare Nursing | \$4,624,344 | \$542.00 | 11.8% |
| VA/Hospice Nursing | \$220,410 | \$155.00 | 0.6% |
| Total Room & Board | \$36,504,941 | \$128.35 | 93.4% |
| Therapy & Other - | | | |
| Therapy & Ancillary Income | \$1,564,283 | \$5.50 | 4.0% |
| Other Income | \$995,453 | \$3.50 | 2.5% |
| Total Therapy & Other Income | \$2,559,735 | \$9.00 | 6.6% |
| Income Summary - | | | |
| Total Room & Board Income | \$36,504,941 | \$128.35 | 93.4% |
| Total Therapy & Other Income | \$2,559,735 | \$9.00 | 6.6% |
| Prior Period Adjustments | \$0 | \$0.00 | 0.0% |
| Contractual Adjustments | \$0 | \$0.00 | 0.0% |
| Total Income | \$39,064,676 | \$137.35 | 100.0% |
| Expenses - | | | |
| Nursing | \$5,688,300 | \$20.00 | 14.6% |
| Contract Nursing | \$0 | \$0.00 | 0.0% |
| Dietary | \$4,621,744 | \$16.25 | 11.8% |
| Therapy and Ancillary | \$1,137,660 | \$4.00 | 2.9% |
| Admin & General | \$3,697,395 | \$13.00 | 9.5% |
| Housekeeping and Laundry | \$995,453 | \$3.50 | 2.5% |
| Activities and Recreation | \$853,245 | \$3.00 | 2.2% |
| Repairs and Maintenance | \$2,844,150 | \$10.00 | 7.3% |
| Utilities | \$1,422,075 | \$5.00 | 3.6% |
| Bad Debt | \$585,970 | \$2.06 | 1.5% |
| Real Estate Taxes | \$1,017,223 | \$3.58 | 2.6% |
| PL/GL Insurance | \$421,200 | \$1.48 | 1.1% |
| Workers Compensation | \$142,208 | \$0.50 | 0.4% |
| Other Insurance | \$0 | \$0.00 | 0.0% |
| Provider Bed Tax | \$522,230 | \$1.84 | 1.3% |
| Uncateg. Salary & Benefits | \$2,275,320 | \$8.00 | 5.8% |
| Management Fee | \$1,953,234 | \$6.87 | 5.0% |
| Reserves for Replacements | \$394,875 | \$1.39 | 1.0% |
| Total Expenses | \$28,572,280 | \$100.46 | 73.1% |
| Net Operating Inc. | \$10,492,396 | \$36.89 | 26.9% |

The occupancy for the subject has been impacted by COVID-19 due to less move-ins. The income loss will be deducted as typical lease-up costs detailed later in this report.

Our pro forma income and expenses are contrasted with the financials and comparable data as follows:

Total Income and Expense Comparison

| Item | Year to Date Annualized | | Year to Date Annualized | | Budget For | Expense | | | | Expense Comp | JLL Pro |
|----------------------|-------------------------|-------------------|-------------------------|------------------|---------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Year Ending 12/31/2020 | Ending 12/31/2021 | Ending 9/30/2022 | Ending 7/31/2026 | Trailing-12 Months Ending | Comparable 1 | Comparable 2 | Comparable 3 | Comparable 4 | Average | Forma |
| Effective Gross Inc. | \$32,195,683 | \$29,763,949 | \$32,852,541 | \$44,997,018 | \$24,173,764 | \$10,548,455 | \$15,866,292 | \$12,399,809 | \$15,747,080 | \$15,747,080 | \$39,064,676 |
| Expenses | \$32,683,839 | \$23,590,181 | \$25,061,780 | \$31,222,633 | \$21,380,776 | \$8,611,422 | \$11,814,187 | \$9,388,201 | \$12,798,646 | \$12,798,646 | \$28,572,280 |
| Net Operating Income | -\$488,156 | \$6,173,768 | \$7,790,761 | \$13,774,386 | \$2,792,988 | \$1,937,033 | \$4,052,105 | \$3,011,608 | \$2,948,433 | \$2,948,433 | \$10,492,396 |
| Expense % | 101.5% | 79.3% | 76.3% | 69.4% | 88.4% | 81.6% | 74.5% | 75.7% | 81.3% | 81.3% | 73.1% |

Total Income and Expense Adjusted

| Item | Year to Date Annualized | | Year to Date Annualized | | Budget For | Expense | | | | Expense Comp | JLL Pro |
|--|-------------------------|-------------------|-------------------------|------------------|---------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Year Ending 12/31/2020 | Ending 12/31/2021 | Ending 9/30/2022 | Ending 7/31/2026 | Trailing-12 Months Ending | Comparable 1 | Comparable 2 | Comparable 3 | Comparable 4 | Average | Forma |
| Effective Gross Inc. | \$32,195,683 | \$29,763,949 | \$32,852,541 | \$44,997,018 | \$24,173,764 | \$10,548,455 | \$15,866,292 | \$12,399,809 | \$15,747,080 | \$15,747,080 | \$39,064,676 |
| Expenses | \$32,683,839 | \$23,590,181 | \$25,061,780 | \$31,222,633 | \$21,380,776 | \$8,611,422 | \$11,814,187 | \$9,388,201 | \$12,798,646 | \$12,798,646 | \$28,572,280 |
| Net Operating Income | -\$488,156 | \$6,173,768 | \$7,790,761 | \$13,774,386 | \$2,792,988 | \$1,937,033 | \$4,052,105 | \$3,011,608 | \$2,948,433 | \$2,948,433 | \$10,492,396 |
| Plus Actual Management Expense | \$319,894 | \$211,529 | \$1,555,917 | \$2,239,816 | \$971,407 | \$453,652 | \$148,327 | \$699,512 | \$568,224 | \$568,224 | N.A. |
| Plus Actual Reserves for Replacement Expenses | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | N.A. |
| NOI Before Actual Management Fee and Reserves for Replacements | -\$168,262 | \$6,385,297 | \$9,346,678 | \$16,014,201 | \$3,764,394 | \$2,390,685 | \$4,200,432 | \$3,711,120 | \$3,516,658 | \$3,516,658 | N.A. |
| Less Pro Forma Management Fee % | \$1,609,784 | \$1,488,197 | \$1,642,627 | \$2,249,851 | \$1,208,688 | \$527,423 | \$793,315 | \$619,990 | \$787,354 | \$787,354 | N.A. |
| Less Pro Forma Reserves for Replacement Expense | \$394,875 | \$394,875 | \$394,875 | \$394,875 | \$173,250 | \$46,125 | \$105,375 | \$96,375 | \$105,250 | \$105,250 | N.A. |
| Adjusted NOI | -\$2,172,921 | \$4,502,224 | \$7,309,176 | \$13,369,476 | \$2,382,456 | \$1,817,137 | \$3,301,743 | \$2,994,755 | \$2,624,054 | \$2,624,054 | \$10,492,396 |
| Adjusted Expense % | 106.7% | 84.9% | 77.8% | 70.3% | 90.1% | 82.8% | 79.2% | 75.8% | 83.3% | 83.3% | 73.1% |

Comparison of Net Operating Income

| Item | Net Operating Income | NOI PRD | NOI as a Percent of EGI |
|--|----------------------|----------------|-------------------------|
| Year Ending 12/31/2020 | (\$2,172,921) | -\$8.26 | -6.75% |
| Year to Date Annualized Ending 12/31/2021 | \$4,502,224 | \$22.43 | 15.13% |
| Year to Date Annualized Ending 9/30/2022 | \$7,309,176 | \$28.69 | 22.25% |
| Budget For Trailing-12 Months Ending 7/31/2026 | \$13,369,476 | \$47.03 | 29.71% |
| JLL Pro Forma | \$10,492,396 | \$36.89 | 26.86% |
| Expense Comp 1 | \$2,382,456 | \$23.83 | 9.86% |
| Expense Comp 2 | \$1,817,137 | \$45.70 | 17.23% |
| Expense Comp 3 | \$3,301,743 | \$39.73 | 20.81% |
| Expense Comp 4 | \$2,994,755 | \$39.72 | 24.15% |

Based upon the preceding, our forecasts are reasonable and well supported. We have concluded to the recent independent living reimbursement indication and have normalized contract nursing as well as projected stabilized operations. The above net operating income reflects tenant operations and is used to calculate lease coverage in our analysis later in this report.

Capitalization Rate

We will rely upon several methods to estimate an appropriate capitalization rate.

JLL Seniors Housing Investor Survey Capitalization Rate Trends - 2023

The JLL Investor Survey focuses on transactional professionals who specialize in the seniors housing and care space. The sample set for this survey surpassed 125 respondents, encompassing some of the most influential leaders in the sector. The intention of this survey was to garner insights into current market sentiment from industry leaders and to provide expectations for the year ahead.

Capitalization Rates by Investment Class

Respondents were asked to select the most appropriate capitalization rate range, applied to year 1 stabilized net operating income, inclusive of market level management fees and replacement reserves, for core or primary market locations, broken out by asset class. Capitalization rates are being compared to Fourth Quarter 2021.

| Core | Class A | | | | | Class B | | | | | Class C | | | | |
|--------------------------|---------------|----------------|----------------|------------|-----------------|---------------|----------------|----------------|------------|-----------------|---------------|----------------|----------------|------------|-----------------|
| | Q4 '22 Low | Q4 '22 High | Q4 '22 Avg. | Q4 2021 | Change (bps) | Q4 '22 Low | Q4 '22 High | Q4 '22 Avg. | Q4 2021 | Change (bps) | Q4 '22 Low | Q4 '22 High | Q4 '22 Avg. | Q4 2021 | Change (bps) |
| Capitalization Rates (%) | | | | | | | | | | | | | | | |
| Active Adult | 4.0 | 7.0 | 5.2 | 4.8 | 42.0 | 4.5 | 7.5 | 5.7 | 5.3 | 37.0 | 5.0 | 8.0 | 6.4 | 6.6 | -20.0 |
| Independent Living | 4.5 | 7.0 | 5.9 | 5.5 | 43.8 | 5.0 | 7.5 | 6.4 | 6.1 | 30.0 | 5.0 | 8.5 | 7.0 | 7.4 | -40.0 |
| Assisted Living | 5.0 | 8.0 | 6.5 | 6.1 | 40.0 | 5.5 | 8.5 | 7.2 | 6.8 | 42.0 | 6.0 | 9.5 | 7.8 | 7.9 | -10.0 |
| Memory Care | 6.5 | 9.5 | 7.7 | 7.2 | 50.0 | 6.5 | 11.5 | 8.4 | 7.9 | 50.0 | 7.5 | 12.5 | 9.0 | 8.6 | 40.0 |
| Nursing Care | 9.0 | 14.0 | 11.3 | 10.8 | 50.0 | 9.5 | 14.5 | 12.0 | 11.8 | 20.0 | 9.5 | 14.5 | 12.7 | 12.8 | -10.0 |
| CCRC/LPC | 6.0 | 10.5 | 8.1 | 7.2 | 90.0 | 6.5 | 11.0 | 8.6 | 8.1 | 50.0 | 7.0 | 11.0 | 9.2 | 8.7 | 50.0 |

| Non-Core | Class A | | | | | Class B | | | | | Class C | | | | |
|--------------------------|---------------|----------------|----------------|------------|-----------------|---------------|----------------|----------------|------------|-----------------|---------------|----------------|----------------|------------|-----------------|
| | Q4 '22 Low | Q4 '22 High | Q4 '22 Avg. | Q4 2021 | Change (bps) | Q4 '22 Low | Q4 '22 High | Q4 '22 Avg. | Q4 2021 | Change (bps) | Q4 '22 Low | Q4 '22 High | Q4 '22 Avg. | Q4 2021 | Change (bps) |
| Capitalization Rates (%) | | | | | | | | | | | | | | | |
| Active Adult | 4.0 | 7.5 | 5.7 | 5.7 | 0.0 | 4.5 | 7.5 | 6.2 | 6.3 | -5.0 | 5.0 | 8.0 | 6.7 | 7.2 | -52.0 |
| Independent Living | 5.0 | 8.0 | 6.3 | 6.1 | 20.0 | 5.5 | 8.5 | 6.8 | 6.7 | 10.0 | 6.0 | 8.5 | 7.3 | 8.1 | -80.0 |
| Assisted Living | 5.0 | 9.0 | 7.0 | 6.6 | 40.0 | 6.0 | 9.0 | 7.5 | 7.4 | 10.0 | 6.5 | 9.5 | 8.1 | 8.4 | -30.0 |
| Memory Care | 6.5 | 11.5 | 8.2 | 7.4 | 80.0 | 7.0 | 12.0 | 8.8 | 8.4 | 40.0 | 7.5 | 12.5 | 9.5 | 9.5 | 0.0 |
| Nursing Care | 9.0 | 14.5 | 11.8 | 11.2 | 60.0 | 9.5 | 14.5 | 12.3 | 12.4 | -10.0 | 10.0 | 14.5 | 13.0 | 13.5 | -50.0 |
| CCRC/LPC | 6.0 | 1.0 | 8.4 | 7.6 | 80.0 | 6.5 | 11.0 | 8.9 | 8.6 | 30.0 | 6.5 | 11.0 | 9.4 | 9.5 | -10.0 |

Spreads by Investment Class

The charts below summarize the resulting cap rate spreads in basis points between core and non-core and by investment class from Fourth Quarter 2022.

| Core Investment Class | Investment Class Spreads | | |
|-----------------------|--------------------------|-----|-----|
| | A-B | B-C | A-C |
| Active Adult | 50 | 70 | 120 |
| Independent Living | 50 | 60 | 110 |
| Assisted Living | 70 | 60 | 130 |
| Memory Care | 70 | 60 | 130 |
| Nursing Care | 70 | 70 | 140 |
| CCRC/LPC | 50 | 60 | 110 |

| Non-core Investment Class | Investment Class Spreads | | |
|---------------------------|--------------------------|-----|-----|
| | A-B | B-C | A-C |
| Active Adult | 50 | 50 | 100 |
| Independent Living | 50 | 50 | 100 |
| Assisted Living | 50 | 60 | 110 |
| Memory Care | 60 | 70 | 130 |
| Nursing Care | 50 | 70 | 120 |
| CCRC/LPC | 50 | 50 | 100 |

| Core vs. Non Investment Class | Location Spreads | | |
|-------------------------------|------------------|----|----|
| | A | B | C |
| Active Adult | 50 | 50 | 30 |
| Independent Living | 40 | 40 | 30 |
| Assisted Living | 50 | 30 | 30 |
| Memory Care | 50 | 40 | 50 |
| Nursing Care | 50 | 30 | 30 |
| CCRC/LPC | 30 | 30 | 20 |

Investor sentiment for 2023 indicates 68% of respondents anticipate an increase in capitalization rates over the next 12 months, while only 23% anticipate no change. Rising Federal Funds rates and borrowing costs have shifted the outlook for capitalization rates from the 2022 report where 91% of respondents indicated there would either be no change or a decrease in capitalization rates.

Our 2023 investor survey indicated that 44% of respondents might increase exposure to seniors housing in the next twelve months and an additional 44% would not change their current exposure, indicating optimism or at least belief in the stability of the sector. Capital markets and interest rates are a major concern over the next 12 months (as indicated by 60% of respondents), and while this uncertainty will lower sales volumes in the short-term the expected revenue growth of the seniors housing sector and anticipated 44% growth of the 75+ population in the next 10 years bodes well for its long-term stability.

NIC Survey

The NIC and Real Capital Analytics compile statistics for seniors housing sale transactions on a quarterly basis. The most recent data is shown below:

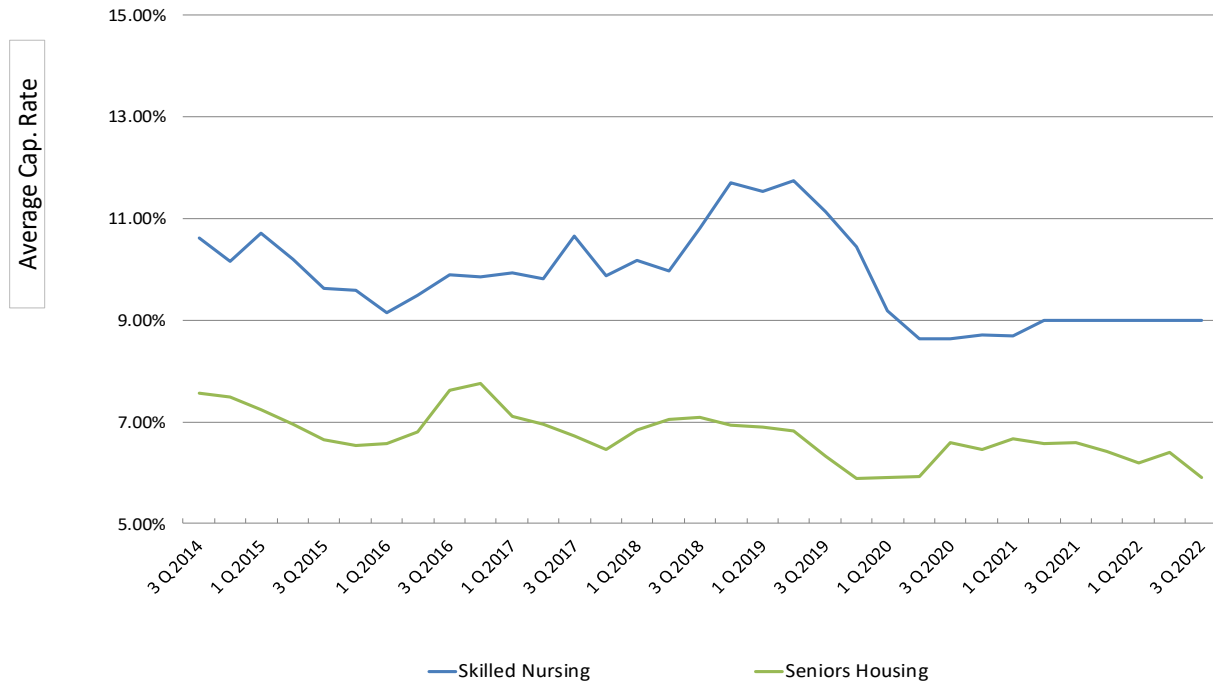
NIC'S Capitalization Rate Survey

| Property Type | 4 Q 2021 | 1 Q 2022 | 2 Q 2022 | 3 Q 2022 |
|-----------------|----------|----------|----------|----------|
| Seniors Housing | 6.43% | 6.20% | 6.40% | 5.90% |
| Nursing Center | 9.00% | 9.00% | 9.00% | 9.00% |

It is noted that NIC did not report an average cap rate for Skilled Nursing in 4Q21 through 3Q22, therefore the 3Q21 rate has been shown.

It should be noted that the seniors housing averages combine independent living and assisted living properties. The following graph shows capitalization trends since 2010 of the seniors housing and skilled nursing sectors.

Cap Rate Comparison



The data above is not collected in a scientific manner. Every quarter participants submit capitalization rates by segment type without clearly labeling the property name and location. Thus, the cap rate may be skewed by the repetitive submission of well-known sales within the industry. The chart is reliable for determining cap rate movement within the seniors housing industry over an extended period of time.

Extraction From Comparable Sales

Recent sales of nursing facilities that will be analyzed included in the sales comparison are summarized as follows:

Summary of Sale Comparables

| Element of Comparison | Comparable Number | | | | | |
|-----------------------|-----------------------------|----------------------------------|-----------------------------|-------------------------|-------------------|-----------------------------------|
| | 1 | 2 | 3 | 4 | 5 | |
| Location Data | Property Name | 4 Hillandale/Northwind Portfolio | Southern Illinois Portfolio | Bria of Trinity Village | Newcastle Place | Caretel Inns of America Portfolio |
| | City, State | Hamilton, Ohio | Quincy, Illinois | Milwaukee, Wisconsin | Mequon, Wisconsin | Woodhaven, Michigan |
| Sale Data | Date of Sale | May 6, 2022 | September 30, 2021 | November 9, 2021 | July 8, 2021 | May 1, 2020 |
| | Sales Price | \$86,777,000 | \$15,750,000 | \$25,000,000 | \$76,000,000 | \$68,000,000 |
| | Property Rights Conveyed | Fee Simple | Fee Simple | Fee Simple | Fee Simple | Fee Simple |
| | Financing Terms | Market Terms | Market Terms | Market Terms | Market Terms | Market Terms |
| | Conditions of Sale | Arm's Length | Arm's Length | Arm's Length | Arm's Length | Arm's Length |
| Income Data | Effective Gross Income | \$44,427,083 | \$15,007,435 | \$14,366,229 | \$22,701,848 | \$47,107,408 |
| | Expenses | (\$35,406,229) | (\$12,800,269) | (\$11,032,796) | (\$15,961,300) | (\$41,601,741) |
| | NOI After Reserves | \$9,020,854 | \$2,207,166 | \$3,333,433 | \$6,740,548 | \$5,505,667 |
| | NOI Per Bed After Reserves | \$17,688 | \$8,392 | \$8,749 | \$26,126 | \$8,510 |
| | Expense Ratio | 79.7% | 85.3% | 76.8% | 70.3% | 88.3% |
| | Occupancy at Sale | 80.0% | 80.6% | 54.0% | 91.0% | 77.0% |
| Physical Data | Year Built | 1949 | 1972 | 1973 | 2003 | 1979 |
| | Number of Beds | 510 | 263 | 381 | 258 | 647 |
| | Care Levels | AL, IL, MC, NC | AL, IL, NC | AL, IL, NC | AL, IL, MC, NC | AL, IL, MC, NC |
| | Building Area | 407,304 | 145,203 | 250,100 | 431,604 | 0 |
| Units of Comparison | Sales Price Per Bed | \$170,151 | \$59,886 | \$65,617 | \$294,574 | \$105,100 |
| | Sales Price Per Square Foot | \$213.05 | \$108.47 | \$99.96 | \$176.09 | - |
| | EGIM | 1.95 | 1.05 | 1.74 | 3.35 | 1.44 |
| | Overall Cap. Rate | 10.40% | 14.01% | 13.33% | 8.87% | 8.10% |

The range of capitalization rates is:

Capitalization Rates From Comparable Sales

| Item | Low | Average | High |
|----------------------|-------|---------|--------|
| Comparable Sale OARs | 8.10% | 10.94% | 14.01% |

The comparable sale and survey data presented above represent going concern or fee simple capitalization rates and leased fee capitalization rates. It is expected that a going concern capitalization rate fall above a leased fee capitalization rate. This is due to the removal of the business value cash flow which is considered the “more risky” component. In practice, fee simple capitalization rates typically fall 100 to 400 basis points above leased fee cap rates, for properties similar to the subject.

In order to derive an appropriate capitalization rate; we considered the previously discussed sale/leasebacks. We also discussed current investor criteria with representatives of Health Care REIT, HCP, Healthcare Trust of America, Ventas REIT, and Aviv REIT. Examples of relevant transactions in support of our forecasts include:

Leased Fee Sale Comparables

| Property/Portfolio | Facility Type | Number of | | State (s) | Date of Sale | Year 1 Rent | Year 1 NOI | Sales Price | Lease Coverage | |
|---------------------------------|---------------|------------|--|-----------|--------------|---------------|-----------------|---------------|----------------|--------------|
| | | Beds/Units | | | | | | | Ratio | Cap Rate |
| The Courtyard at Oshkosh | AL | 53 | | WI | April-22 | \$964,250 | \$1,205,000 | \$13,000,000 | 1.25 | 7.42% |
| 9 SNFs | SNF | 1,041 | | VA | December-20 | \$12,000,000 | - | \$156,150,000 | - | 7.68% |
| 4 SNFs | SNF | 578 | | TX | November-20 | \$3,800,000 | \$7,801,640 | \$47,600,000 | 2.05 | 7.98% |
| 2 SNFS | SNF | 150 | | MT | September-20 | \$1,550,000 | \$2,250,360 | \$15,960,000 | 1.45 | 9.71% |
| Formation Opis | SNF, AL | 1,479 | | FL | April-20 | \$11,808,780 | \$20,217,389 | - | 1.71 | - |
| Vineyards Healthcare | SNF | 83 | | CA | March-20 | \$1,007,654 | \$1,455,472 | - | 1.44 | - |
| Indiana SNF | SNF | 130 | | IN | January-20 | \$665,000 | \$965,300 | \$7,000,000 | 1.45 | 9.50% |
| Treviso Transitional Care | SNF | 140 | | TX | December-19 | \$1,147,500 | \$2,342,700 | \$13,500,000 | 2.04 | 8.50% |
| Victorian Post Acute | SNF | 90 | | CA | May-19 | \$1,069,178 | \$2,341,065 | - | 2.19 | - |
| Metron of Forest Hills | SNF | 58 | | MI | November-18 | \$394,000 | \$569,852 | \$4,360,000 | 1.45 | 9.04% |
| Carespring Portfolio | SNF, AL | 1,147 | | OH & KY | September-18 | \$16,200,000 | \$23,616,895 | \$183,050,000 | 1.46 | 8.85% |
| REIT Information | | | | | | | | | | |
| NHI REIT | SNF, AL, IL | 102 assets | | Various | Q2-2022 | \$159,928,000 | \$194,516,000 | - | 1.22 | - |
| Sabra REIT Skilled Nursing | SNF | 30,251 | | Various | Q2-2022 | \$278,052,000 | \$500,493,600 | - | 1.80 | - |
| OMEGA Healthcare Investors REIT | SNF, AL, IL | 871 assets | | Various | Q2-2022 | \$845,712,000 | \$1,148,284,000 | - | 1.36 | - |
| Average | | | | | | | | | 1.61 | 8.59% |
| Minimum | | | | | | | | | 1.22 | 7.42% |
| Maximum | | | | | | | | | 2.19 | 9.71% |

Source: JLL Database, Senior Care Investor, Compiled by JLL

Economic Trends and Influence

The Federal Reserve (Fed) actions to curb inflation have had an impact on the cost of capital, greatly impacting lending rates. Although seniors housing capitalization rates continued to compress through mid-year 2022, most seniors housing market participants believe the inflationary fighting actions taken by the Fed have started to impact market pricing and expected investor returns. The table below actions from each meeting, rate changes, target rates and the corresponding SOFR (Secured Overnight Financing Rate) rates.

Federal Reserve Meetings - 2022

| Date | Rate Change (bps) | Fed Funds Rate | SOFR |
|--------|-------------------|----------------|-------|
| Mar-22 | +25 bps | 0.25% - 0.50% | 0.30% |
| May-22 | +50 bps | 0.75% - 1.00% | 0.79% |
| Jun-22 | +75 bps | 1.50% - 1.75% | 1.45% |
| Jul-22 | +75 bps | 2.25% - 2.50% | 2.28% |
| Sep-22 | +75 bps | 3.00% - 3.25% | 2.99% |
| Nov-22 | +75 bps | 3.75% - 4.00% | 3.25% |
| Dec-22 | +50 bps | 4.25% - 4.50% | 3.80% |

Source: FOMC

Short Term Trends for Seniors Housing:

- Occupancy levels are returning to Pre-COVID levels, and are poised to continue to trend up.
- Rising labor costs and inflation have impacted margins.
- Operators are seeking to counteract expense increases via rate increases.
- Rising interest rates are creating pricing pressure as the cost of borrowing has risen sharply.
- Transaction volume has slowed due to the higher prevailing rates, restricted liquidity in the financing market and recession fears.

Long Term Trends for Seniors Housing:

- We are at the leading edge of the “silver tsunami”. Between 2020 and 2040, the US Census forecasts the number of 75+ persons will increase 93% and the number of persons age 80+ will increase by 115%.
- Deliveries and construction starts are declining. Units under construction and construction starts for 3Q2022 are at 8-year lows.
- Seniors housing has proven to be a top performer during recessionary periods due to the needs-based nature of the sector.
- Significant amounts of capital are seeking deployment into seniors housing due to the sector’s long term demand trends and recession resistant nature.

We note that buyers and sellers alike are recognizing the potential increase in capitalization rates in stabilized assets compared to a year ago. It has been reported by several sources that capitalization rates are beginning to increase in some markets as a result of rising interest rates. Based on several market participant interviews there have been some recent transactions across the country that have been under contract and then re-traded at lower overall purchase prices with no material change in projected rental income or expenses. In addition, there have been several deals that have fallen out of contract due to the fact that the seller did not want to accept a re-trade on the deal. Overall, conversations with capital markets professionals indicated that capitalization rates will most likely increase in several markets.

Despite the distress the market is suffering from increased interest rates and inflation, current and future demand remains strong for seniors housing. Overall, long-term opportunities for investors are quite attractive, particularly for institutional capital looking to diversify their portfolios or hedge against oversold investment classes.

Capitalization Rate Conclusion

To determine an appropriate capitalization rate for the subject, the following characteristics are considered:

Qualitative Rating

| Item | Below Average | Average | Above Average |
|---|---------------|---------|---------------|
| Subject's Macro Location (Region) | | | X |
| Subject's Micro Location (Specific Location within PMA) | | X | |
| Strength of Market | | X | |
| Quality/Condition of Improvements | | X | |

Considering these factors, the subject's capitalization should fall below the average displayed by the JLL Investor Survey, below the average displayed by the NIC survey and below the average of the comparable sales. We conclude a leased fee capitalization rate of 8.00% to be appropriate for the subject.

Income Approach – Leased Fee

The subject is encumbered by a long-term lease. In this section, we will determine the value of the leased fee interest.

Synopsis of Lease

| | |
|----------------------|--|
| Property Encumbered: | Allegria Village |
| Lessor: | FIRO Property, LLC and Paradox Northbrook Property, LLC |
| Lessee: | HFV OpCo, LLC |
| Commencement Date: | March 1, 2019 |
| Date Ends: | February 28, 2029 |
| Rental Rate: | Base rent in year one is \$5,875,002 with an average rate increase annually of 5.7%. |
| Expense Treatment: | Absolute net to lessor |
| Options: | None |

Rent for the coming 12 months pursuant to the lease equates to \$5,875,002 annual rent amount. In order to determine how this compares to market rent for such a facility, we have procured lease data on a number of similar facilities. REITs and other buyers of nursing facility real estate typically determine market rent based upon a lease coverage ratio. Buyers want to see that there is sufficient coverage of NOI/EBITDA in relation to rent. At a 1.0 coverage ratio, NOI and rent would be equal. At a 0.9 coverage ratio, NOI would be less than rent. And at a 1.1 coverage ratio, NOI would exceed rent. Lessors typically seek positive coverage, meaning that EBITDAR is greater than rent, a ratio greater than 1.0. According to Health Care REIT, HCP, Healthcare Trust of America, Ventas REIT, and Aviv REIT, the typical minimum lease coverage ratio for a nursing facility at present is 1.3.

The subject rent for the current term is \$5,875,002 annually as noted above or \$489,584 per month.

Based upon our forecast of NOI, the subject's lease rate coverage ratio is 1.79 which does not include the unstabilized income loss. Including the Income Loss, the Year 1 lease coverage is 1.01 with a Year 2 coverage of 1.25. On a stabilized basis, the subject is expected to operate at a market coverage ratio, indicating the current lease rate to be at market rent. We have reset the lease in Year 9 to a market coverage of 1.40 once the initial term expires.

Lease Coverage Analysis

As previously discussed, JLL has concluded to a tenant NOI, as supported by historical and market comparables, which is utilized for coverage indications in a lease fee analysis.

Based upon our forecast of NOI, the subject's lease rate coverage ratio is 1.79 on a stabilized basis. This is a market coverage ratio, indicating the current lease rate to be at market rent in comparison to the chart below.

Leased Fee Sale Comparables

| Property/Portfolio | Facility Type | Number of | | State (s) | Date of Sale | Year 1 Rent | Year 1 NOI | Sales Price | Lease Coverage | |
|---------------------------------|---------------|------------|--|-----------|--------------|---------------|-----------------|---------------|----------------|--------------|
| | | Beds/Units | | | | | | | Ratio | Cap Rate |
| The Courtyard at Oshkosh | AL | 53 | | WI | April-22 | \$964,250 | \$1,205,000 | \$13,000,000 | 1.25 | 7.42% |
| 9 SNFs | SNF | 1,041 | | VA | December-20 | \$12,000,000 | - | \$156,150,000 | - | 7.68% |
| 4 SNFs | SNF | 578 | | TX | November-20 | \$3,800,000 | \$7,801,640 | \$47,600,000 | 2.05 | 7.98% |
| 2 SNFS | SNF | 150 | | MT | September-20 | \$1,550,000 | \$2,250,360 | \$15,960,000 | 1.45 | 9.71% |
| Formation Opis | SNF, AL | 1,479 | | FL | April-20 | \$11,808,780 | \$20,217,389 | - | 1.71 | - |
| Vineyards Healthcare | SNF | 83 | | CA | March-20 | \$1,007,654 | \$1,455,472 | - | 1.44 | - |
| Indiana SNF | SNF | 130 | | IN | January-20 | \$665,000 | \$965,300 | \$7,000,000 | 1.45 | 9.50% |
| Trevisco Transitional Care | SNF | 140 | | TX | December-19 | \$1,147,500 | \$2,342,700 | \$13,500,000 | 2.04 | 8.50% |
| Victorian Post Acute | SNF | 90 | | CA | May-19 | \$1,069,178 | \$2,341,065 | - | 2.19 | - |
| Metron of Forest Hills | SNF | 58 | | MI | November-18 | \$394,000 | \$569,852 | \$4,360,000 | 1.45 | 9.04% |
| Carespring Portfolio | SNF, AL | 1,147 | | OH & KY | September-18 | \$16,200,000 | \$23,616,895 | \$183,050,000 | 1.46 | 8.85% |
| REIT Information | | | | | | | | | | |
| NHI REIT | SNF, AL, IL | 102 assets | | Various | Q2-2022 | \$159,928,000 | \$194,516,000 | - | 1.22 | - |
| Sabra REIT Skilled Nursing | SNF | 30,251 | | Various | Q2-2022 | \$278,052,000 | \$500,493,600 | - | 1.80 | - |
| OMEGA Healthcare Investors REIT | SNF, AL, IL | 871 assets | | Various | Q2-2022 | \$845,712,000 | \$1,148,284,000 | - | 1.36 | - |
| Average | | | | | | | | | 1.61 | 8.59% |
| Minimum | | | | | | | | | 1.22 | 7.42% |
| Maximum | | | | | | | | | 2.19 | 9.71% |

Source: JLL Database, Senior Care Investor, Compiled by JLL

Vacancy, Collection Losses, and Expenses

Seniors housing and health care property leases are normally long term in duration. Long term, absolute net leases are typically underwritten based upon no vacancy and collection loss deductions. The risk of the tenant breaking the lease, or failing to make payments as they are due, is inherent in the capitalization rate.

Investors who purchase such facilities normally forecast no vacancy or collection losses. This was confirmed with the investors noted below in the discussion of expenses. Therefore, no vacancy or collection losses are forecasted in our pro forma.

Expenses

The lease is an absolute net lease, with the lessee responsible for the payment of all expenses associated with the property. The lessor experiences no expenses related to the operation of the facility other than the preparation of accounting records. Under such terms, it is reflective of market expectations to project no expenses in the income pro forma. Therefore, we forecast that the subject would be leased on an absolute net basis with the tenant responsible for all operating expenses. Investors active in the purchase of properties leased on an absolute net basis do not typically deduct expenses when underwriting such investments. We have confirmed this with the following market participants:

- Tom Kirby, Executive Vice President - Acquisitions and Valuations for HCP, Inc., a publicly traded REIT;
- Steven Leathers, Vice President of American Realty Capital, a REIT that invests in health care real estate;

- Mr. Robb Moss with Medical Properties Trust, a REIT that invests in health care real estate; and
- Ms. Talya Nevo-Hacohen with Sabra Health Care REIT, a REIT that invests in health care real estate.

Stabilized Pro Forma - Leased Fee Basis

Leased Fee Pro Forma

| Item | Dollars |
|------------------------------------|-------------|
| Gross Potential Rental Income | \$5,875,002 |
| Less Vacancy and Collection Losses | \$0 |
| Effective Gross Income | \$5,875,002 |
| Less Operating Expenses | \$0 |
| Net Operating Income | \$5,875,002 |

Income Capitalization – Direct Capitalization

Please note, the direct capitalization approach **was not** utilized in developing a market value for the subject, however was utilized in support for our yield rate conclusions as discussed later in this report. This is considered to best reflect the actions of market participants.

Income Capitalization - Yield Capitalization

Yield capitalization is a method of income capitalization commonly used by institutional investors. It is most applicable for assets with variable cash flows. It is a method that converts future benefits to an indication of present value by discounting the future benefits at an appropriate yield rate. Yield capitalization is often performed through a discounted cash flow analysis (DCF). To develop a DCF, we will specify the timing, quantity, and duration of income (cash flow) and reversion, normally through projected sale of the property, to be received over a specified period of time and discount each cash flow to present value at a specified yield rate.

Projection Period

Institutional investors surveyed by RERC, CBRE, and others normally utilize a 10 to 15 year projection period. Our forecast will be based upon a 10 year forecast. NOI is forecast for an 11th year to determine the gross reversionary sales price at the end of Year 10.

Income and Expense Inflation

We will now forecast changes in income and expenses over the holding period.

We additionally consider the United States general inflation trends as shown below. This is considered to be relevant given the current market conditions as a result of COVID-19 and increasing inflation. It is noted that the last major decline in the United States occurred in 2009 at which time there was a -0.36% inflation rate followed by 2010 of 1.64% and 2011 of 3.16% as the economy was recovering.

US Inflation Trends

| Year | Inflation Rate |
|------------------|----------------|
| 2003 | 2.27% |
| 2004 | 2.68% |
| 2005 | 3.39% |
| 2006 | 3.24% |
| 2007 | 2.85% |
| 2008 | 3.85% |
| 2009 | -0.34% |
| 2010 | 1.64% |
| 2011 | 3.16% |
| 2012 | 1.70% |
| 2013 | 1.50% |
| 2014 | 0.80% |
| 2015 | 0.70% |
| 2016 | 2.10% |
| 2017 | 2.10% |
| 2018 | 1.90% |
| 2019 | 2.30% |
| 2020 | 1.24% |
| 2021 | 4.70% |
| YoY October 2022 | 7.70% |

Sources: BLS & Statista.com

JLL Seniors Housing Investor Survey Revenue & Expense Trends - 2023

The JLL Investor Survey focuses also asked transactional professionals who specialize in the seniors housing and care space to indicate their anticipated change in revenue and expenses over the next twelve months by sector as shown below.

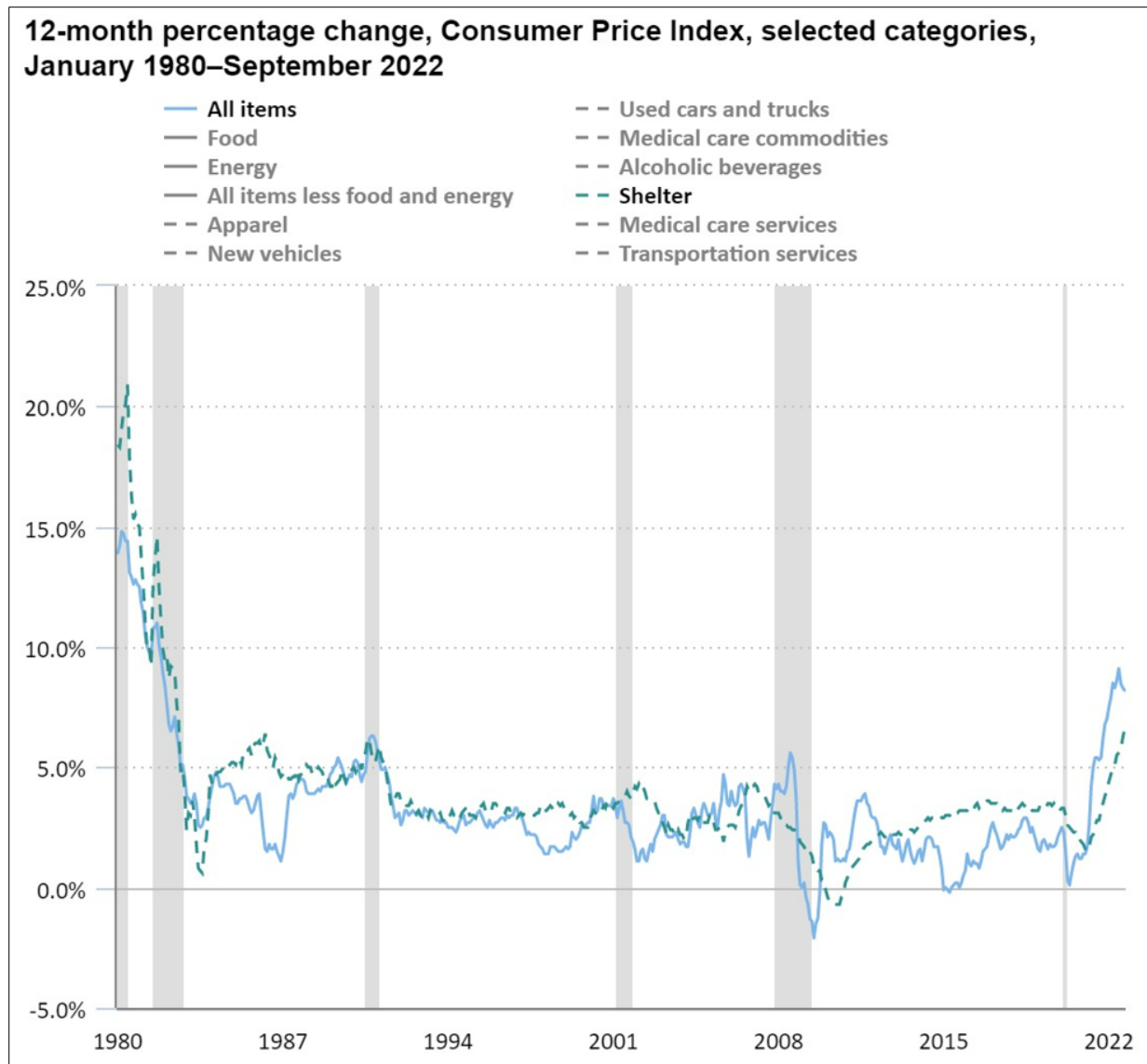
| All Markets Revenue and expense (% change) | Revenue Growth | | | Expense Growth | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| | Q4 '22 Low | Q4 '22 High | Q4 '22 Avg. | Q4 '22 Low | Q4 '22 High | Q4 '22 Avg. |
| Active Adult | 2.0 | 11.0 | 5.7 | 1.0 | 9.0 | 4.5 |
| Independent Living | 2.0 | 11.0 | 6.3 | 1.0 | 9.0 | 4.8 |
| Assisted Living | 2.0 | 11.0 | 6.8 | 2.0 | 10.0 | 5.4 |
| Memory Care | 1.0 | 11.0 | 6.7 | 1.0 | 11.0 | 5.6 |
| Nursing Care | 1.0 | 15.0 | 4.9 | 1.0 | 10.0 | 5.1 |
| CCRC/LPC | 2.0 | 11.0 | 5.9 | 1.0 | 9.0 | 5.1 |

The following excerpt is taken from the Board of Governors of the Federal Reserve System's October 19, 2022 Beige Book.

National economic activity expanded modestly on net since the previous report; however, conditions varied across industries and Districts. Four Districts noted flat activity and two

cited declines, with slowing or weak demand attributed to higher interest rates, inflation, and supply disruptions. Retail spending was relatively flat, reflecting lower discretionary spending, and auto dealers noted sustained sluggishness in sales stemming from limited inventories, high vehicle prices, and rising interest rates. Travel and tourist activity rose strongly, boosted by continued strength in leisure activity and a pickup in business travel. Manufacturing activity held steady or expanded in most Districts in part due to easing in supply chain disruptions, though there were a few reports of output declines. Demand for nonfinancial services rose. Activity in transportation services was mixed, as port activity increased strongly whereas reports of trucking and freight demand were mixed. Rising mortgage rates and elevated house prices further weakened single-family starts and sales, but helped buoy apartment leasing and rents, which generally remained high. Commercial real estate slowed in both construction and sales amid supply shortages and elevated construction and borrowing costs, and there were scattered reports of declining property prices. Industrial leasing remained robust, while office demand was tepid. Bankers in most reporting Districts cited declines in loan volumes, partly a result of shrinking residential real estate lending. Energy activity expanded moderately, whereas agriculture reports were mixed, as drought conditions and high input costs remained a challenge. Outlooks grew more pessimistic amidst growing concerns about weakening demand.

The Consumer Price Index for All Urban Consumers increased 8.2 percent for the year ended September 2022, following a rise of 8.3 percent from August 2021 to August 2022. Consumer prices for all items less food and energy rose 6.6 percent over the past 12 months, the largest 12-month increase since August 1982. Prices for shelter also rose 6.6 percent from September 2021 to September 2022, accounting for over 40 percent of the total increase in all items less food and energy.



From September 2021 to September 2022, consumer prices for food increased 11.2 percent, while prices for energy rose 19.8 percent.

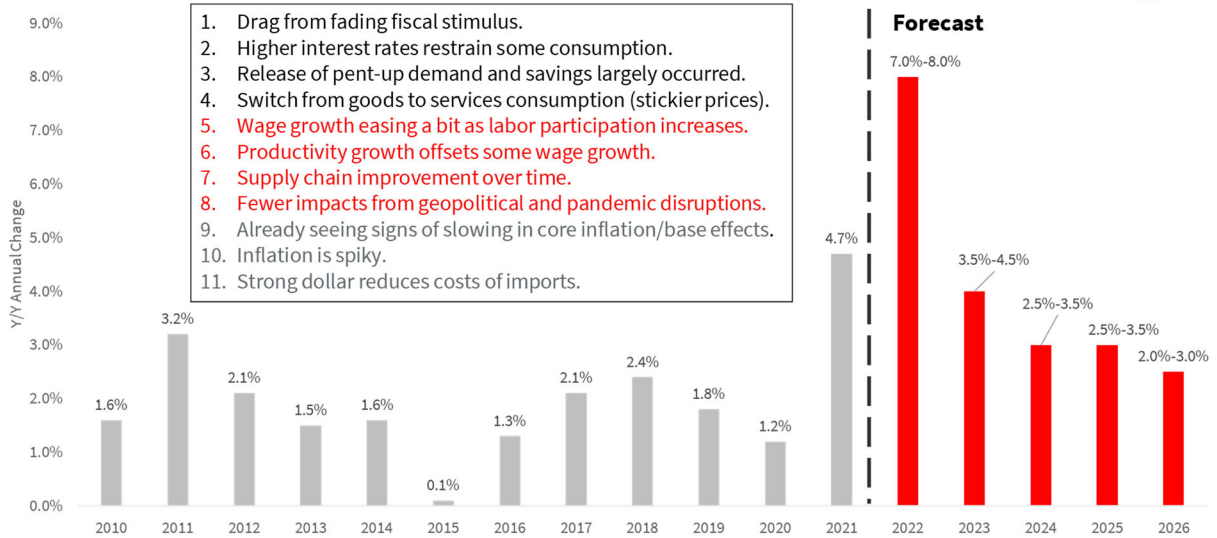
Within all items less food and energy, notable consumer price increases occurred in new vehicles (9.4 percent), and used cars and trucks (7.2 percent), for the year ended September 2022. Consumer prices increased 6.5 percent in medical care services, and 14.6 percent in transportation services over this period.

Energy prices rose 34.6 percent over the past 12 months. Gasoline prices increased 48.7 percent over the span. Electricity prices rose 12.0 percent, the largest 12-month increase since the period ending

August 2006. Prices for natural gas increased 30.2 percent over the last 12 months, the largest such increase since the period ending July 2008.

Lastly, the following is from JLL’s Chief Economist Ryan Severino:

When will inflation peak? And why?



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The graph shows expectation for inflation to remain elevated well above historic norms in the range of 7.0% to 8.0% for 2022, slowing to 3.5% to 4.5% in 2023 before returning to historical levels in 2024 to 2026. Historically, the 20-year average breakeven inflation rate was 2.61% per year while between 1960 to 2021, the average inflation rate was 3.8% per year.

Based upon this data, we are forecasting inflation as follows:

Forecast Income and Expense Change

| Year | Income Change | Expense Change |
|------|---------------|----------------|
| 1 | 0.00% | 0.00% |
| 2 | 3.00% | 3.00% |
| 3 | 3.00% | 3.00% |
| 4 | 3.00% | 3.00% |
| 5 | 3.00% | 3.00% |
| 6 | 3.00% | 3.00% |
| 7 | 3.00% | 3.00% |
| 8 | 3.00% | 3.00% |
| 9 | 3.00% | 3.00% |
| 10 | 3.00% | 3.00% |
| 11 | 3.00% | 3.00% |



Reversion

Reversion refers to future income derived through sale of the property at the end of the specified holding period. This represents the return of capital at the end of the holding period. Reversion can be calculated a number of ways. The Korpacz survey notes that most investors calculate reversion by applying an overall capitalization rate to the NOI for the last year of analysis or for the following year. The rate is referred to as the reversion or terminal capitalization rate. Sales expenses are deducted from the projected reversion sale price to arrive at the net reversion cash flow, which is then discounted at an appropriate yield rate. The present value of this reversion is added to the present value of all the annual cash flows to yield a value indication.

The reversion capitalization rate has historically been somewhat higher than the capitalization rate that the investor would apply to current income, or the going-in capitalization rate, because of the improvement's age at the end of the holding period and the inherent risk of projecting property value several years into the future. Typically, investors have increased the going-in capitalization rate by 50 to 100 basis points in estimating a reversionary capitalization rate.

In addition, we asked this of transactional professionals in our 2023 Seniors Housing Investor Survey. The majority of respondents indicated that the typical spread between the going-in capitalization rate and the reversion rate for their underwriting purposes on a 10-year cash flow was 75 basis points.

Based upon the preceding, we will use a reversion capitalization rate of 8.75%.

JLL recently conducted a survey of anticipated costs of sale. The survey was sent to active buyers across the country. The survey revealed the following average costs of sale by anticipated selling cost:

JLL Costs of Sale Survey

| Anticipated Sales Price Range | Most Prevalent Response | Weighted Average Response |
|-------------------------------|-------------------------|---------------------------|
| Up to \$5,000,000 | 4.00% | 3.74% |
| \$5,000,000 to \$9,999,999 | 3.00% | 3.17% |
| \$10,000,000 to \$14,999,999 | 2.00% | 2.71% |
| \$15,000,000 to \$19,999,999 | 2.00% | 2.42% |
| \$20,000,000 to \$29,999,999 | 2.00% | 2.16% |
| \$30,000,000 to \$49,999,999 | 1.50% | 1.93% |
| \$50,000,000 to \$74,999,999 | 1.00% | 1.73% |
| \$75,000,000 to \$99,999,999 | 1.00% | 1.56% |
| \$100,000,000 and over | 0.50% | 1.46% |

In our DCF, we will use the JLL concluded costs of sale noted above for the subject's anticipated selling price. Sales expenses are estimated at 1.00% for the subject.

Unleveraged Yield Rates - JLL Seniors Housing Investor Survey Yield Rate Trends (Spring 2022)

As the seniors housing sector grows more and more sophisticated, investors are increasingly using discounted cash flow analysis to underwrite investments. With an increase in transactional data across the industry, the percentage of survey respondents relying on the discounted cashflow analysis decreased from 69% to 54% over the past year. Respondents were also asked to indicate their minimum unlevered yield rate by both investment class and product type.

The data also shows significant spreads between classes for each property subsector are as follows:

| All Markets | Class A | | | | | Class B | | | | | Class C | | | | |
|--------------------|------------|-------------|-------------|---------|--------------|------------|-------------|-------------|---------|--------------|------------|-------------|-------------|---------|--------------|
| | Q4 '22 Low | Q4 '22 High | Q4 '22 Avg. | Q4 2021 | Change (bps) | Q4 '22 Low | Q4 '22 High | Q4 '22 Avg. | Q4 2021 | Change (bps) | Q4 '22 Low | Q4 '22 High | Q4 '22 Avg. | Q4 2021 | Change (bps) |
| Active Adult | 5.0 | 9.0 | 6.5 | 6.3 | 20.0 | 5.5 | 9.5 | 7.1 | 7.2 | -10.0 | 6.0 | 10.0 | 7.8 | 8.3 | -50.0 |
| Independent Living | 6.0 | 9.5 | 7.5 | 7.2 | 30.0 | 6.0 | 10.0 | 8.0 | 8.1 | -10.0 | 6.5 | 10.5 | 8.6 | 9.0 | -40.0 |
| Assisted Living | 6.0 | 10.5 | 8.0 | 8.0 | 0.0 | 6.5 | 11.0 | 8.6 | 8.6 | 0.0 | 7.0 | 11.0 | 9.2 | 9.4 | -20.0 |
| Memory Care | 7.5 | 11.5 | 9.3 | 9.2 | 10.0 | 8.0 | 12.0 | 9.8 | 9.8 | 0.0 | 8.5 | 12.0 | 10.5 | 10.7 | -20.0 |
| Nursing Care | 11.0 | 13.5 | 12.2 | 12.9 | -70.0 | 11.0 | 15.0 | 12.9 | 13.8 | -90.0 | 12.0 | 18.0 | 14.0 | 14.8 | -80.0 |
| CCRC/LPC | 7.0 | 11.5 | 9.2 | 9.3 | -10.0 | 7.5 | 12.0 | 10.0 | 10.2 | -20.0 | 8.0 | 13.0 | 10.8 | 11.0 | -20.0 |

Based upon the preceding, we will select a yield rate of 9.50% for the subject. This is supported the class B range of the JLL investor Survey shown below. Lastly, in the analysis below, an implied Lease coverage ratio by year is shown to support the risk at the subject.

Discounted Cash Flow Conclusion

The DCF schedule(s) value conclusions are included within the addenda of this report. A summary of the DCF schedules are summarized below.

The “As Is” December 31, 2022 discounted cash flow is summarized as follows:

Pro Forma and Ten Year Discounted Cash Flow Analysis

| Item | Stabilized Pro Forma | Forecasted Year | | | | | | | | | | | |
|--------------------------------------|----------------------|-----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | |
| Income Inflation (Rent Increases) | | 0.0% | 17.6% | 3.8% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 6.1% | 16.4% | 3.0% |
| Fee Simple NOI Inflation | | 0.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| Expense Percentage (% of Stabilized) | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Rental Income | DOLLARS | | | | | | | | | | | | |
| Net Operating Income (Leased Fee) | \$5,875,002 | \$5,875,002 | \$6,909,999 | \$7,175,700 | \$7,319,214 | \$7,465,598 | \$7,614,910 | \$7,767,209 | \$7,922,553 | \$8,404,074 | \$9,778,712 | \$10,072,073 | |
| Net Operating Income (Fee Simple) | \$10,492,396 | \$10,492,396 | \$10,807,168 | \$11,131,383 | \$11,465,324 | \$11,809,284 | \$12,163,563 | \$12,528,470 | \$12,904,324 | \$13,291,453 | \$13,690,197 | | |
| Absorption/Income Loss | \$4,557,114 | \$4,557,114 | \$3,368,512 | \$2,150,015 | \$795,245 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | |
| Lease Payment (NOI- Leased Fee) | \$5,875,002 | \$5,875,002 | \$6,909,999 | \$7,175,700 | \$7,319,214 | \$7,465,598 | \$7,614,910 | \$7,767,209 | \$7,922,553 | \$8,404,074 | \$9,778,712 | | |
| Lease Coverage Ratio | 1.01 | 1.01 | 1.08 | 1.25 | 1.46 | 1.58 | 1.60 | 1.61 | 1.63 | 1.58 | 1.40 | | |
| NPV Analysis Assumptions | | | | | | | | | | | | | |
| Yield Rate | 9.50% | | | | | | | | | | | | |
| Reversion Capitalization Rate | 8.75% | | | | | | | | | | | | |
| Sales Expenses | 1.00% | | | | | | | | | | | | |
| Discounting of Cash Flows | | | | | | | | | | | | | |
| Net Operating Income | | \$5,875,002 | \$6,909,999 | \$7,175,700 | \$7,319,214 | \$7,465,598 | \$7,614,910 | \$7,767,209 | \$7,922,553 | \$8,404,074 | \$9,778,712 | | |
| Present Value Factor | | 0.913242 | 0.834011 | 0.761654 | 0.695574 | 0.635228 | 0.580117 | 0.529787 | 0.483824 | 0.441848 | 0.403514 | | |
| Net Present Value of Cash Flows | | \$5,365,299 | \$5,763,015 | \$5,465,400 | \$5,091,057 | \$4,742,355 | \$4,417,536 | \$4,114,965 | \$3,833,118 | \$3,713,323 | \$3,945,849 | | |
| Discounting of Reversion | | | | | | | | | | | | | |
| Net Operating Income, 11th Year | | | | | | | | | | | \$10,072,073 | | |
| Divided by Capitalization Rate | | | | | | | | | | | 8.75% | | |
| "Gross" Reversion | | | | | | | | | | | \$115,109,411 | | |
| Less Sales Expenses | | | | | | | | | | | (\$1,151,094) | | |
| Net Reversion | | | | | | | | | | | \$113,958,317 | | |
| Present Value Factor | | | | | | | | | | | 0.403514 | | |
| Net Present Value of Reversion | | | | | | | | | | | \$45,983,797 | | |
| NPV Summary | | | | | | | | | | | | | |
| Net Present Value of Cash Flows | | \$46,451,916 | | | | | | | | | | | |
| Net Present Value of Reversion | | | \$45,983,797 | | | | | | | | | | |
| Total Net Present Value (Rounded) | | \$92,400,000 | | | | | | | | | | | |
| Total As Is Value | | \$92,400,000 | | | | | | | | | | | |

Please note, coverage is projected to drop to 1.01 in Year 1 and 1.25 in Year 2. The above analysis suggests a value of \$92,400,000 . As shown above, the lease coverage increase over the holding period.

DISCOUNT CASH FLOW CONCLUSION - December 31, 2022

| Yield Rate | Reversion Rate | Conclusion |
|------------|----------------|--------------|
| 9.50% | 8.75% | \$92,400,000 |

The Capitalization rate was concluded based on a number of factors, with most weight placed on lease coverage indications. Additionally, the terminal cap rate conclusion is based on typical spreads from the JLL survey, noting 75 basis points was utilized.

Conclusion of Discounted Cash Flow Approach

Complete emphasis has been placed on the discounted cash flow indication in concluding a market value for the subject. As a direct capitalization is typically utilized in estimating a market value for stabilized properties, the discounted cash flow analysis recognizes the changes in cash flows over the holding period of an asset. Recognizing the encumbering lease with stipulated lease payment, the DCF is considered the most applicable approach. This methodology is considered to best reflect the actions of buyers and sellers currently active in this market.

The “As Is,” or December 31, 2022 conclusions via the valuation methods employed for this approach are reconciled below:

DISCOUNT CASH FLOW CONCLUSION - December 31, 2022

| Yield Rate | Reversion Rate | Conclusion |
|------------|----------------|--------------|
| 9.50% | 8.75% | \$92,400,000 |

Sensitivity Analysis

As a part of the analysis, JLL has included the following sensitivity analysis based on a 50-basis point increase or decrease in the concluded discount rate. The analysis is detailed as follows:

SENSITIVITY ANALYSIS - December 31, 2022

| DCF | DCF |
|--------------|--------------|
| - 50 Bps | + 50 Bps |
| \$98,600,000 | \$87,000,000 |

As noted above, a sensitivity analysis was included. A decrease of 0.5% to the discount rate (IRR) and terminal cap rate will cause a rise in fair value of \$6,200,000 as of December 31, 2022. An increase of 0.5% to the discount rate (IRR) and terminal cap rate will cause a decline in fair value of \$5,400,000 as of December 31, 2022.

Sales Comparison Approach

The sales comparison approach is based primarily upon the principle of substitution, which implies that a prudent individual will pay no more for a property than it would cost the individual to purchase a comparable substitute property. The steps involved in developing the sales comparison approach are:

- Research the market to obtain information pertaining to sales, listings, and sometimes offerings of property similar to the property being appraised.
- Investigate the market data to determine if the data is factually accurate and to determine if each sale represents an arm's length transaction.
- Determine relevant units of comparison, i.e. sales price per square foot, and develop a comparative analysis for each.
- Compare the subject and comparable sales according to the elements of comparison and then adjust each sale as appropriate.
- Reconcile the multiple value indications that result from the adjustment of the comparables into a single value indication.

Units of comparison are components into which a property may be divided for purposes of comparison. All appropriate units of comparison should be analyzed for the property type being appraised and the resulting value indications reconciled to a single indicated value or value range. The sales are analyzed and adjusted for differences in elements of comparison, which are characteristics of properties that cause the prices paid for real estate to vary. The following elements of comparison are considered:

- Real property rights conveyed
- Financing terms
- Conditions of sale
- Market conditions
- Location
- Physical characteristics
- Economic characteristics
- Use
- Non-realty components of value

Sales requiring lesser degrees of adjustment are typically the most comparable and are given greater weight than sales requiring greater degrees of adjustment. However, other factors must be considered including the reliability of the sales data and the degree of support of the required adjustments. After consideration of these factors, a final point value or value range is set forth.

Applicability to Subject

A number of factors make the application of the sales comparison approach problematic in the appraisal of a seniors housing facility. These factors include:

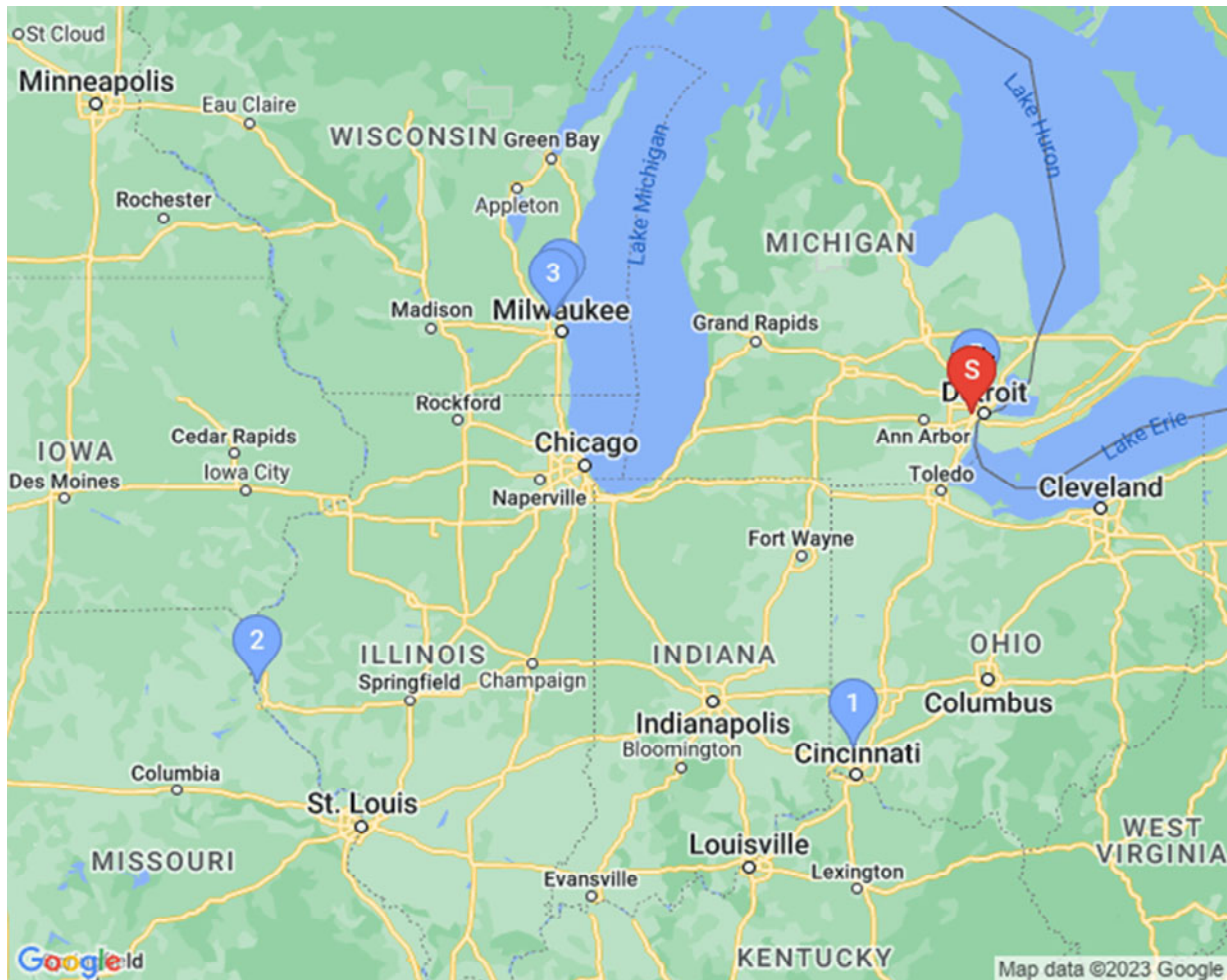
- The relative scarcity of arm's length sales
- The many variances in physical attributes from property to property
- The complex economics of retirement housing facilities

These challenges are so great that, according to *Elderly Housing, A Guide to Appraisal, Market Analysis, Development and Financing*, "value estimates using the sales comparison approach are sometimes given little or no weight in the final reconciliation of value". While the limitations are great, we have procured an adequate amount of sale data to develop the sales comparison approach in this appraisal.

Presentation of Comparables

We will now analyze consummated sales of seniors housing properties. In addition, we have focused upon sales in the subject's market area. However, due to the limited number of sales, we found it necessary to expand our search to a larger region to procure enough sales.

The sales have been confirmed with the buyer, seller, broker, or other knowledgeable and reliable parties. The details for these comparables are referenced in the Addendum of this report. The sales we have elected to use in this analysis are as follows:



| No. | Name | City/State | Mi. From | | Sales Price | Price Per Bed |
|-----|-----------------------------------|---------------|----------|-------|--------------|---------------|
| | | | Subj. | Beds | | |
| 1 | 4 Hillandale/Northwind Portfolio | Hamilton, OH | 216.0 | 510 | \$86,777,000 | \$170,151 |
| 2 | Southern Illinois Portfolio | Quincy, IL | 458.0 | 263 | \$15,750,000 | \$59,886 |
| 3 | Bria of Trinity Village | Milwaukee, WI | 251.0 | 381 | \$25,000,000 | \$65,617 |
| 4 | Newcastle Place | Mequon, WI | 248.0 | 258 | \$76,000,000 | \$294,574 |
| 5 | Caretel Inns of America Portfolio | Woodhaven, MI | 11.0 | 647 | \$68,000,000 | \$105,100 |
| S | Allegria Village | Dearborn, MI | -- | 1,053 | | |

Summary of Sale Comparables

| Element of Comparison | | Comparable Number | | | | |
|-----------------------|-----------------------------|----------------------------------|-----------------------------|-------------------------|-------------------|-----------------------------------|
| | | 1 | 2 | 3 | 4 | 5 |
| Location Data | Property Name | 4 Hillandale/Northwind Portfolio | Southern Illinois Portfolio | Bria of Trinity Village | Newcastle Place | Caretel Inns of America Portfolio |
| | City, State | Hamilton, Ohio | Quincy, Illinois | Milwaukee, Wisconsin | Mequon, Wisconsin | Woodhaven, Michigan |
| Sale Data | Date of Sale | May 6, 2022 | September 30, 2021 | November 9, 2021 | July 8, 2021 | May 1, 2020 |
| | Sales Price | \$86,777,000 | \$15,750,000 | \$25,000,000 | \$76,000,000 | \$68,000,000 |
| | Property Rights Conveyed | Fee Simple | Fee Simple | Fee Simple | Fee Simple | Fee Simple |
| | Financing Terms | Market Terms | Market Terms | Market Terms | Market Terms | Market Terms |
| | Conditions of Sale | Arm's Length | Arm's Length | Arm's Length | Arm's Length | Arm's Length |
| Income Data | Effective Gross Income | \$44,427,083 | \$15,007,435 | \$14,366,229 | \$22,701,848 | \$47,107,408 |
| | Expenses | (\$35,406,229) | (\$12,800,269) | (\$11,032,796) | (\$15,961,300) | (\$41,601,741) |
| | NOI After Reserves | \$9,020,854 | \$2,207,166 | \$3,333,433 | \$6,740,548 | \$5,505,667 |
| | NOI Per Bed After Reserves | \$17,688 | \$8,392 | \$8,749 | \$26,126 | \$8,510 |
| | Expense Ratio | 79.7% | 85.3% | 76.8% | 70.3% | 88.3% |
| Occupancy at Sale | 80.0% | 80.6% | 54.0% | 91.0% | 77.0% | |
| Physical Data | Year Built | 1949 | 1972 | 1973 | 2003 | 1979 |
| | Number of Beds | 510 | 263 | 381 | 258 | 647 |
| | Care Levels | AL, IL, MC, NC | AL, IL, NC | AL, IL, NC | AL, IL, MC, NC | AL, IL, MC, NC |
| | Building Area | 407,304 | 145,203 | 250,100 | 431,604 | 0 |
| Units of Comparison | Sales Price Per Bed | \$170,151 | \$59,886 | \$65,617 | \$294,574 | \$105,100 |
| | Sales Price Per Square Foot | \$213.05 | \$108.47 | \$99.96 | \$176.09 | - |
| | EGIM | 1.95 | 1.05 | 1.74 | 3.35 | 1.44 |
| | Overall Cap. Rate | 10.40% | 14.01% | 13.33% | 8.87% | 8.10% |

Sales Price per Bed Analysis

The first unit of comparison we will develop is the sales price per bed. The sales will be adjusted for the following elements of comparison.

Property Rights Conveyed

Since the subject property is under a lease fee interest and not fee simple, we have adjusted comparables 1, 2, 3, 4 and 5 downward by 5% for this element of comparison.

Financing Terms

The comparables sold for cash to the seller, and no adjustments are needed.

Conditions of Sale

It is noted that although all Comparables are portfolio sales, we have utilized them due to the portfolios containing properties sold that are similar assets. We have adjusted these sales downward by 5% due to the portfolio premium associated with the sales.

Occupancy at Sale

The comparables were all operating at their respective long-term stabilized occupancy levels at sale. No adjustments are needed.

Market Conditions

Market trends for seniors housing properties have shown modest appreciation trend that has been noted over the past several years. However, considering the current market environment, a market condition adjustment is currently warranted.

The Federal Reserve (Fed) actions to curb inflation have had an impact on the cost of capital, greatly impacting lending rates. Although seniors housing capitalization rates continued to compress through mid-year 2022, most seniors housing market participants believe the inflationary fighting actions taken by the Fed have started to impact market pricing and expected investor returns. The table below actions from each meeting, rate changes, target rates and the corresponding SOFR (Secured Overnight Financing Rate) rates.

Federal Reserve Meetings - 2022

| Date | Rate Change (bps) | Fed Funds Rate | SOFR |
|--------|-------------------|----------------|-------|
| Mar-22 | +25 bps | 0.25% - 0.50% | 0.30% |
| May-22 | +50 bps | 0.75% - 1.00% | 0.79% |
| Jun-22 | +75 bps | 1.50% - 1.75% | 1.45% |
| Jul-22 | +75 bps | 2.25% - 2.50% | 2.28% |
| Sep-22 | +75 bps | 3.00% - 3.25% | 2.99% |
| Nov-22 | +75 bps | 3.75% - 4.00% | 3.25% |
| Dec-22 | +50 bps | 4.25% - 4.50% | 3.80% |

Source: FOMC

All comparables have been adjusted downward 5% based on the current interest rate environment and its effect on CCRC pricing.

Location

Location adjustments will be determined by comparing the median home value (as determined by Esri) within a five-mile radius of the subject property to the corresponding value for each of the comparable properties. The median home value of each property is shown in the following table.

Median Home Sales Price by 5 Mile Ring Radius

| Comparable Number | City, State | Median Sales Price |
|-------------------|----------------------|--------------------|
| Subject | Dearborn, Michigan | \$203,335 |
| 1 | Hamilton, Ohio | \$239,680 |
| 2 | Quincy, Illinois | \$179,911 |
| 3 | Milwaukee, Wisconsin | \$225,590 |
| 4 | Mequon, Wisconsin | \$394,679 |
| 5 | Woodhaven, Michigan | \$211,256 |

Comparable 4 has been adjusted downward by 20% due to its significantly superior location when compared to the subject property. Comparable 1 has been adjusted downward by 5% due to its slightly superior location. Comparables 2, 3 and 5 have not been adjusted, due to their relative similarity in location when compared to the subject property.

Physical Characteristics

The comparables vary in a number of physical characteristics in comparison to the subject. All are similar in basic design, that being seniors housing facilities with interior hallways and an extensive amount of common areas. However, there are some variances that will require adjustment:

Age

We will base the age adjustments upon the effective age for each comparable in comparison to the subject, as shown below:

Age/Condition Adjustment Calculations

| Element of Comparison | Comparable Number | | | | |
|---|----------------------------------|-----------------------------|-------------------------|-----------------|-----------------------------------|
| | 1 | 2 | 3 | 4 | 5 |
| Property Name | 4 Hillandale/Northwind Portfolio | Southern Illinois Portfolio | Bria of Trinity Village | Newcastle Place | Caretel Inns of America Portfolio |
| Year of Sale | 2022 | 2021 | 2021 | 2021 | 2020 |
| Less Year Sale Built | 1949 | 1972 | 1973 | 2003 | 1979 |
| Age of Sale at Sale | 73 | 49 | 48 | 18 | 41 |
| Est. Effective Age of Sale | 25 | 25 | 25 | 15 | 25 |
| Subject's Effective Age | 25 | 25 | 25 | 25 | 25 |
| Variance in Effect. Age | 0 | 0 | 0 | (10) | 0 |
| Economic Life | 60 | 60 | 60 | 60 | 60 |
| Variance/Economic Life | 0.0% | 0.0% | 0.0% | -16.7% | 0.0% |
| Calculated Adjustment (% Variance Applied To Price Per Bed) | \$0 | \$0 | \$0 | (\$49,096) | \$0 |

Quality

The comparables are all modern seniors housing projects and do not require adjustment for quality.

Economic Characteristics

In this adjustment process, economic characteristics are not considered as they should be reflected in the adjustments for location and physical characteristics. Note that following this process, we will also conduct a ranking and statistical analysis based solely upon income characteristics.

Use/Zoning

The comparables all have the same use and are zoned to permit that use. No adjustments are required for use/zoning.

Non-Realty Components

Each of the sales included real property, FF&E, and business value. Allocations of the contribution of each component to the sales price were not provided. We will not adjust for non-realty components in the adjustment process but will allocate the subject's value to its components in the conclusion section of this appraisal.

Summary of Adjustments

The preceding adjustments are now applied to the comparables as follows:

Adjustment of Comparable Sales - Price Per Bed Basis

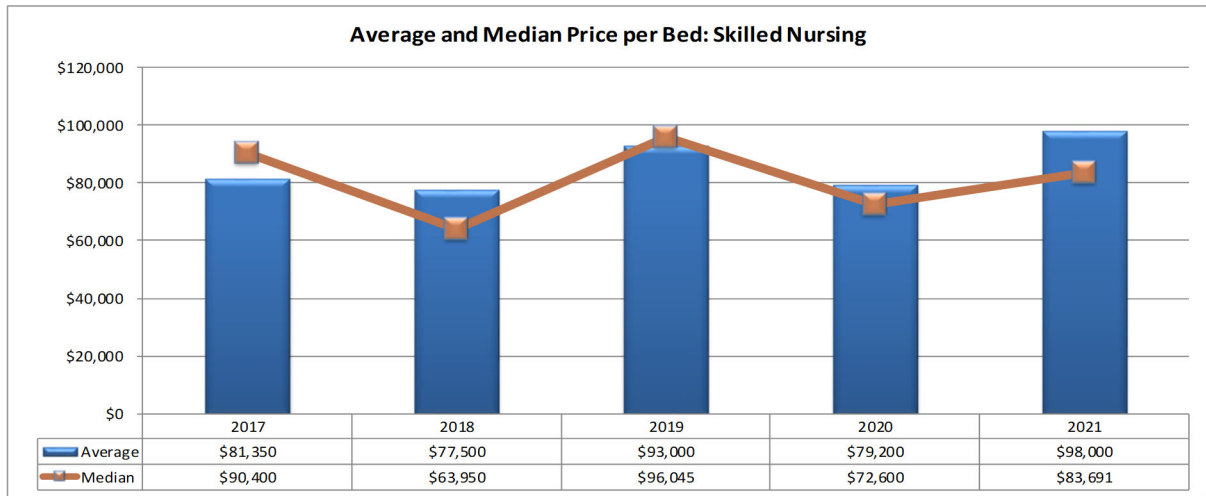
| Element of Comparison | Comparable Number | | | | |
|--|----------------------------------|-----------------------------|-------------------------|-----------------|-----------------------------------|
| | 1 | 2 | 3 | 4 | 5 |
| Property Name | 4 Hillandale/Northwind Portfolio | Southern Illinois Portfolio | Bria of Trinity Village | Newcastle Place | Caretel Inns of America Portfolio |
| Unadjusted Price Per Bed | \$170,151 | \$59,886 | \$65,617 | \$294,574 | \$105,100 |
| Adjustment for Property Rights Conveyed | (\$8,508) | (\$2,994) | (\$3,281) | (\$14,729) | (\$5,255) |
| | -5.0% | -5.0% | -5.0% | -5.0% | -5.0% |
| Adjustment for Financing Terms | \$0 | \$0 | \$0 | \$0 | \$0 |
| | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Adjustment for Conditions of Sale | (\$8,508) | (\$2,994) | (\$3,281) | (\$14,729) | (\$5,255) |
| | -5.0% | -5.0% | -5.0% | -5.0% | -5.0% |
| Adjustment for Market Conditions | \$0 | \$0 | \$0 | \$0 | \$0 |
| | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Adjusted Price Per Bed Before Physical Adjustments | \$153,136 | \$53,897 | \$59,055 | \$265,116 | \$94,590 |
| Adjustment for Location | (\$7,657) | \$0 | \$0 | (\$53,023) | \$0 |
| | -5.0% | 0.0% | 0.0% | -20.0% | 0.0% |
| Adjustment for Age/Condition | \$0 | \$0 | \$0 | (\$44,186) | \$0 |
| | 0.0% | 0.0% | 0.0% | -16.7% | 0.0% |
| Adjustment for Quality | \$0 | \$0 | \$0 | \$0 | \$0 |
| | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Adjustment for Economic Characteristics | \$0 | \$0 | \$0 | \$0 | \$0 |
| | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Adjustment for Use/Zoning | \$0 | \$0 | \$0 | \$0 | \$0 |
| | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Adjustment for Non-Realty Components | \$0 | \$0 | \$0 | \$0 | \$0 |
| | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Final Adjusted Sales Price Per Bed | \$145,479 | \$53,897 | \$59,055 | \$167,907 | \$94,590 |
| Low of Adjusted Prices | | | \$53,897 | | |
| High of Adjusted Prices | | | \$167,907 | | |
| Average of Adjusted Prices | | | \$104,186 | | |

Based upon this analysis, a wide per bed range is indicated.

Sales Price Trends

Skilled Nursing

The following chart displays the average and median price per bed for skilled nursing over the last 5 years. The average price per bed paid was \$98,000 and the median price per bed was \$83,691 in 2021, which are strong increases from 2020. The number of buyers increased in 2021 while the number of facilities marketed decrease. In this case, this increased pricing for both non-stabilized and stabilized assets in 2021.



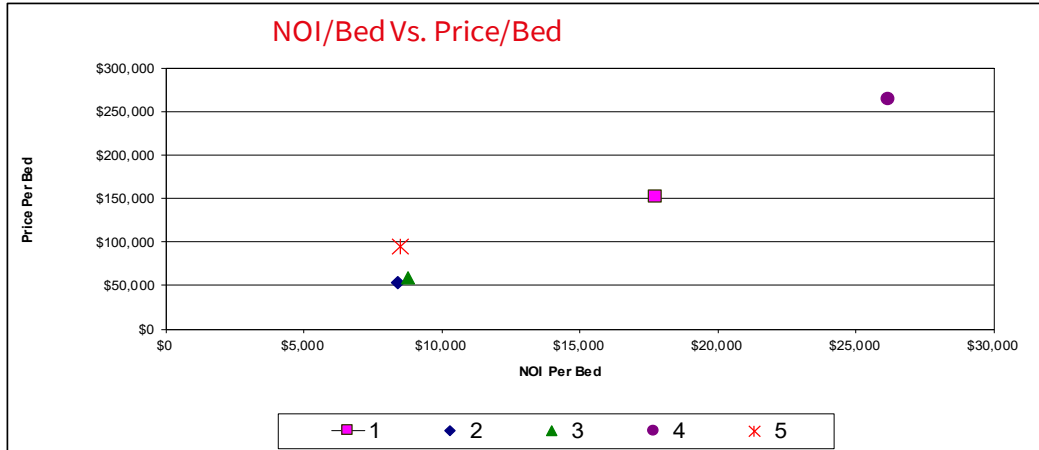
Source: The Senior Care Acquisition Report, 27th Edition - 2022

Continuum/Graphing Analysis

The data is not extensive enough to accurately derive adjustments for physical differences using paired sales or other quantitative adjustment techniques. Furthermore, physical differences between the comparables and the subject are abundant because the comparables vary significantly in location, size, year built, facility composition, etc. Thus, as an additional analysis (and one which is more relevant), we will analyze the relationship of price per bed and net operating income (NOI) per bed. This is a relevant measure of income-producing potential that should account for the different levels of services offered, varying locations, and differences in the physical facilities of the comparables.

Comparison of NOI Per Bed and Price Per Bed

| Comparable Number | NOI Per Bed | Sales Price Per Bed |
|-------------------|-------------|---------------------|
| 1 | \$17,688 | \$153,136 |
| 2 | \$8,392 | \$53,897 |
| 3 | \$8,749 | \$59,055 |
| 4 | \$26,126 | \$265,116 |
| 5 | \$8,510 | \$94,590 |
| Subject | \$5,579 | ?? |



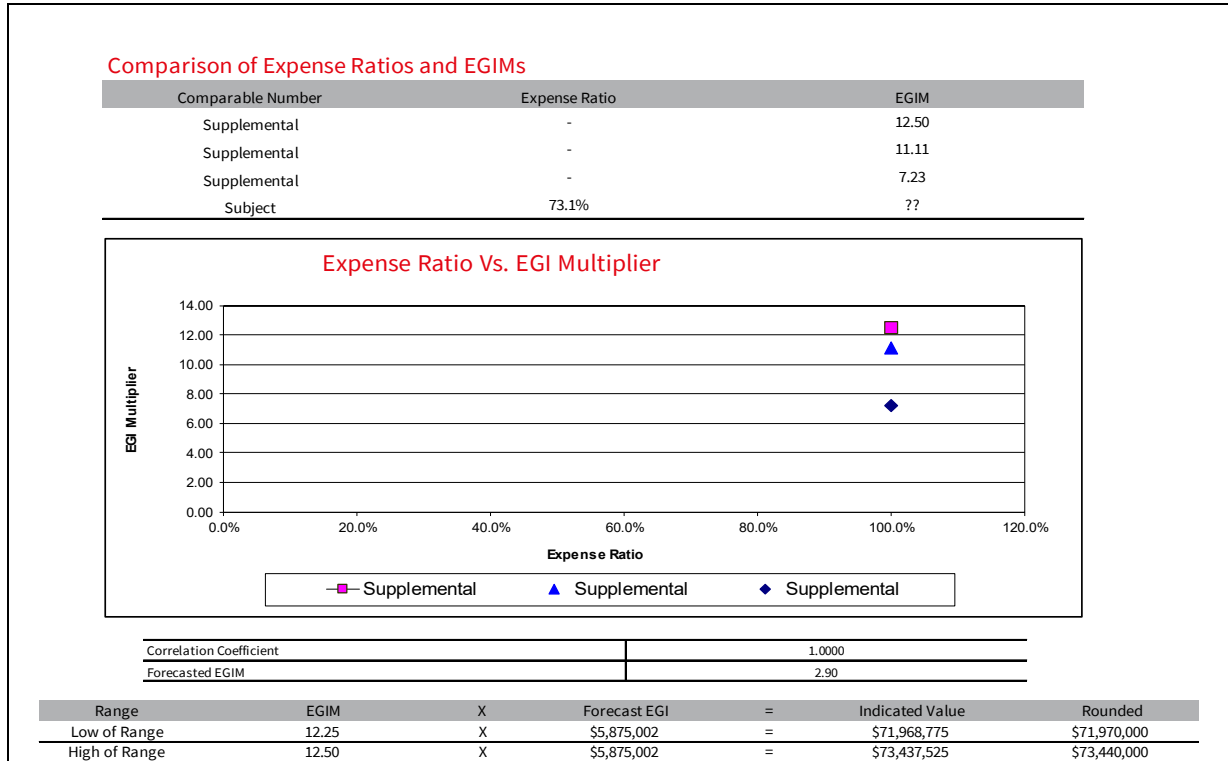
| | |
|-------------------------|----------|
| Correlation Coefficient | 0.9796 |
| Forecasted Value | \$34,786 |

| Range | Price Per Bed | X | Subject's Beds | = | Indicated Value | Rounded |
|---------------|---------------|---|----------------|---|-----------------|---------------|
| Low of Range | \$85,000 | X | 1,053 | = | \$89,505,000 | \$89,510,000 |
| High of Range | \$95,000 | X | 1,053 | = | \$100,035,000 | \$100,040,000 |

The sales display a strong correlation between NOI per bed prices. Based upon this relationship and the forecasted value shown above, but also with strong consideration to the adjusted prices per bed based upon the traditional adjustment process, we selected a value range of \$85,000 to \$95,000 per bed for the subject.

Effective Gross Income Multiplier

The effective gross income multipliers (EGIM) for the sales are as follows:



The sales display a strong correlation between expense ratios and EGIMs. Based primarily upon this relationship and the forecasted value shown above, we selected an EGIM range of 12.25 to 12.50 to apply to the subject’s pro forma EGI.

Indicated Value via Sales Comparison

The value indications are as follows:

Summary of Sales Comparison Approach Value Indications

| Unit of Comparison | Low Of Range | High of Range |
|------------------------------|---------------------|---------------|
| Sales Price Per Bed | \$89,510,000 | \$100,040,000 |
| EGIM | \$71,970,000 | \$73,440,000 |
| Concluded Value | \$94,800,000 | |
| Concluded As Is Value | \$94,800,000 | |

In developing the sales price per bed analysis, we first adjusted the sales based solely upon differences in physical elements of comparison, such as age, location, and quality. This analysis indicates a wide range of per bed prices. This is because economics is the primary factor driving the sales prices of seniors housing properties, not physical differences. Following the physical adjustment analysis, we conducted an analysis of NOI per bed compared to sales price per bed. This comparison showed a strong correlation between the two variables. This method relies upon NOI per bed and is

closely related to the income capitalization approach. We then selected an indicated price per bed considering both methods.

The EGIM analysis is less dependent upon the accurate estimation of net operating income. An investor considering purchasing the subject might place substantial weight in an EGIM analysis, as it is a commonly used tool.

We have placed all weight on the price per bed analysis given the uneven rate increases in the beginning of the lease and conclude an indicated value of \$94,800,000 for the subject.

Absorption and Income Loss Analysis

In this section, we will estimate the subject's absorption and the corresponding income loss during the lease-up period needed for the subject to reach the forecast stabilized occupancy level.

Absorption

NIC MAP tracks move-in rates for properties in the 31 largest US markets. This data will aid in the establishment of an absorption rate for the subject.

National Absorption Averages

| Quarter | Independent Living | Assisted Living | Memory Care |
|---------|--------------------|-----------------|-------------|
| 2Q16 | 5.4 | 2.6 | 1.5 |
| 3Q16 | 4.8 | 2.5 | 1.3 |
| 4Q16 | 5.7 | 2.7 | 1.3 |
| 1Q17 | 4.9 | 2.7 | 1.3 |
| 2Q17 | 4.9 | 2.8 | 1.5 |
| 3Q17 | 5.3 | 2.9 | 1.3 |
| 4Q17 | 5.0 | 2.7 | 1.3 |
| 1Q18 | 4.1 | 2.7 | 1.3 |
| 2Q18 | 4.0 | 2.7 | 1.2 |
| 3Q18 | 4.8 | 2.6 | 1.2 |
| 4Q18 | 4.5 | 2.7 | 1.3 |
| 1Q19 | 4.2 | 2.5 | 1.2 |
| 2Q19 | 4.2 | 2.6 | 1.2 |
| 3Q19 | 3.8 | 2.5 | 1.2 |
| 4Q19 | 3.8 | 2.5 | 1.1 |
| 1Q20 | 3.2 | 2.7 | 1.2 |
| 2Q20 | 2.9 | 2.2 | 0.9 |
| 3Q20 | 2.4 | 1.7 | 0.9 |
| 4Q20 | 2.5 | 1.6 | 0.9 |
| 1Q21 | 2.5 | 1.5 | 0.8 |
| 2Q21 | 2.5 | 1.8 | 0.9 |
| 3Q21 | 2.8 | 1.9 | 0.9 |
| 4Q21 | 3.2 | 2.1 | 1.0 |
| 1Q22 | 3.4 | 2.1 | 1.0 |
| 2Q22 | 3.6 | 2.3 | 1.0 |

Based upon this data and considering the prevailing market occupancy level, we are forecasting that the subject will require an additional 48 months to reach the forecasted stabilized occupancy level. The indicated income loss during absorption is as follows:

Income Loss During Absorption

| | |
|--|--------------|
| Pro Forma EGI | \$39,064,676 |
| Pro Forma Expenses at Stabilization | \$28,572,280 |
| Pro Forma NOI | \$10,492,396 |
| Starting Physical Occupancy Level | 56% |
| Starting Economic Occupancy Level | 76% |
| Total Absorption Period (Months) | 48 |
| Beginning Expenses (as a Percent of Total) | 85% |

| Month | Forecast | | Forecast % of | | | Forecast | | Forecast | | Income Loss (Variance Between Pro Forma NOI and Forecast NOI) |
|---|-----------------|---------------|---------------|-------------------|--------------------|-------------|-------------|---------------|---------------------|---|
| | % of EGI Earned | Pro Forma EGI | Projected EGI | Expenses Incurred | Pro Forma Expenses | Expenses | NOI | Pro Forma NOI | | |
| 1 | 75.9% | \$3,255,390 | \$2,469,331 | 85.0% | 2,381,023 | \$2,023,870 | \$445,461 | \$874,366 | \$428,905 | |
| 2 | 76.4% | \$3,255,390 | \$2,485,708 | 85.3% | 2,381,023 | \$2,031,311 | \$454,397 | \$874,366 | \$419,969 | |
| 3 | 76.9% | \$3,255,390 | \$2,502,084 | 85.6% | 2,381,023 | \$2,038,751 | \$463,332 | \$874,366 | \$411,034 | |
| 4 | 77.4% | \$3,255,390 | \$2,518,460 | 85.9% | 2,381,023 | \$2,046,192 | \$472,268 | \$874,366 | \$402,098 | |
| 5 | 77.9% | \$3,255,390 | \$2,534,836 | 86.3% | 2,381,023 | \$2,053,633 | \$481,204 | \$874,366 | \$393,163 | |
| 6 | 78.4% | \$3,255,390 | \$2,551,212 | 86.6% | 2,381,023 | \$2,061,073 | \$490,139 | \$874,366 | \$384,227 | |
| 7 | 78.9% | \$3,255,390 | \$2,567,589 | 86.9% | 2,381,023 | \$2,068,514 | \$499,075 | \$874,366 | \$375,292 | |
| 8 | 79.4% | \$3,255,390 | \$2,583,965 | 87.2% | 2,381,023 | \$2,075,955 | \$508,010 | \$874,366 | \$366,356 | |
| 9 | 79.9% | \$3,255,390 | \$2,600,341 | 87.5% | 2,381,023 | \$2,083,395 | \$516,946 | \$874,366 | \$357,421 | |
| 10 | 80.4% | \$3,255,390 | \$2,616,717 | 87.8% | 2,381,023 | \$2,090,836 | \$525,881 | \$874,366 | \$348,485 | |
| 11 | 80.9% | \$3,255,390 | \$2,633,093 | 88.1% | 2,381,023 | \$2,098,277 | \$534,817 | \$874,366 | \$339,550 | |
| 12 | 81.4% | \$3,255,390 | \$2,649,470 | 88.4% | 2,381,023 | \$2,105,718 | \$543,752 | \$874,366 | \$330,614 | |
| 13 | 81.9% | \$3,353,051 | \$2,745,821 | 88.8% | 2,452,454 | \$2,176,553 | \$569,268 | \$900,597 | \$331,329 | |
| 14 | 82.4% | \$3,353,051 | \$2,762,689 | 89.1% | 2,452,454 | \$2,184,217 | \$578,472 | \$900,597 | \$322,125 | |
| 15 | 82.9% | \$3,353,051 | \$2,779,556 | 89.4% | 2,452,454 | \$2,191,881 | \$587,675 | \$900,597 | \$312,922 | |
| 16 | 83.4% | \$3,353,051 | \$2,796,424 | 89.7% | 2,452,454 | \$2,199,545 | \$596,879 | \$900,597 | \$303,718 | |
| 17 | 83.9% | \$3,353,051 | \$2,813,291 | 90.0% | 2,452,454 | \$2,207,209 | \$606,083 | \$900,597 | \$294,515 | |
| 18 | 84.4% | \$3,353,051 | \$2,830,159 | 90.3% | 2,452,454 | \$2,214,873 | \$615,286 | \$900,597 | \$285,311 | |
| 19 | 84.9% | \$3,353,051 | \$2,847,026 | 90.6% | 2,452,454 | \$2,222,536 | \$624,490 | \$900,597 | \$276,108 | |
| 20 | 85.4% | \$3,353,051 | \$2,863,894 | 90.9% | 2,452,454 | \$2,230,200 | \$633,693 | \$900,597 | \$266,904 | |
| 21 | 85.9% | \$3,353,051 | \$2,880,761 | 91.3% | 2,452,454 | \$2,237,864 | \$642,897 | \$900,597 | \$257,700 | |
| 22 | 86.4% | \$3,353,051 | \$2,897,629 | 91.6% | 2,452,454 | \$2,245,528 | \$652,101 | \$900,597 | \$248,497 | |
| 23 | 86.9% | \$3,353,051 | \$2,914,496 | 91.9% | 2,452,454 | \$2,253,192 | \$661,304 | \$900,597 | \$239,293 | |
| 24 | 87.4% | \$3,353,051 | \$2,931,364 | 92.2% | 2,452,454 | \$2,260,856 | \$670,508 | \$900,597 | \$230,090 | |
| 25 | 87.9% | \$3,453,643 | \$3,036,678 | 92.5% | 2,526,028 | \$2,336,576 | \$700,103 | \$927,615 | \$227,513 | |
| 26 | 88.4% | \$3,453,643 | \$3,054,052 | 92.8% | 2,452,454 | \$2,276,184 | \$777,868 | \$1,001,189 | \$223,321 | |
| 27 | 88.9% | \$3,453,643 | \$3,071,425 | 93.1% | 2,452,454 | \$2,283,848 | \$787,577 | \$1,001,189 | \$213,611 | |
| 28 | 89.4% | \$3,453,643 | \$3,088,799 | 93.4% | 2,452,454 | \$2,291,512 | \$797,287 | \$1,001,189 | \$203,902 | |
| 29 | 89.9% | \$3,453,643 | \$3,106,172 | 93.8% | 2,452,454 | \$2,299,176 | \$806,997 | \$1,001,189 | \$194,192 | |
| 30 | 90.4% | \$3,453,643 | \$3,123,546 | 94.1% | 2,452,454 | \$2,306,840 | \$816,706 | \$1,001,189 | \$184,483 | |
| 31 | 90.9% | \$3,453,643 | \$3,140,919 | 94.4% | 2,452,454 | \$2,314,504 | \$826,416 | \$1,001,189 | \$174,773 | |
| 32 | 91.4% | \$3,453,643 | \$3,158,293 | 94.7% | 2,452,454 | \$2,322,167 | \$836,126 | \$1,001,189 | \$165,063 | |
| 33 | 92.0% | \$3,453,643 | \$3,175,666 | 95.0% | 2,452,454 | \$2,329,831 | \$845,835 | \$1,001,189 | \$155,354 | |
| 34 | 92.5% | \$3,453,643 | \$3,193,040 | 95.3% | 2,452,454 | \$2,337,495 | \$855,545 | \$1,001,189 | \$145,644 | |
| 35 | 93.0% | \$3,453,643 | \$3,210,414 | 95.6% | 2,452,454 | \$2,345,159 | \$865,254 | \$1,001,189 | \$135,935 | |
| 36 | 93.5% | \$3,453,643 | \$3,227,787 | 95.9% | 2,452,454 | \$2,352,823 | \$874,964 | \$1,001,189 | \$126,225 | |
| 37 | 94.0% | \$3,557,252 | \$3,342,515 | 96.3% | 2,526,028 | \$2,431,302 | \$911,214 | \$1,031,225 | \$120,011 | |
| 38 | 94.5% | \$3,557,252 | \$3,360,410 | 96.6% | 2,452,454 | \$2,368,151 | \$992,259 | \$1,104,798 | \$112,539 | |
| 39 | 95.0% | \$3,557,252 | \$3,378,305 | 96.9% | 2,452,454 | \$2,375,815 | \$1,002,490 | \$1,104,798 | \$102,308 | |
| 40 | 95.5% | \$3,557,252 | \$3,396,200 | 97.2% | 2,452,454 | \$2,383,479 | \$1,012,721 | \$1,104,798 | \$92,077 | |
| 41 | 96.0% | \$3,557,252 | \$3,414,094 | 97.5% | 2,452,454 | \$2,391,143 | \$1,022,952 | \$1,104,798 | \$81,847 | |
| 42 | 96.5% | \$3,557,252 | \$3,431,989 | 97.8% | 2,452,454 | \$2,398,807 | \$1,033,182 | \$1,104,798 | \$71,616 | |
| 43 | 97.0% | \$3,557,252 | \$3,449,884 | 98.1% | 2,452,454 | \$2,406,471 | \$1,043,413 | \$1,104,798 | \$61,385 | |
| 44 | 97.5% | \$3,557,252 | \$3,467,779 | 98.4% | 2,452,454 | \$2,414,134 | \$1,053,644 | \$1,104,798 | \$51,154 | |
| 45 | 98.0% | \$3,557,252 | \$3,485,673 | 98.8% | 2,452,454 | \$2,421,798 | \$1,063,875 | \$1,104,798 | \$40,923 | |
| 46 | 98.5% | \$3,557,252 | \$3,503,568 | 99.1% | 2,452,454 | \$2,429,462 | \$1,074,106 | \$1,104,798 | \$30,692 | |
| 47 | 99.0% | \$3,557,252 | \$3,521,463 | 99.4% | 2,452,454 | \$2,437,126 | \$1,084,337 | \$1,104,798 | \$20,462 | |
| 48 | 99.5% | \$3,557,252 | \$3,539,357 | 99.7% | 2,452,454 | \$2,444,790 | \$1,094,567 | \$1,104,798 | \$10,231 | |
| Total | | | | | | | | | \$10,075,641 | |
| Total Discounted Income Loss Rounded | | | | | | | | | \$10,080,000 | |

The total indicated income loss during absorption is \$10,080,000. The total income loss from Year 1 thru Year 4 have been deducted from the NOI to analyze its impact on lease coverage as previously discussed.

Conclusion

Market Value of the Leased Fee Estate

The following indications of value have been developed for the subject:

Value Indications

| Approach to Value | Value Indication | Per Bed Indication |
|--|------------------|--------------------|
| The Income Capitalization Approach- Yield Capitalization | \$92,400,000 | \$87,749 |
| The Sales Comparison Approach | \$94,800,000 | \$90,028 |

The discounted cash flow analysis was developed for this report. The income capitalization process is well supported and highly pertinent to the appraisal of income property such as the subject. Market rent was estimated after a review of competing local properties. Total income and expenses were estimated based upon analysis of similar income and expense comparables with consideration to the subject's historical expenses. This is the approach most utilized in the market and is considered the most relevant approach to valuing the subject.

The sales comparison approach was also developed and is relatively well supported. Market participants rely upon sales to provide general ranges for valuation purposes, but generally place much more weight on the income approach. Therefore, the sales comparison approach was utilized as a test of reasonableness only.

The cost approach was not developed in this appraisal. Buyers of senior housing properties place little credence in the cost approach. The estimation of depreciation is difficult to do with any precision, especially for older buildings. Thus, the cost approach was not developed and given little consideration.

After consideration of the reliability and relevance of each approach, the income approach – Yield Capitalization method is given primary weight, with the sales comparison approach providing added support. The indicated value is \$92,400,000.

Exposure Time

Our estimate of value is based upon a typical exposure time for the property type being appraised. Exposure time is assumed to precede the effective date of value. Exposure times vary widely from property to property and are dependent upon a number of factors. These can include the motivation of the owner, the price that the property is offered for sale, the effectiveness of the marketing plan, the availability of financing, etc. We surveyed active market participants, including brokers and buyers, to determine a typical marketing time for seniors housing properties.

Given the market uncertainty and volatility, exposure times are currently difficult to predict. Overall, we conclude that an exposure period of up to six months would be necessary to sell the subject.

Marketing Time – JLL Seniors Housing Investor Survey - 2023

Exposure time is assumed to precede the date of value while marketing time is the estimated time from the date of value that would be required to sell the property. When market conditions are stable and not expected to change, exposure time and marketing time are generally the same.

Respondents were asked to indicate typical marketing time for seniors housing assets, defined as the number of months between the date a community is listed through the date of closing. Though ‘six months’ remained the highest percentage at 42% of respondents, however, the ‘nine months’ timeframe increased to 38% from 17%, surpassing the ‘less than six months’ category as the second highest evidencing market time is increasing.

| All Property Types Marketing Time | Respondents % |
|--------------------------------------|------------------|
| Less than 6 months | 10.0 |
| 6 months | 42.0 |
| 9 months | 38.0 |
| 12 months | 10.0 |
| Greater than 12 months | 0.0 |

Based upon the current market conditions, long term demand and investment opportunity within this sector, we have estimated marketing time to be six months.

Final Value Estimate(s)

Our analyses and forecasts result in the value conclusion(s) below, which are based upon assumptions, limiting conditions, and definitions presented in this report.

Value Conclusion(s)

| Scenario | Effective Date | Conclusion |
|---------------------------------------|-------------------|--------------|
| Market Value of the Leased Fee Estate | December 31, 2022 | \$92,400,000 |

Our valuation of the subject is based on payment of the consideration in cash. The valuation is based upon a reasonable exposure time of six months prior to the effective date of value. The estimated marketing period is six months.

Appendix A

Comparable Profiles



Name: 4 Hillandale/Northwind Portfolio
 Address: 4195 Hamilton Mason Rd
 City/State/Zip: Hamilton, Ohio 45011
 Tax ID: N/A
 Operator: Carespring

Year Built: 1949 GBA (SF): 407,304
 Renovated: N/A Condition: Good
 Buildings: 20 Quality: Good
 Floors: 3 Construction Class: D
 Land (ac): 48.23 Investment Class: A

Amenities: Superior Median (5mi) Home Value: \$239,680
 Location: Similar Median (5mi) Income: \$79,290
 Market Class: N/A % Population 55+: 9%
 % Population 75+: 2%

| Care Types | | | | |
|--------------|------------|------------|------------|------------|
| Level | Units | Beds | Rev. Units | Occ.: |
| IL | 104 | 104 | 104 | 80% |
| AL | 92 | 92 | 92 | 80% |
| MC | 15 | 15 | 15 | 80% |
| NC | 250 | 299 | 299 | 80% |
| Total | 461 | 510 | 510 | 80% |

| Census Mix | | | | |
|----------------------|-------------|------------|------------|------------|
| Level | Private Pay | Medicaid | Medicare | Other |
| IL | 100% | | | |
| AL | 100% | | | |
| MC | 100% | | | |
| NC | 20% | 55% | 15% | 10% |
| Weighted Avg. | 57% | 55% | 15% | 10% |

| Transaction Summary | | Transaction Summary | |
|---------------------|--------------------|-------------------------|--------------|
| Buyer | Northwind Group | Transaction Date | 5/6/2022 |
| Buyer Type | Private Equity | Sale Price | \$86,100,000 |
| Seller | Hillandale | Sale Price Per Rev Unit | \$168,824 |
| Seller Type | REIT | Deferred Maintenance | \$677,000 |
| Listing Broker | Blueprint | Capital Adjustment | N/A |
| Deed Reference | | CapEx | N/A |
| Verified With | Confidential | Adjusted Price | N/A |
| Ownership Interest | Fee Simple | Capitalization Rate | 10.40% |
| Financial Period | Appraiser Proforma | EGIM | 1.95 |
| Financing | Market Terms | Occupancy At Sale | 80% |

| Transaction Sensitivity & Primary Analysis Summary | | | | |
|--|---------------|-------------------|---------------------|--------------------|
| | T-12m Actuals | Year 1 Stabilized | Proforma Stabilized | Appraiser Proforma |
| Effective Gross Income | | | | \$44,427,083 |
| Operating Expenses | | | | \$35,406,229 |
| Net Operating Income | | | | \$9,020,854 |
| NOI per Rev. Unit | \$299 | \$299 | \$299 | \$17,688 |
| Adjusted Sale Price | \$86,777,000 | \$86,777,000 | \$86,777,000 | \$86,777,000 |
| Expense Ratio | | | | 80% |
| Effective Gross Income Multiplier | | | | 1.95 |
| Inferred Capitalization Rate | | | | 10.40% |

Remarks
 4 facilities sold in the Cincinnati Metro, Chesterwood Village SNF/AL and IL, Birchwood Care Center, and Doverwood Village. They were built ranging from 1949 to the the SNF at Chesterwood built in 2019. Dover and Birchwood were older built but underwent significant renovations in the last 20 years resulting in good quality. Payor Mix ranged from 11-37% Private, 20-83% Medicaid, 4-26% Medicare, and 2-18% insurance. The purchase price was \$86.1M with \$677k in planned renovations. Blended average occupancy was 80.25%.



| | | | |
|-----------------|-----------------------------|--------------------------|-----------|
| Name: | Southern Illinois Portfolio | | |
| Address: | 1440 N 10th Street | | |
| City/State/Zip: | Quincy, Illinois 62301 | | |
| Tax ID: | N/A | | |
| Operator: | iCare Healthcare Services | | |
| Year Built: | 1972 | GBA (SF): | 145,203 |
| Renovated: | N/A | Condition: | Average |
| Buildings: | 17 | Quality: | Average |
| Floors: | 2 | Construction Class: | C |
| Land (ac): | 11.21 | Investment Class: | B |
| Amenities: | Similar | Median (5mi) Home Value: | \$141,687 |
| Location: | Similar | Median (5mi) Income: | \$56,166 |
| Market Class: | Secondary | % Population 55+: | 11% |
| | | % Population 75+: | 4% |

Care Types

| Level | Units | Beds | Rev. Units | Occ.: |
|-------|-------|------|------------|-------|
| IL | 42 | 42 | 42 | 100% |
| AL | 22 | 22 | 22 | 96% |
| NC | 129 | 199 | 199 | 75% |
| Total | 193 | 263 | 263 | 81% |

Census Mix

| Level | Private Pay | Medicaid | Medicare | Other |
|---------------|-------------|----------|----------|-------|
| IL | | | | |
| AL | | | | |
| NC | | | | |
| Weighted Avg. | | | | |

Transaction Summary

| | | | |
|--------------------|--------------------|-------------------------|--------------|
| Buyer | | Transaction Date | 9/30/2021 |
| Buyer Type | REIT | Sale Price | \$15,750,000 |
| Seller | | Sale Price Per Rev Unit | \$59,886 |
| Seller Type | REIT | Deferred Maintenance | N/A |
| Deed Reference | | CapEx | N/A |
| Verified With | Buyer | Adjusted Price | N/A |
| Ownership Interest | Fee Simple | Capitalization Rate | 14.01% |
| Financial Period | Appraiser Proforma | EGIM | 1.05 |
| Financing | Market Terms | Occupancy At Sale | 81% |

Transaction Sensitivity & Primary Analysis Summary

| | T-12m Actuals | Year 1 Stabilized | Proforma Stabilized | Appraiser Proforma |
|-----------------------------------|---------------|-------------------|---------------------|--------------------|
| Period Ending | 03/31/21 | 08/31/22 | | 08/31/22 |
| Occupancy | 76.0% | 80.0% | | 81.0% |
| Effective Gross Income | \$14,351,102 | \$14,916,299 | | \$15,007,435 |
| Operating Expenses | \$13,982,414 | \$12,296,316 | | \$12,800,269 |
| Net Operating Income | \$368,688 | \$2,619,983 | | \$2,207,166 |
| NOI per Rev. Unit | \$1,402 | \$9,962 | \$199 | \$8,392 |
| Adjusted Sale Price | \$15,750,000 | \$15,750,000 | \$15,750,000 | \$15,750,000 |
| Expense Ratio | 97% | 82% | | 85% |
| Effective Gross Income Multiplier | 1.10 | 1.06 | | 1.05 |
| Inferred Capitalization Rate | 2.34% | 16.63% | | 14.01% |

Remarks

The two-property portfolio is currently \$15,750,000 million or \$60,000 per bed. Upon acquisition, the communities will be operated by iCare Healthcare Services. The community was not openly marketed. The portfolio includes St. Vincent's Home in Quincy, IL and Carlyle Healthcare Center in Carlyle, IL.



Name: Bria of Trinity Village
 Address: 7300 W Dean Rd
 City/State/Zip: Milwaukee, Wisconsin 53223
 Tax ID: 044-0021-100
 Operator: AB Asset Management

Year Built: 1973 GBA (SF): 250,100
 Renovated: N/A Condition: Average
 Buildings: 1 Quality: Average
 Floors: 3 Construction Class: C
 Land (ac): 17.43 Investment Class: B

Amenities: Similar Median (5mi) Home Value: \$225,590
 Location: Superior Median (5mi) Income: \$59,882
 Market Class: Primary % Population 55+: 9%
 % Population 75+: 3%

| Care Types | | | | |
|--------------|------------|------------|------------|------------|
| Level | Units | Beds | Rev. Units | Occ.: |
| IL | 186 | 186 | 186 | 53% |
| AL | 108 | 108 | 108 | 48% |
| NC | 62 | 87 | 87 | 63% |
| Total | 356 | 381 | 381 | 54% |

| Census Mix | | | | |
|----------------------|-------------|------------|----------|-------|
| Level | Private Pay | Medicaid | Medicare | Other |
| IL | 100% | | | |
| AL | 55% | 45% | | |
| NC | | | | |
| Weighted Avg. | 83% | 45% | | |

| Transaction Summary | | | |
|---------------------|--------------------|-------------------------|--------------|
| Buyer | | Transaction Date | 11/9/2021 |
| Buyer Type | REIT | Sale Price | \$25,000,000 |
| Seller | 7300 W. Dean, LLC | Sale Price Per Rev Unit | \$65,617 |
| Seller Type | Institutional | Deferred Maintenance | N/A |
| Deed Reference | | CapEx | N/A |
| Verified With | Buyer | Adjusted Price | N/A |
| Ownership Interest | Fee Simple | Capitalization Rate | 13.33% |
| Financial Period | Appraiser Proforma | EGIM | 1.74 |
| Financing | Market Terms | Occupancy At Sale | 54% |

| Transaction Sensitivity & Primary Analysis Summary | | | | |
|--|---------------|-------------------|---------------------|--------------------|
| | T-12m Actuals | Year 1 Stabilized | Proforma Stabilized | Appraiser Proforma |
| Period Ending | 03/31/21 | 07/31/21 | | 07/31/21 |
| Effective Gross Income | \$12,654,630 | \$13,787,950 | | \$14,366,229 |
| Operating Expenses | \$12,501,790 | \$9,387,380 | | \$11,032,796 |
| Net Operating Income | \$152,840 | \$4,400,570 | | \$3,333,433 |
| NOI per Rev. Unit | \$401 | \$11,550 | \$87 | \$8,749 |
| Adjusted Sale Price | \$25,000,000 | \$25,000,000 | \$25,000,000 | \$25,000,000 |
| Expense Ratio | 99% | 68% | | 77% |
| Effective Gross Income Multiplier | 1.98 | 1.81 | | 1.74 |
| Inferred Capitalization Rate | 0.61% | 17.60% | | 13.33% |

Remarks
 The property is currently under contract for \$25 million or \$65,617 per bed. Upon acquisition, AB Asset Management will replace Bria Health Services. The community was not openly marketed.



Name: Newcastle Place
 Address: 12600 N Port Washington Rd
 City/State/Zip: Mequon, Wisconsin 53092
 Tax ID: 1.50171E+11
 Operator: Life Care Services LLC

Year Built: 2003 GBA (SF): 431,604
 Renovated: N/A Condition: Good
 Buildings: 10 Quality: Good
 Floors: 3 Construction Class: C
 Land (ac): 48.52 Investment Class: B

Amenities: Superior Median (5mi) Home Value: \$394,679
 Location: Superior Median (5mi) Income: \$100,672
 Market Class: Secondary % Population 55+: 12%
 % Population 75+: 4%

| Care Types | | | | |
|--------------|------------|------------|------------|------------|
| Level | Units | Beds | Rev. Units | Occ.: |
| IL | 159 | 159 | 159 | 91% |
| AL | 36 | 36 | 36 | 91% |
| MC | 16 | 16 | 16 | 91% |
| NC | 47 | 47 | 47 | 91% |
| Total | 258 | 258 | 258 | 91% |

| Census Mix | | | | |
|---------------|-------------|----------|----------|-------|
| Level | Private Pay | Medicaid | Medicare | Other |
| IL | | | | |
| AL | | | | |
| MC | | | | |
| NC | | | | |
| Weighted Avg. | | | | |

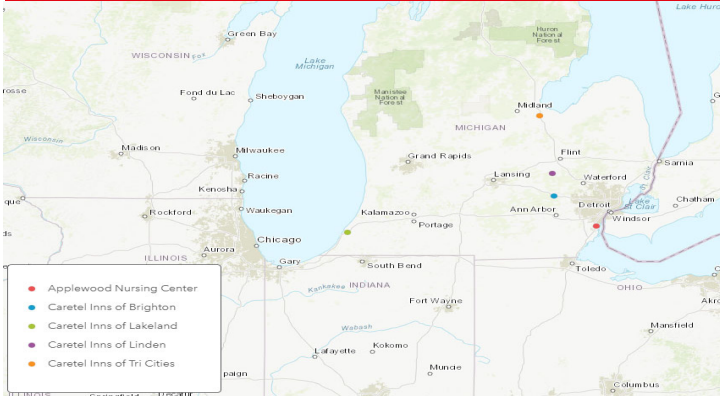
| Transaction Summary | | | |
|---------------------|-------------------------|-------------------------|--------------|
| Buyer | Lifespace Communities | Transaction Date | 7/8/2021 |
| Buyer Type | Owner-Operator | Sale Price | \$75,000,000 |
| Seller | Bridge Investment Group | Sale Price Per Rev Unit | \$290,698 |
| Seller Type | Private Equity | Deferred Maintenance | \$1,000,000 |
| Listing Broker | Ziegler | Capital Adjustment | |
| Deed Reference | | CapEx | N/A |
| Ownership Interest | Fee Simple | Capitalization Rate | 8.87% |
| Financial Period | Year 1 Stabilized | EGIM | 3.35 |
| Financing | Market Terms | Occupancy At Sale | 91% |

| Transaction Sensitivity & Primary Analysis Summary | | | | |
|--|---------------|-------------------|---------------------|--------------------|
| | T-12m Actuals | Year 1 Stabilized | Proforma Stabilized | Appraiser Proforma |
| Period Ending | | 12/31/21 | | |
| Occupancy | | 91.0% | | |
| Effective Gross Income | | \$22,701,848 | | |
| Operating Expenses | | \$15,961,300 | | |
| Net Operating Income | | \$6,740,548 | | |
| NOI per Rev. Unit | \$47 | \$26,126 | \$47 | \$47 |
| Adjusted Sale Price | \$76,000,000 | \$76,000,000 | \$76,000,000 | \$76,000,000 |
| Expense Ratio | | 70% | | |
| Effective Gross Income Multiplier | | 3.35 | | |
| Inferred Capitalization Rate | | 8.87% | | |

Remarks
 This property is a Type B entrance-fee CCRC and sold for a reported purchase price of \$75 million, with an additional \$1 million for immediate capital repairs, therefore total consideration is \$76 million. The seller (current owner) is Bridge Investment Group, a privately held real estate investment management firm. The buyer is Lifespace Communities, a not-for-profit organization that will own and operate the subject. Based on our conversation with the buyer, the subject was offered on the open market for sale and brokered by Ziegler. The buyer offered \$72.5 million, and the seller countered the offer with \$76 million. After facility assessment, they negotiated a \$1 million concession for immediate capital repairs. The implied capitalization rate of the transaction based on the 2021 Budget is 8.87%.

SALE COMPARABLE

No. 5



Name: Caretel Inns of America Portfolio
Address: 18500 Van Horn Rd
City/State/Zip: Woodhaven, Michigan 48183
Tax ID: N/A
Operator: N/A

Year Built: 1979 **GBA (SF):** N/A
Renovated: N/A **Condition:** Average
Buildings: 5 **Quality:** Average
Floors: 1 **Construction Class:** C
Land (ac): 0.00 **Investment Class:** B

Amenities: N/A **Median (5mi) Home Value:** \$211,256
Location: N/A **Median (5mi) Income:** \$76,876
Market Class: Primary **% Population 55+:** 11%
 % Population 75+: 4%

| Care Types | | | | |
|--------------|------------|------------|------------|------------|
| Level | Units | Beds | Rev. Units | Occ.: |
| IL | 8 | 8 | 8 | 77% |
| AL | 211 | 211 | 211 | 77% |
| MC | 66 | 66 | 66 | 77% |
| Total | 285 | 647 | 647 | 77% |

| Census Mix | | | | |
|---------------|-------------|----------|----------|-------|
| Level | Private Pay | Medicaid | Medicare | Other |
| IL | | | | |
| AL | | | | |
| MC | | | | |
| Weighted Avg. | | | | |

| Transaction Summary | | | |
|---------------------|--------------------------|-------------------------|--------------|
| Buyer | Symphony Care Network | Transaction Date | 5/1/2020 |
| Buyer Type | Owner-Operator | Sale Price | \$68,000,000 |
| Seller | CareTrust REIT | Sale Price Per Rev Unit | \$105,100 |
| Seller Type | REIT | Deferred Maintenance | N/A |
| Listing Broker | Evans Senior Investments | Capital Adjustment | N/A |
| Deed Reference | | CapEx | N/A |
| Verified With | Broker | Adjusted Price | N/A |
| Ownership Interest | Fee Simple | Capitalization Rate | 8.10% |
| Financial Period | T-12m Actuals | EGIM | 1.44 |
| Financing | Market Terms | Occupancy At Sale | 77% |

| Transaction Sensitivity & Primary Analysis Summary | | | | |
|--|---------------|-------------------|---------------------|--------------------|
| | T-12m Actuals | Year 1 Stabilized | Proforma Stabilized | Appraiser Proforma |
| Period Ending | 05/01/20 | | | |
| Occupancy | 77.0% | | | |
| Effective Gross Income | \$47,107,408 | | | |
| Operating Expenses | \$41,601,741 | | | |
| Net Operating Income | \$5,505,667 | | | |
| NOI per Rev. Unit | \$8,510 | \$362 | \$362 | \$362 |
| Expense Ratio | 88% | | | |
| Effective Gross Income Multiplier | 1.44 | | | |
| Inferred Capitalization Rate | 8.10% | | | |

Remarks
 The deal first rose to the surface in November 2019 when the seller, CareTrust REIT, announced the intended sale after the operator, Metron Integrated Health Systems, had stopped paying rent and decided to exit the buildings. The sale includes five properties: Applewood Nursing Center, Caretel Inns of Brighton, Caretel Inns of Linden, Caretel Inns of Tri Cities and Caretel Inns of Lakeland. The year built of each building is 1977, 2005, 2008, 2007 and 1998 respectively. The properties had an occupancy of 92%, 71%, 64%, 53% and 81% respectively for an average of 77%.

Appendix B

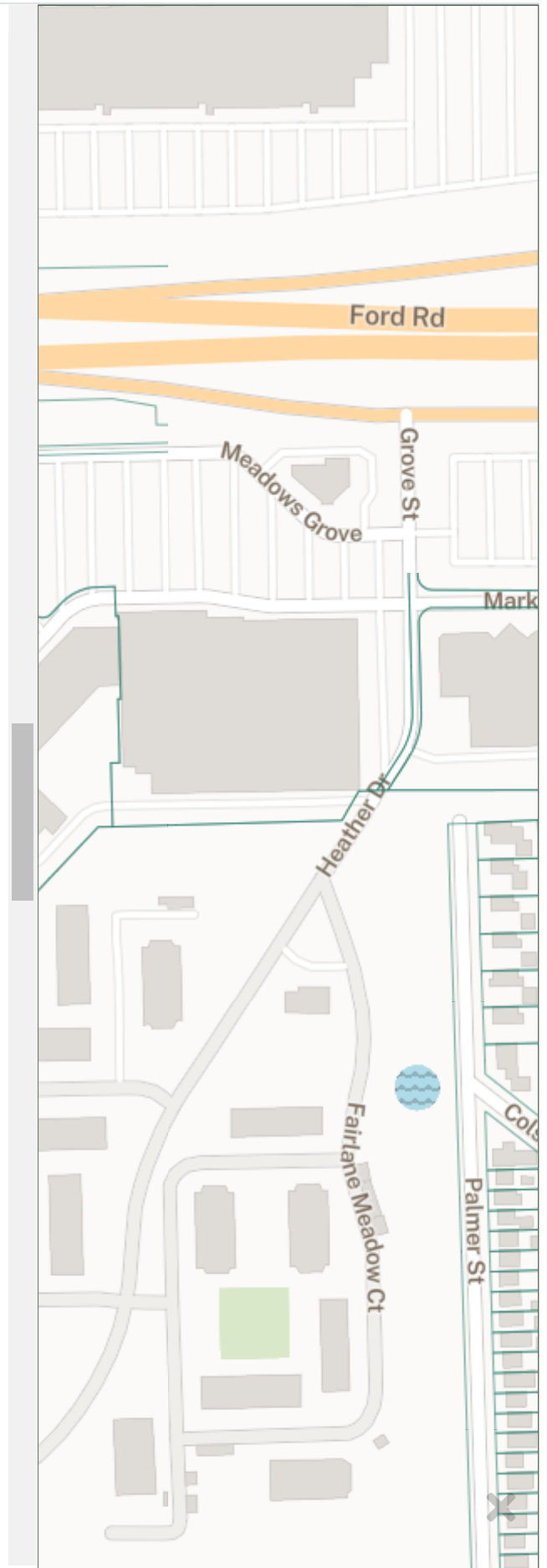
Legal Description



(<https://regrid.com>)

Legal Data

| Legal | Description |
|-------|--|
| | LAND IN NW 1/4 OF NW 1/4 OF FRL SEC 18 T2SR11E BEG AT INT OF SL R/W L OF FORD RD AND ELY R/W L OF GREENFIELD RD DIST S 89-53-57 E 33.01 FT ALG NLY L OF SAID SEC 18 AND S 01-13-50 W 163.04 FT FROM NW COR OF SEC 18 TH ALG SLY R/W L OF FORD RD N 87-04-00 E 567.79 FT TH N 72- 26-40 E 230.81 FT TH N 82-58-10 E 166.62 FT TH S 89- 45-50 E 320.14 FT TH NW COR OF LOT 1 OF JOHN FORD SUB TH ALG WLY L OF JOHN FORD SUBAND JOHN FORD SUB 1 S 01-33-58 E 1253.93 FT TO NE COR OF GARLING AND LOWREY MANOR SUB TH ALG NLY L OF GARLING AND LOWRY MANOR SUB S 89-22-20 W 1282.26 FT TO ELY R/W L OF GREENFIELD RD TH ALG ELY R/W L OF GREENFIELD RD N 01-13-50W 1150.03 FT TO POB CONT 35.3571 ACRES M OR L |



Appendix C

JLL Cash Flow Conclusions

Historical Income and Expenses

Shown in Dollars and Per Resident Day

| Item | Year Ending 12/31/2020 | | Year to Date Annualized Ending 12/31/2021 | | Year to Date Annualized Ending 9/30/2022 | | Budget For Trailing-12 Months Ending 7/31/2026 | |
|---|------------------------|-----------------|--|-----------------|---|-----------------|--|-----------------|
| | \$ | PRD | \$ | PRD | \$ | PRD | \$ | PRD |
| | Income - | | | | | | | |
| Room & Board - | | | | | | | | |
| Independent Living | \$16,348,648 | \$74.48 | \$15,882,050 | \$95.07 | \$15,121,739 | \$73.01 | \$22,645,911 | \$101.71 |
| Assisted Living | \$4,578,193 | \$194.84 | \$3,957,666 | \$225.87 | \$5,849,250 | \$246.53 | \$6,321,085 | \$187.49 |
| Private Pay Nursing | \$1,958,923 | \$416.28 | \$2,303,865 | \$530.01 | \$2,319,454 | \$416.22 | \$2,437,295 | \$483.54 |
| Ins./Managed Care Nursing | \$2,959,995 | \$431.49 | \$3,076,338 | \$521.48 | \$3,550,158 | \$526.33 | \$4,572,899 | \$454.84 |
| Medicaid Nursing | \$546,718 | \$302.43 | \$432,812 | \$296.35 | \$804,881 | \$227.26 | \$795,465 | \$329.24 |
| Medicare Nursing | \$3,328,738 | \$504.28 | \$2,615,716 | \$593.77 | \$4,076,910 | \$542.97 | \$5,184,834 | \$508.80 |
| VA/Hospice Nursing | \$88,200 | \$580.26 | \$5,853 | \$0.00 | \$77,730 | \$153.80 | \$38,548 | \$175.22 |
| Total Room & Board | \$29,809,415 | \$113.29 | \$28,274,300 | \$140.88 | \$31,800,122 | \$124.84 | \$41,996,037 | \$147.73 |
| Therapy & Other - | | | | | | | | |
| Therapy & Ancillary Income | \$1,400,323 | \$5.32 | \$976,898 | \$4.87 | \$59,782 | \$0.23 | \$1,967,891 | \$6.92 |
| Other Income | \$985,945 | \$3.75 | \$512,751 | \$2.55 | \$1,461,182 | \$5.74 | \$1,033,090 | \$3.63 |
| Total Therapy & Other Income | \$2,386,268 | \$9.07 | \$1,489,649 | \$7.42 | \$1,520,963 | \$5.97 | \$3,000,981 | \$10.56 |
| Income Summary - | | | | | | | | |
| Total Room & Board Income | \$29,809,415 | \$113.29 | \$28,274,300 | \$140.88 | \$31,800,122 | \$124.84 | \$41,996,037 | \$147.73 |
| Total Therapy & Other Income | \$2,386,268 | \$9.07 | \$1,489,649 | \$7.42 | \$1,520,963 | \$5.97 | \$3,000,981 | \$10.56 |
| Prior Period Adjustments | \$0 | \$0.00 | \$0 | \$0.00 | (\$468,544) | (\$1.84) | \$0 | \$0.00 |
| Contractual Adjustments | \$0 | \$0.00 | \$0 | \$0.00 | \$0 | \$0.00 | \$0 | \$0.00 |
| Total Income | \$32,195,683 | \$122.36 | \$29,763,949 | \$148.31 | \$32,852,541 | \$128.97 | \$44,997,018 | \$158.28 |
| Expenses - | | | | | | | | |
| Nursing | \$6,229,857 | \$23.68 | \$4,386,188 | \$21.86 | \$5,587,080 | \$21.93 | \$6,159,821 | \$21.67 |
| Contract Nursing | \$0 | \$0.00 | \$0 | \$0.00 | \$0 | \$0.00 | \$0 | \$0.00 |
| Dietary | \$5,403,401 | \$20.54 | \$3,887,892 | \$19.37 | \$4,275,232 | \$16.78 | \$5,083,623 | \$17.88 |
| Therapy and Ancillary | \$1,135,775 | \$4.32 | \$643,433 | \$3.21 | \$911,295 | \$3.58 | \$1,276,163 | \$4.49 |
| Admin & General | \$7,330,330 | \$27.86 | \$2,383,326 | \$11.88 | \$3,403,896 | \$13.36 | \$4,267,926 | \$15.01 |
| Housekeeping and Laundry | \$1,158,364 | \$4.40 | \$837,858 | \$4.17 | \$686,647 | \$2.70 | \$1,281,210 | \$4.51 |
| Activities and Recreation | \$620,369 | \$2.36 | \$392,815 | \$1.96 | \$810,540 | \$3.18 | \$594,308 | \$2.09 |
| Repairs and Maintenance | \$3,823,755 | \$14.53 | \$2,400,585 | \$11.96 | \$4,185,262 | \$16.43 | \$2,951,517 | \$10.38 |
| Utilities | \$1,672,537 | \$6.36 | \$991,911 | \$4.94 | \$0 | \$0.00 | \$1,619,826 | \$5.70 |
| Bad Debt | \$1,251,663 | \$4.76 | \$360,989 | \$1.80 | \$0 | \$0.00 | \$671,846 | \$2.36 |
| Real Estate Taxes | \$594,839 | \$2.26 | \$397,409 | \$1.98 | \$0 | \$0.00 | \$2,143,026 | \$7.54 |
| PL/GL Insurance | \$379,966 | \$1.44 | \$280,625 | \$1.40 | \$975,198 | \$3.83 | \$429,175 | \$1.51 |
| Workers Compensation | \$187,092 | \$0.71 | \$137,101 | \$0.68 | \$0 | \$0.00 | \$134,643 | \$0.47 |
| Other Insurance | \$0 | \$0.00 | \$0 | \$0.00 | \$0 | \$0.00 | \$0 | \$0.00 |
| Provider Bed Tax | \$166,685 | \$0.63 | \$211,256 | \$1.05 | \$550,413 | \$2.16 | \$291,369 | \$1.02 |
| Uncateg. Salary & Benefits | \$2,409,315 | \$9.16 | \$6,067,265 | \$30.23 | \$2,120,299 | \$8.32 | \$2,078,362 | \$7.31 |
| Management Fee | \$319,894 | \$1.22 | \$211,529 | \$1.05 | \$1,555,917 | \$6.11 | \$2,239,816 | \$7.88 |
| Reserves for Replacements | \$0 | \$0.00 | \$0 | \$0.00 | \$0 | \$0.00 | \$0 | \$0.00 |
| Total Expenses | \$32,683,839 | \$124.22 | \$23,590,181 | \$117.54 | \$25,061,780 | \$98.39 | \$31,222,633 | \$109.83 |
| Net Operating Inc. | (\$488,156) | (\$1.86) | \$6,173,768 | \$30.76 | \$7,790,761 | \$30.59 | \$13,774,386 | \$48.45 |

Stabilized Pro Forma

| | |
|--------------------------|------------------|
| Property Name | Allegria Village |
| Operating Beds | 1,053 |
| Potential Resident Days: | 384,345 |

Forecasted Census - Net of Vacancy

| | | |
|---------------------------|----------------|---------------|
| Independent Living | 228,955 | 80.5% |
| Assisted Living | 28,442 | 10.0% |
| Private Pay Nursing | 5,688 | 2.0% |
| Ins./Managed Care Nursing | 8,532 | 3.0% |
| Medicaid Nursing | 2,844 | 1.0% |
| Medicare Nursing | 8,532 | 3.0% |
| VA/Hospice Nursing | 1,422 | 0.5% |
| Total | 284,415 | 100.0% |
| Average Daily Census | 779.2 | |
| Occupancy Rate | 74.0% | |

| ITEM | DOLLARS | PRD | % OF REVENUE |
|---|---------------------|-----------------|---------------|
| Income - | | | |
| Room & Board - | | | |
| Independent Living | \$17,171,625 | \$75.00 | 44.0% |
| Assisted Living | \$6,996,732 | \$246.00 | 17.9% |
| Private Pay Nursing | \$2,366,208 | \$416.00 | 6.1% |
| Ins./Managed Care Nursing | \$4,479,300 | \$525.00 | 11.5% |
| Medicaid Nursing | \$646,322 | \$227.26 | 1.7% |
| Medicare Nursing | \$4,624,344 | \$542.00 | 11.8% |
| VA/Hospice Nursing | \$220,410 | \$155.00 | 0.6% |
| Total Room & Board | \$36,504,941 | \$128.35 | 93.4% |
| Therapy & Other - | | | |
| Therapy & Ancillary Income | \$1,564,283 | \$5.50 | 4.0% |
| Other Income | \$995,453 | \$3.50 | 2.5% |
| Total Therapy & Other Income | \$2,559,735 | \$9.00 | 6.6% |
| Income Summary - | | | |
| Total Room & Board Income | \$36,504,941 | \$128.35 | 93.4% |
| Total Therapy & Other Income | \$2,559,735 | \$9.00 | 6.6% |
| Prior Period Adjustments | \$0 | \$0.00 | 0.0% |
| Contractual Adjustments | \$0 | \$0.00 | 0.0% |
| Total Income | \$39,064,676 | \$137.35 | 100.0% |
| Expenses - | | | |
| Nursing | \$5,688,300 | \$20.00 | 14.6% |
| Contract Nursing | \$0 | \$0.00 | 0.0% |
| Dietary | \$4,621,744 | \$16.25 | 11.8% |
| Therapy and Ancillary | \$1,137,660 | \$4.00 | 2.9% |
| Admin & General | \$3,697,395 | \$13.00 | 9.5% |
| Housekeeping and Laundry | \$995,453 | \$3.50 | 2.5% |
| Activities and Recreation | \$853,245 | \$3.00 | 2.2% |
| Repairs and Maintenance | \$2,844,150 | \$10.00 | 7.3% |
| Utilities | \$1,422,075 | \$5.00 | 3.6% |
| Bad Debt | \$585,970 | \$2.06 | 1.5% |
| Real Estate Taxes | \$1,017,223 | \$3.58 | 2.6% |
| PL/GL Insurance | \$421,200 | \$1.48 | 1.1% |
| Workers Compensation | \$142,208 | \$0.50 | 0.4% |
| Other Insurance | \$0 | \$0.00 | 0.0% |
| Provider Bed Tax | \$522,230 | \$1.84 | 1.3% |
| Uncateg. Salary & Benefits | \$2,275,320 | \$8.00 | 5.8% |
| Management Fee | \$1,953,234 | \$6.87 | 5.0% |
| Reserves for Replacements | \$394,875 | \$1.39 | 1.0% |
| Total Expenses | \$28,572,280 | \$100.46 | 73.1% |
| Net Operating Inc. | \$10,492,396 | \$36.89 | 26.9% |

Income Loss During Absorption

| | |
|--|--------------|
| Pro Forma EGI | \$39,064,676 |
| Pro Forma Expenses at Stabilization | \$28,572,280 |
| Pro Forma NOI | \$10,492,396 |
| Starting Physical Occupancy Level | 56% |
| Starting Economic Occupancy Level | 76% |
| Total Absorption Period (Months) | 48 |
| Beginning Expenses (as a Percent of Total) | 85% |

| Month | Forecast | | Forecast % | | | | Income Loss (Variance Between Pro Forma NOI and Forecast NOI) | | |
|--------------|--------------------|------------------|------------------|----------------------|-----------------------|----------------------|--|------------------|---------------------|
| | % of EGI Earned | Pro Forma EGI | Projected EGI | Expenses Incurred | Pro Forma Expenses | Forecast Expenses | Forecast NOI | Pro Forma NOI | Forecast NOI |
| 1 | 75.9% | \$3,255,390 | \$2,469,331 | 85.0% | 2,381,023 | \$2,023,870 | \$445,461 | \$874,366 | \$428,905 |
| 2 | 76.4% | \$3,255,390 | \$2,485,708 | 85.3% | 2,381,023 | \$2,031,311 | \$454,397 | \$874,366 | \$419,969 |
| 3 | 76.9% | \$3,255,390 | \$2,502,084 | 85.6% | 2,381,023 | \$2,038,751 | \$463,332 | \$874,366 | \$411,034 |
| 4 | 77.4% | \$3,255,390 | \$2,518,460 | 85.9% | 2,381,023 | \$2,046,192 | \$472,268 | \$874,366 | \$402,098 |
| 5 | 77.9% | \$3,255,390 | \$2,534,836 | 86.3% | 2,381,023 | \$2,053,633 | \$481,204 | \$874,366 | \$393,163 |
| 6 | 78.4% | \$3,255,390 | \$2,551,212 | 86.6% | 2,381,023 | \$2,061,073 | \$490,139 | \$874,366 | \$384,227 |
| 7 | 78.9% | \$3,255,390 | \$2,567,589 | 86.9% | 2,381,023 | \$2,068,514 | \$499,075 | \$874,366 | \$375,292 |
| 8 | 79.4% | \$3,255,390 | \$2,583,965 | 87.2% | 2,381,023 | \$2,075,955 | \$508,010 | \$874,366 | \$366,356 |
| 9 | 79.9% | \$3,255,390 | \$2,600,341 | 87.5% | 2,381,023 | \$2,083,395 | \$516,946 | \$874,366 | \$357,421 |
| 10 | 80.4% | \$3,255,390 | \$2,616,717 | 87.8% | 2,381,023 | \$2,090,836 | \$525,881 | \$874,366 | \$348,485 |
| 11 | 80.9% | \$3,255,390 | \$2,633,093 | 88.1% | 2,381,023 | \$2,098,277 | \$534,817 | \$874,366 | \$339,550 |
| 12 | 81.4% | \$3,255,390 | \$2,649,470 | 88.4% | 2,381,023 | \$2,105,718 | \$543,752 | \$874,366 | \$330,614 |
| 13 | 81.9% | \$3,353,051 | \$2,745,821 | 88.8% | 2,452,454 | \$2,176,553 | \$569,268 | \$900,597 | \$331,329 |
| 14 | 82.4% | \$3,353,051 | \$2,762,689 | 89.1% | 2,452,454 | \$2,184,217 | \$578,472 | \$900,597 | \$322,125 |
| 15 | 82.9% | \$3,353,051 | \$2,779,556 | 89.4% | 2,452,454 | \$2,191,881 | \$587,675 | \$900,597 | \$312,922 |
| 16 | 83.4% | \$3,353,051 | \$2,796,424 | 89.7% | 2,452,454 | \$2,199,545 | \$596,879 | \$900,597 | \$303,718 |
| 17 | 83.9% | \$3,353,051 | \$2,813,291 | 90.0% | 2,452,454 | \$2,207,209 | \$606,083 | \$900,597 | \$294,515 |
| 18 | 84.4% | \$3,353,051 | \$2,830,159 | 90.3% | 2,452,454 | \$2,214,873 | \$615,286 | \$900,597 | \$285,311 |
| 19 | 84.9% | \$3,353,051 | \$2,847,026 | 90.6% | 2,452,454 | \$2,222,536 | \$624,490 | \$900,597 | \$276,108 |
| 20 | 85.4% | \$3,353,051 | \$2,863,894 | 90.9% | 2,452,454 | \$2,230,200 | \$633,693 | \$900,597 | \$266,904 |
| 21 | 85.9% | \$3,353,051 | \$2,880,761 | 91.3% | 2,452,454 | \$2,237,864 | \$642,897 | \$900,597 | \$257,700 |
| 22 | 86.4% | \$3,353,051 | \$2,897,629 | 91.6% | 2,452,454 | \$2,245,528 | \$652,101 | \$900,597 | \$248,497 |
| 23 | 86.9% | \$3,353,051 | \$2,914,496 | 91.9% | 2,452,454 | \$2,253,192 | \$661,304 | \$900,597 | \$239,293 |
| 24 | 87.4% | \$3,353,051 | \$2,931,364 | 92.2% | 2,452,454 | \$2,260,856 | \$670,508 | \$900,597 | \$230,090 |
| 25 | 87.9% | \$3,453,643 | \$3,036,678 | 92.5% | 2,526,028 | \$2,336,576 | \$700,103 | \$927,615 | \$227,513 |
| 26 | 88.4% | \$3,453,643 | \$3,054,052 | 92.8% | 2,452,454 | \$2,276,184 | \$777,868 | \$1,001,189 | \$223,321 |
| 27 | 88.9% | \$3,453,643 | \$3,071,425 | 93.1% | 2,452,454 | \$2,283,848 | \$787,577 | \$1,001,189 | \$213,611 |
| 28 | 89.4% | \$3,453,643 | \$3,088,799 | 93.4% | 2,452,454 | \$2,291,512 | \$797,287 | \$1,001,189 | \$203,902 |
| 29 | 89.9% | \$3,453,643 | \$3,106,172 | 93.8% | 2,452,454 | \$2,299,176 | \$806,997 | \$1,001,189 | \$194,192 |
| 30 | 90.4% | \$3,453,643 | \$3,123,546 | 94.1% | 2,452,454 | \$2,306,840 | \$816,706 | \$1,001,189 | \$184,483 |
| 31 | 90.9% | \$3,453,643 | \$3,140,919 | 94.4% | 2,452,454 | \$2,314,504 | \$826,416 | \$1,001,189 | \$174,773 |
| 32 | 91.4% | \$3,453,643 | \$3,158,293 | 94.7% | 2,452,454 | \$2,322,167 | \$836,126 | \$1,001,189 | \$165,063 |
| 33 | 92.0% | \$3,453,643 | \$3,175,666 | 95.0% | 2,452,454 | \$2,329,831 | \$845,835 | \$1,001,189 | \$155,354 |
| 34 | 92.5% | \$3,453,643 | \$3,193,040 | 95.3% | 2,452,454 | \$2,337,495 | \$855,545 | \$1,001,189 | \$145,644 |
| 35 | 93.0% | \$3,453,643 | \$3,210,414 | 95.6% | 2,452,454 | \$2,345,159 | \$865,254 | \$1,001,189 | \$135,935 |
| 36 | 93.5% | \$3,453,643 | \$3,227,787 | 95.9% | 2,452,454 | \$2,352,823 | \$874,964 | \$1,001,189 | \$126,225 |
| 37 | 94.0% | \$3,557,252 | \$3,342,515 | 96.3% | 2,526,028 | \$2,431,302 | \$911,214 | \$1,031,225 | \$120,011 |
| 38 | 94.5% | \$3,557,252 | \$3,360,410 | 96.6% | 2,452,454 | \$2,368,151 | \$992,259 | \$1,104,798 | \$112,539 |
| 39 | 95.0% | \$3,557,252 | \$3,378,305 | 96.9% | 2,452,454 | \$2,375,815 | \$1,002,490 | \$1,104,798 | \$102,308 |
| 40 | 95.5% | \$3,557,252 | \$3,396,200 | 97.2% | 2,452,454 | \$2,383,479 | \$1,012,721 | \$1,104,798 | \$92,077 |
| 41 | 96.0% | \$3,557,252 | \$3,414,094 | 97.5% | 2,452,454 | \$2,391,143 | \$1,022,952 | \$1,104,798 | \$81,847 |
| 42 | 96.5% | \$3,557,252 | \$3,431,989 | 97.8% | 2,452,454 | \$2,398,807 | \$1,033,182 | \$1,104,798 | \$71,616 |
| 43 | 97.0% | \$3,557,252 | \$3,449,884 | 98.1% | 2,452,454 | \$2,406,471 | \$1,043,413 | \$1,104,798 | \$61,385 |
| 44 | 97.5% | \$3,557,252 | \$3,467,779 | 98.4% | 2,452,454 | \$2,414,134 | \$1,053,644 | \$1,104,798 | \$51,154 |
| 45 | 98.0% | \$3,557,252 | \$3,485,673 | 98.8% | 2,452,454 | \$2,421,798 | \$1,063,875 | \$1,104,798 | \$40,923 |
| 46 | 98.5% | \$3,557,252 | \$3,503,568 | 99.1% | 2,452,454 | \$2,429,462 | \$1,074,106 | \$1,104,798 | \$30,692 |
| 47 | 99.0% | \$3,557,252 | \$3,521,463 | 99.4% | 2,452,454 | \$2,437,126 | \$1,084,337 | \$1,104,798 | \$20,462 |
| 48 | 99.5% | \$3,557,252 | \$3,539,357 | 99.7% | 2,452,454 | \$2,444,790 | \$1,094,567 | \$1,104,798 | \$10,231 |
| Total | | | | | | | | | \$10,075,641 |

| | |
|---|---------------------|
| Total Discounted Income Loss Rounded | \$10,080,000 |
|---|---------------------|

Appendix D

Analyst Qualifications

Bryan J. Lockard, MRICS

Managing Director

Current Responsibilities

Bryan J. Lockard serves as Managing Director in JLL's Valuation & Advisory Services, specializing on the national seniors housing and healthcare sectors. As National Practice Leader, Bryan also helps support a team of over 30 professionals with offices in 10 U.S. metro markets.

Mr. Lockard has experience in valuation, market studies, and feasibility analyses of single-asset to large portfolio transactions throughout the United States. Clients served include a broad base of local and national investment firms, property owners, development and operating companies, commercial and investment banks, insurance companies and REITs.

Experience

Prior to joining JLL, Mr. Lockard was with CBRE in the Seniors Housing and Healthcare Group where he was practice leader for the central US and focused on continuing care retirement communities nationally. Bryan began his career in commercial real estate as an Associate at HealthTrust in the Sarasota, Florida and Boston, Massachusetts offices. Bryan graduated from the University of Florida with a major in Finance and a minor in Leadership.

Education and Affiliations

University of Florida, B.S.

- Major: Business Administration - Finance
- Minor: Leadership
- Member of American Seniors Housing Association (ASHA) Young Leaders
- Appraisal Institute
- Multiple Advanced Level Courses

Certified General Real Estate Appraiser:

Alabama, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, New Jersey, New York, Ohio, Pennsylvania, South Carolina, Tennessee, Virginia and Wisconsin

Contact

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Bryan.Lockard@am.jll.com



Clients Represented

- *AIG*
- *Altitude Healthcare*
- *Bank Leumi*
- *BBVA Compass*
- *BOK Financial*
- *Bremer Bank*
- *Brookdale*
- *Capital One*
- *CBRE Capital Markets*
- *CNL Healthcare REIT*
- *Fannie Mae*
- *Freddie Mac*
- *Harrison Street*
- *Kayne Anderson*
- *KeyBank*
- *Lancaster Pollard*
- *M&T Bank*
- *Newmark Knight Frank*
- *Omega Healthcare Investors*
- *PGIM Investors*
- *PNC Bank*
- *ReNew REIT*
- *Strawberry Fields REIT*
- *SunTrust*
- *Wells Fargo*

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BUREAU OF PROFESSIONAL LICENSING
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LANSING, MI 48909

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LICENSE

BRYAN JONATHON LOCKARD

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BRYAN JONATHON LOCKARD
3322 W SEVILLA CIRCLE
TAMPA, FL 33629

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GOVERNOR

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BRYAN JONATHON LOCKARD

LICENSE NO.
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John M. Hackmann

**Associate
Valuation and Advisory Services, Detroit**

Current responsibilities

Mr. Hackmann's duties at JLL include executing the appraisal process of assignments covering a wide variety of property types, uses, and users. His commercial real estate experience includes market research, analysis, and appraisal assignments for apartments, restaurant, industrial, retail, general commercial, general/medical office, and special use properties.

Experience

Mr. Hackmann joined Jones Lang LaSalle in 2021. Prior to working for JLL, he was an appraiser for Cushman & Wakefield between March 2019 and February 2021. Prior to Cushman & Wakefield he was an appraiser with Terzo & Bologna, Inc. for over 14 years.

Education and affiliations

Practicing Affiliate – Appraisal Institute

Bachelor's Degree – Bachelor of Science – Old Dominion University

Contact

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E: john.hackmann@am.jll.com



*Certified General Real
Estate Appraiser:*

- *Michigan*

GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
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*Achieve
Ambitions*

Seniors Housing and Healthcare

U.S. Valuation Advisory

The essential guide to the changing face of real estate values

Seniors Housing and Healthcare

JLL Valuation Advisory is a global network of more than 1,700 professionals, operating from 44 countries, to deliver expertise across the commercial real estate spectrum. Leveraged by the vast resources of JLL, the world's leading full service commercial real estate firm, we look beyond present value assessments to understand market trends, competing assets and projected income to deliver accurate, reliable valuations to provide a strong foundation for any real estate transaction.

Our sector-led leadership maintains longstanding industry relationships and leadership positions with several industry organizations, including National Investment Center for the Seniors Housing & Care

Industry (NIC), American Seniors Housing Association (ASHA), Revista, BOMA, Urban Land Institute (Seniors Housing Council), NCREIF, and the Appraisal Institute.

Driven by a passion for client service and powered by real-time data, world-class research and cutting-edge technology, our seniors housing and healthcare specialists can help you achieve your ambitions.

[1] U.S. property valuation and tax consulting services are performed by JLL Valuation & Advisory Services, LLC, a wholly owned indirect subsidiary of Jones Lang LaSalle Incorporated.

From our clients

“We rely on the JLL team for their deep industry knowledge and unmatched market intelligence. Their team consistently and seamlessly exceeds our expectations with their level of service and world-class deliverables.”





Property types covered

Seniors Housing

- Age Restricted (55+)
- Active Adult
- Independent Living
- Assisted Living
- Memory Care
- Nursing Care
- CCRC/LPC

Healthcare and Life Sciences

- Medical office
- Ambulatory surgery center
- Acute care hospitals
- Post acute care hospitals (LTAC/IRF)
- Micro hospitals
- Behavioral health
- Life Sciences

Our services

Market valuations

- Market value appraisals
- Portfolio valuations
- USPAP and FIRREA compliant
- HUD Section 232 Lean
- Fannie Mae and Freddie Mac
- Purchase price allocations (ASC 805 reporting)
- Expert testimony
- Net Asset Valuations, FINRA licensed per IPA guidelines

Property condition and environmental services

- Phase I Environmental Site Assessment (ESA), ASTM E1527
- Property Condition Assessment (PCA), ASTM E2018
- Zoning analysis and assessments

Market analysis and strategic advisory

- Market and feasibility studies
- Supply and demand analysis
- Site selection
- Fair market rent analysis
- Lease renewal and purchase options
- Underwriting due diligence
- Proforma modeling
- Operational benchmarking

Property tax advisory

- Tax appeal analysis and recommendation
- Tax appeal litigation support
- Pre-construction real estate tax advisory
- Preparation of tax budgets
- Tax bill tracking and approvals
- Abatement and exemption investigation
- Reporting of business personal property tax returns
- Audit representation for business

Unmatched intelligence for confident, fast lending and investment decisions



For lenders

- We can provide you with continuous value and risk insights while ensuring robust risk management through new digital products and tools.
- A powerful collaborative global network of 2,000 advisors share data and insights to provide crucial information for real-time lender decisions.
- Through always-on insights and digital tools, we automate the risk and valuation process for fast lending decisions.
- Make better, faster lending decisions with our global risk assurance and quality management model.
- Our global digital platform is continuously assessing risk across demographics, environment and economic variables so you can measure, manage and price risk for smarter lending decisions.
- Our global commitment to sustainability through tailored ESG advice and solutions allows us to identify risk from regulation changes and monitor real-time impacts on value.



For investors

- Identify investment opportunities while ensuring robust risk management and pricing across your asset or portfolio.
- Through always-on insights and digital tools, we automate the risk and valuation process for fast decisions.
- Access a global network of valuation experts and many other specialists from our JLL team across capital markets, leasing, sustainability and asset management.
- Make better, faster asset decisions with our global risk assurance and quality management model.
- Transform your asset strategy with data-driven insights and advanced analytics tools that help you maximise values and manage risk in real-time.
- Leverage an unmatched combination of human expertise and artificial intelligence that powers smarter investment decisions.
- Access strategic advice from our experts around ESG and sustainability to make better future asset decisions.

Our platform and achievements

2021 year-end track record

\$3.1T

Global assets valued in 2021

1,800+

Global Valuation Advisory professionals

\$286B

U.S. assets valued in 2021

200+

U.S. Valuation Advisory professionals

\$65.3B

U.S. Valuation Advisory Seniors Housing and Healthcare assets appraised in 2021

2,158

U.S. Valuation Advisory Seniors Housing and Healthcare assignments completed in 2021

Accolades that reflect our culture

We earn recognition from clients, professional organizations and communities for its service, performance, culture and values.



2015 - 2021



2017 - 2021



2020 - 2022



2022



2015 - 2022



2010 - 2021



2008 - 2021



2019 - 2021



2020 - 2021

Investor focus



450

global researchers



70

countries



160+

local markets

We create a clear competitive advantage for our clients by utilizing up-to-date data, market intelligence and innovative thinking from across the U.S. and around the world.



US Seniors Housing & Care Investor Survey and Trends Outlook

Healthcare Real Estate Outlook

Life Sciences outlook

Construction Outlook

Global Real Estate Perspectives

Retirement Living Outlook



U.S. Multi-housing Investment Outlook

A comprehensive, bi-annual look at U.S. investment trends reports on themes in the multi-housing sector that are expected to shape investor behavior in the months ahead.

Read more in our latest reports:
us.jll.com/research

To learn more about JLL Seniors Housing and Healthcare, please contact:

Seniors Housing

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About JLL

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