

March 28, 2024

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

Re: **OMG Portfolio**

Dear Mr. Rothner

We hereby give our full consent to Altitude Investments, Ltd. (the “**Company**”) to the inclusion of our appraisal report dated March 11, 2024 (Effective date December 31, 2023) regarding the OMG Portfolio in its entirety, within the Company’s Financial Report for December 31, 2023 to be published no later than March 31, 2024 (“**Financial Report**”).

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

**JLL Value and Risk Advisory, LLC**

Respectfully submitted,



Bryan J. Lockard, MRICS  
Executive Managing Director  
Telephone: 813-387-1301  
Email: bryan.lockard@jll.com



# Valuation Advisory

Client: Altitude Investments, Ltd.

Property: OMG Portfolio

Month/Year: March 11, 2024





200 E Randolph St 46<sup>th</sup> Floor  
Chicago, IL 60601

March 11, 2024

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

**Change/No Change Report For**  
OMG Portfolio

Pursuant to your request, JLL has prepared this letter (Restricted Appraisal Report) for the above-referenced property. JLL has previously appraised the subject property under a leased fee interest with a valuation date(s) as of March 31, 2023. The purpose of this letter is to report if any material changes in market conditions or operations between our prior appraisal (March 31, 2023) and the effective date of this analysis (December 31, 2023) have impacted the concluded market value by over 5%. JLL has reviewed operation statements and real estate tax information for the property and completed a Restricted Appraisal Report. All analyses have been retained in our work file and only an indication of whether the market value conclusions falls within 5% of our prior value conclusion will be listed in this document. Further, this document reflects JLL conclusions from the previous appraisal report, however, includes current market data and trends to support a change / no change analysis. The reader is cautioned not to rely on this document without a completed review of JLL's previous Appraisal Report, with an effective date of value of March 31, 2023.

**Change/No Change Conclusion**

Based on our analysis of the subject property (as retained in our work files), the subject's market value as of December 31, 2023 would fall within 5% of JLL's previous market value conclusion, as reported on March 31, 2023.

The subject, identified as OMG Portfolio, is a master leased portfolio consisting of 13 nursing care facilities (NC) summarized as follows:

**SUBJECT PORTFOLIO SUMMARY**

Name	Address	City	State	GBA (SF)	Yr. Built	Op. Beds
Doctors Nursing & Rehab Center	1201 Hawthorn Rd	Salem	Illinois	31,052	1972	112
Evergreen Nursing & Rehab Center	1115 N Wenthe Dr	Effingham	Illinois	30,112	1972	94
Four Fountains	101 S Belt W	Belleville	Illinois	51,562	1976	140
Frankfort Healthcare & Rehab Center	2500 E St Louis St	West Frankfort	Illinois	13,027	1973	54
Helia Healthcare of Olney	410 E Mack Ave	Olney	Illinois	30,949	1973	100
Helia Healthcare of Energy	210 E College St	Energy	Illinois	37,939	1974	86
Hillside	1308 Game Farm Rd	Yorkville	Illinois	19,390	1963	70
Jerseyville Nursing & Rehabilitation Center	1001 S State St	Jerseyville	Illinois	42,976	1974	111
Montgomery Nursing & Rehab Center	9086 IL-127	Hillsboro	Illinois	27,192	1967	108
Pillars of North County Health & Rehab Center	13700 Old Halls Ferry Rd	Florissant	Missouri	36,686	1982	114
Westwood Hills Health & Rehab Center	3100 Warrior Ln	Poplar Bluff	Missouri	38,000	1982	132
Helia Healthcare of Belleville	40 N 64th St	Belleville	Illinois	32,052	1975	118
Richland Nursing & Rehab	900 East Scott St	Olney	Illinois	58,507	1965	149
<b>Total/Average</b>				449,444	1973	1,388

Source: Compiled by JLL

The subject portfolio contains a total of 1,388 operating beds (1,493 licensed beds) operated by Bridgemark Healthcare.

Richland Nursing & Rehab was purchased in June 2020 for a reported \$6.1 million. Upon acquisition, new management took over and the property was added to the existing master lease and purchase option.

Per the scope of this assignment, each asset under OMG Portfolio has been appraised by JLL licensed appraisers, and analyzed on an individual asset and market basis. The value present does represent the leased fee market value of each asset.

The opinion of value stated within the report takes into the account the individual properties would be sold as one portfolio under the master lease agreement encumbering 13 properties within the state of Illinois & Missouri.

A summary of the concluded market value and capitalization rate (Yield Rate/Reversion Cap Rate, as appropriate) utilized in JLL's prior valuation of the subject is as follows:

**Previous Appraisal Indications**

Prior Date of Value	Previous Value	Cap Rate	Yield Rate	Reversion Cap Rate
March 31, 2023	\$68,500,000	10.00%	12.00%	10.75%

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

Since our most recent valuation as of March 31, 2023, capitalization rates of similar seniors housing properties have remained relatively stable. JLL has reviewed recent sale transactions as well as the current operations of the subject property and has concluded the December 31, 2023 market value for the subject would fall within 5% of the March 31, 2023 value presented above.



The intended use of this Restricted Appraisal Report (Change/No Change Letter) is to update financial reports, investors and potential investors and bond prospectuses.

The intended users are Altitude Investments, Ltd., future shareholders and prospective bond holders are the intended users of this report, subject to JLL's written consent to publication.

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).

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

**JLL Valuation and Advisory Services, LLC**



Bryan J. Lockard, MRICS  
Managing Director  
Illinois Certified General Appraiser: 533.002433  
Missouri Certified General Appraiser: 2017030299  
Telephone: 813-387-1301  
Email: bryan.lockard@am.jll.com



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## Addenda

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Analyst Qualifications

Appendix A

## Certification

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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 has not conducted an inspection of the property that is the subject of this report.
- 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.
- 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  
Illinois Certified General Appraiser: 533.002433  
Missouri Certified General Appraiser: 2017030299  
Telephone: 813-387-1301  
Email: bryan.lockard@am.jll.com

# Summary of Salient Facts and Conclusions – Previous March 31, 2023

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## **Portfolio Name:**

OMG Portfolio

## **Management Company:**

Bridgemark Healthcare

## **Property Identification:**

Illinois & Missouri

## **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):**

61.34

## **Improvement Summary -**

### **Property Type:**

Seniors Housing

### **Care Provided:**

Nursing Center

### **Average Year of Construction**

1973

### **Construction Type**

Class C

### **Gross Building Area (SF):**

449,444

### **Number of Buildings:**

13

### **Number of Stories:**

1

### **Total Units/Beds:**

1,388

### **Number of Licensed Beds:**

1,493

## **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**

10.00%

### **Yield Capitalization Rate**

12.00%

### **Terminal Capitalization Rate**

10.75%

## **Tenant Operating Metrics - Portfolio**

### **Effective Gross Income**

\$81,484,174

### **Operating Expenses (No Rent)**

\$70,848,246

### **Net Operating Income**

\$10,635,928

### **Expense Ratio**

86.95%

## **Lease Metrics - Portfolio**

### **Effective Gross Income**

\$7,559,167

### **Operating Expenses**

\$0

### **Net Operating Income**

\$7,559,167

### **Expense Ratio**

0%

### **Stabilized Lease Coverage**

1.41

### **COVID-19 Year 1 Lease Coverage**

0.91

### **COVID-19 Year 2 Lease Coverage**

1.39

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 which is included in our work file. The total income loss was utilized in determining the short-term impact on lease coverage

## Value Indications

Approach to Value	Value Indication	Per Bed Indication
The Income Capitalization Approach- Yield Capitalization	\$68,500,000	\$49,352
The Sales Comparison Approach	\$69,000,000	\$49,712

## Value Conclusion(s)

Scenario	Effective Date	Conclusion
Market Value of the Leased Fee Estate	March 31, 2023	\$68,500,000

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

Since our most recent valuation as of March 31, 2023, capitalization rates of similar seniors housing properties have remained relatively stable. JLL has reviewed recent sale transactions as well as the current operations of the subject property and has concluded the December 31, 2023 market value for the subject would fall within 5% of the March 31, 2023 value presented above.

## General Information

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### Identification of the Subject

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### 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 Sale	3-Yr. Change
Doctors Nursing & Rehab Center	OMG Salem Property, LLC	May 18, 2018	\$5,325,339	No	No
Evergreen Nursing & Rehab Center	OMG Effingham Property, LLC	May 1, 2018	\$5,854,347	No	No
Four Fountains	OMG Belleville Belt Property, LLC	May 7, 2018	\$3,265,738	No	No
Frankfort Healthcare & Rehab Center	OMG West Frankfort Property, LLC	N/A	N/A	No	No
Helia Healthcare of Olney	OMG Olney Property, LLC	N/A	N/A	No	No
Helia Healthcare of Energy	OMG Energy Property, LLC	N/A	N/A	No	No
Hillside	OMG Yorkville Property, LLC	May 1, 2018	\$3,844,119	No	No
Jerseyville Nursing & Rehabilitation Center	OMG Jerseyville Property, LLC	May 7, 2018	\$5,748,545	No	No
Montgomery Nursing & Rehab Center	OMG Hillsboro Property, LLC	May 7, 2018	\$6,277,552	No	No
Pillars of North County Health & Rehab Center	OMG Florissant Property, LLC	May 8, 2018	\$5,113,737	No	No
Westwood Hills Health & Rehab Center	OMG Poplar Bluff Property, LLC	N/A	N/A	No	No
Helia Healthcare of Belleville	OMG Belleville 64th Property, LLC	May 7, 2018	\$5,247,751	No	No
Richland Nursing & Rehab	OMG Olney Scott St Property, LLC	June 30, 2020	\$6,100,000	No	Yes

Source: Compiled by JLL

In May 2018, Altitude Investments, Ltd. completed the purchase of a 14-property portfolio for approximately \$60 million. The 14 skilled nursing facilities that comprise the sale are primarily located in southern Illinois as well as Missouri. The 2017 total revenue and EBITDAR were reported at approximately \$79 million and \$10 million, respectively, which reflects a going-in capitalization rate of 16.7%. On average, the communities were built in 1974 and had an average occupancy of 73% at the time of sale. Additionally, it was reported approximately \$1.5 million in renovations were completed across the portfolio in year one. The subject portfolio only includes 12 properties from this sale.

Upon acquisition, new management was implemented for several of the properties, and a 12-property master lease was executed. Additionally, a capital expenditure program was implemented (see capital expenditure discussion later in this report) and as detailed later in this report, the state of Illinois issued a state-wide increase in Medicaid reimbursement.

Richland Nursing & Rehab was purchased in June 2020 for a reported \$6.1 million. Upon acquisition, new management took over and the property was added to the existing master lease and purchase option.

JLL is unaware of any other sales within the previous three years, nor are we aware of any pending offers or contracts as of the date of value.

## Management

Bridgemark Healthcare is an affiliate of Helia Healthcare and manages 13 skilled nursing communities across Illinois and Missouri. All properties within the subject portfolio are master leased, with the lease detailed later in this report. Overall, management is considered to be well experienced with seniors housing and skilled nursing operations.

## Assumptions and Limiting Conditions

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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 portfolio, 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 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 date of value as of March 31, 2023 was provided. Additionally, JLL has provided a change/no change analysis as of December 31, 2023. JLL assumes no material changes both physically and market related between the report date and date of value.
- This analysis is based on an extraordinary assumption that the terms of the lease were negotiated on a market oriented basis.

## 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

# Improvement Description and Analysis

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## 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.

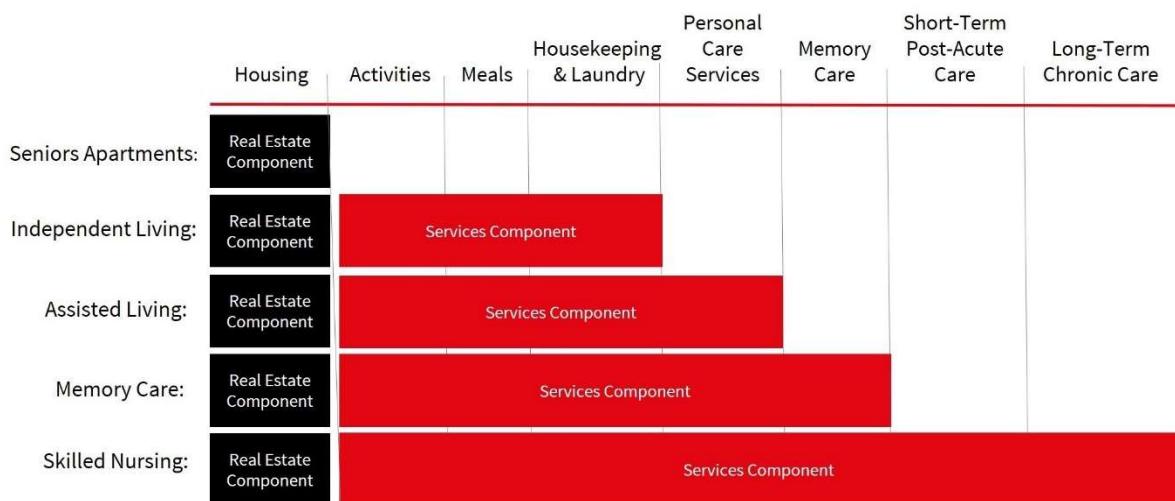
**Nursing Care (NC) or Skilled Nursing Facility (SNF):** Licensed daily rate or rental properties that are technically referred to as skilled nursing facilities (SNF) where the majority of individuals require 24-hour nursing and/or medical care. In most cases, these properties are licensed for Medicaid 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 5<sup>th</sup> 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	Number of Units	Total Beds
Nursing Care	743	1,388
<b>Totals</b>	<b>743</b>	<b>1,388</b>

The subject portfolio contains a total of 1,388 operating beds (1,493 licensed beds) operated by Bridgemark Healthcare. Overall, the unit mix at each property is considered typical and well accepted by the market.

## Regulatory Overview

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### 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.

### Illinois Nursing Facility Licensing

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

License Type:	Nursing Home
Regulatory Agency:	Illinois Department of Public Health
Certificate of Need Required:	Yes
License Required:	Yes
Provider Bed Tax:	Yes. As of July 1, 2022, the state of Illinois has implemented a tiered system based on the number of Medicaid resident days at subject.
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.

### Missouri Nursing Facility Licensing

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

License Type:	Skilled Nursing Facility
Regulatory Agency:	Missouri Department of Health and Senior Services
Certificate of Need	Yes.
Required:	

License Required:	Yes
Provider Bed Tax:	Yes
Inspections:	Required by the Department of Human Services for the issuance of a license and to maintain a license. If violations occur, the Department of Health 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 Illinois & Missouri that would negatively impact the subject.

## Conclusion

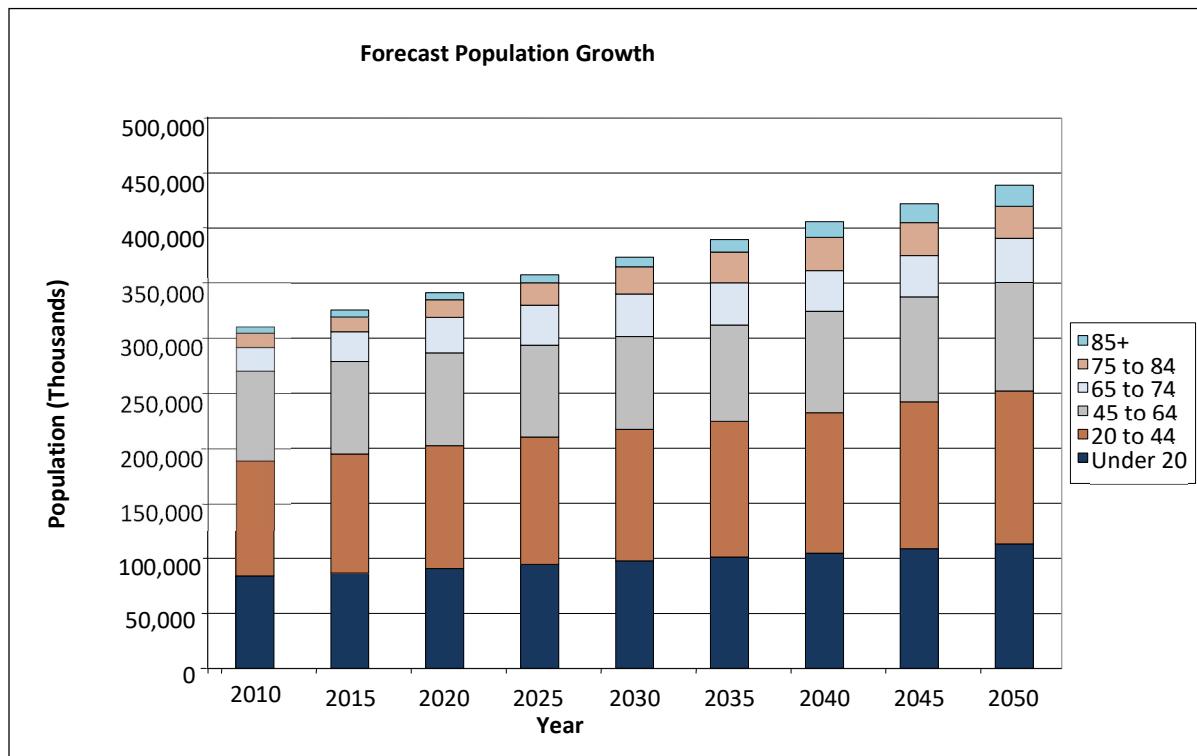
The subject portfolio is licensed for 1,493 licensed beds. The number of operating beds is 1,388 beds. The license is currently in good standing. We are not aware of any changes in the regulatory environment that would negatively impact the subject. The additional licensed capacity is considered in our capitalization conclusions.

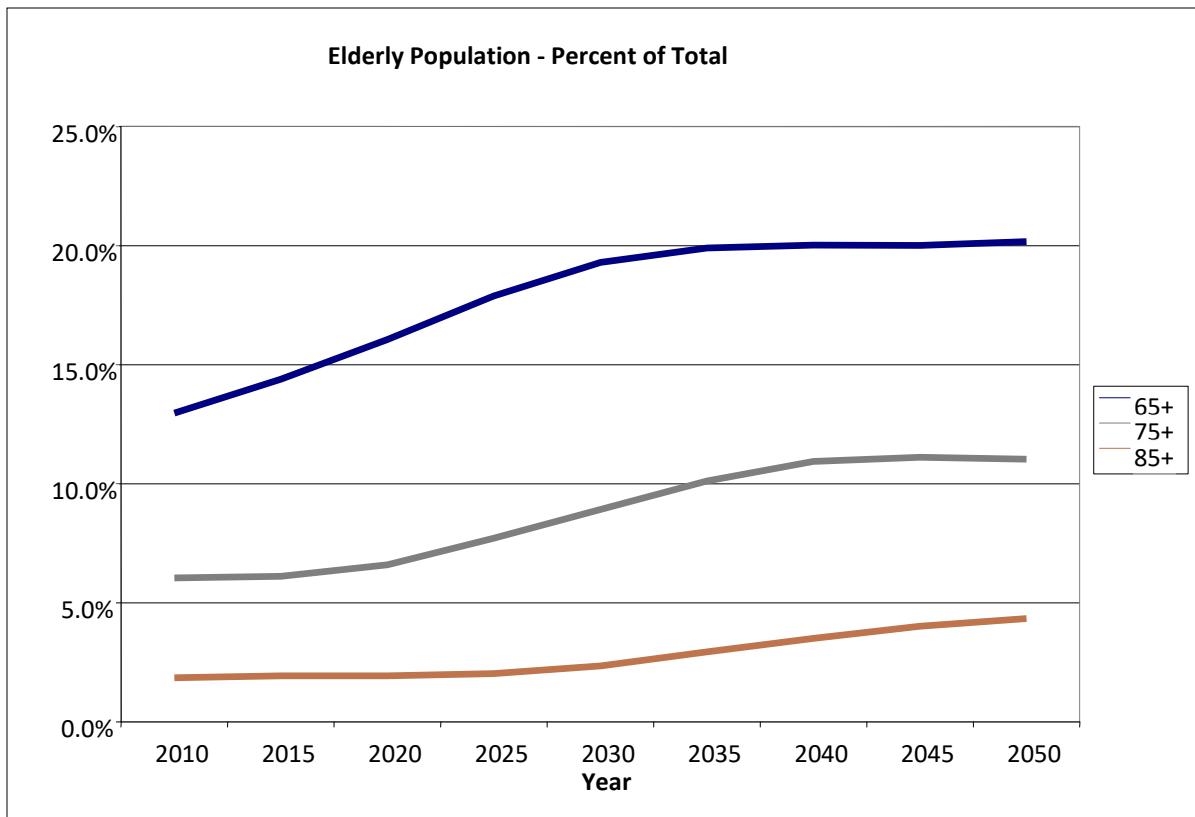
# Seniors Housing Market Analysis

## 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

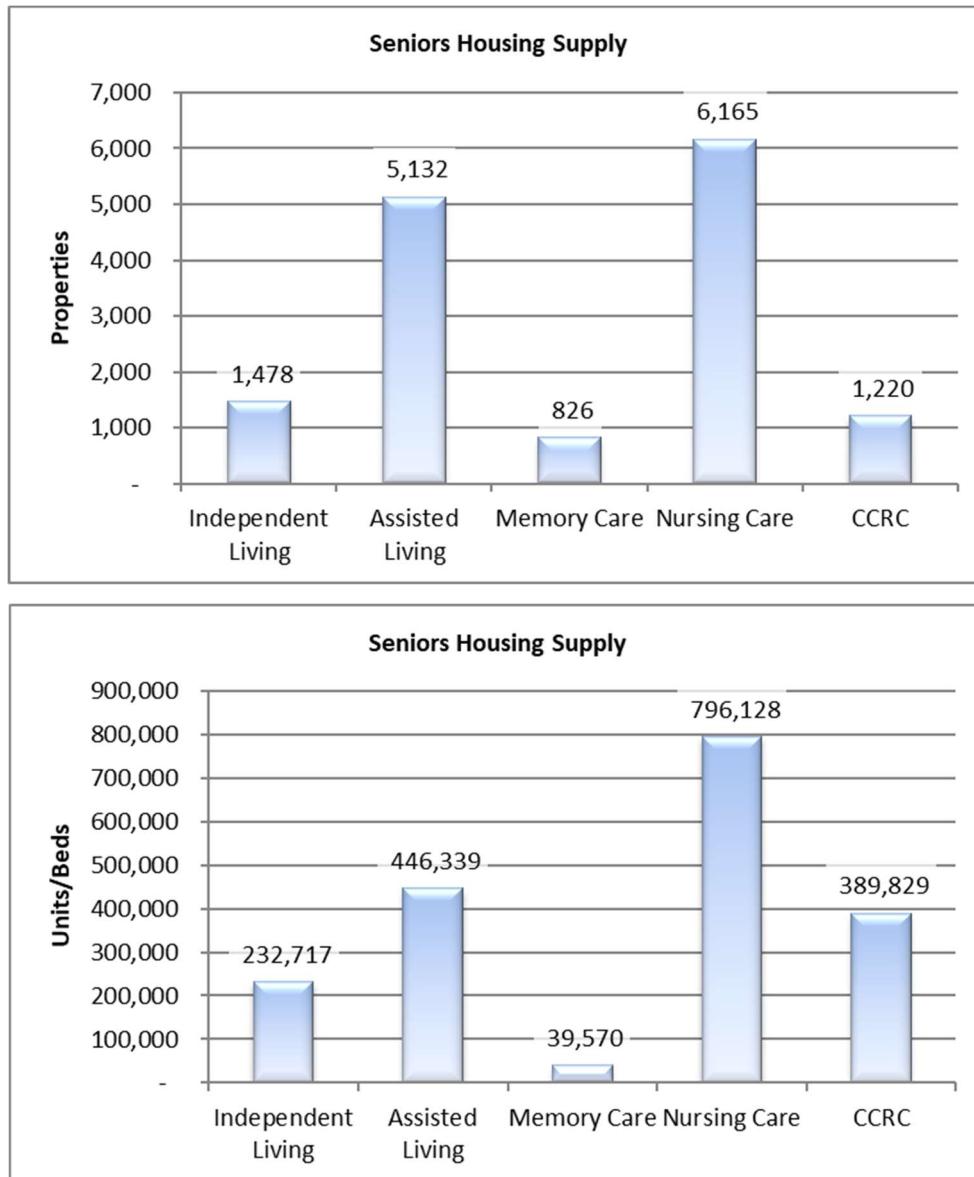
In addition to demographic trends, the following factors are leading to increasing demand for seniors housing and long-term care:

- 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

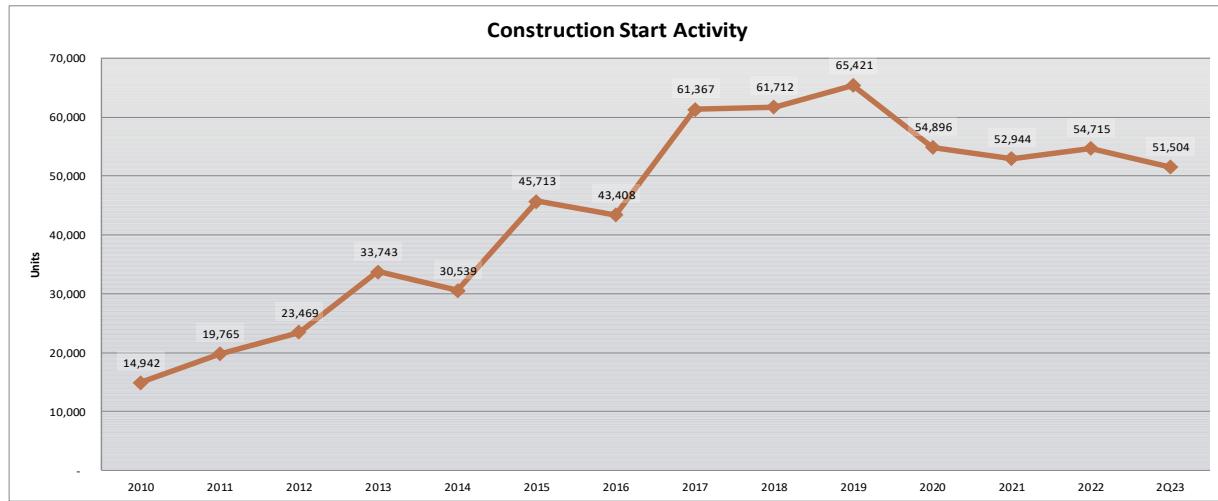
Senior apartments and independent living supply is typically expressed in terms of units, while assisted living and nursing supply is expressed in terms of beds. NIC MAP Construction Monitor

estimated there were 14,901 seniors housing properties consisting of 1,918,239 units/beds in the primary and secondary markets of the U.S. as of the 2nd quarter 2023, as shown below.



## New Development

According to *NIC Map Construction Monitor* for the 2nd quarter of 2023, national construction start activity (not including senior apartments) was as follows.

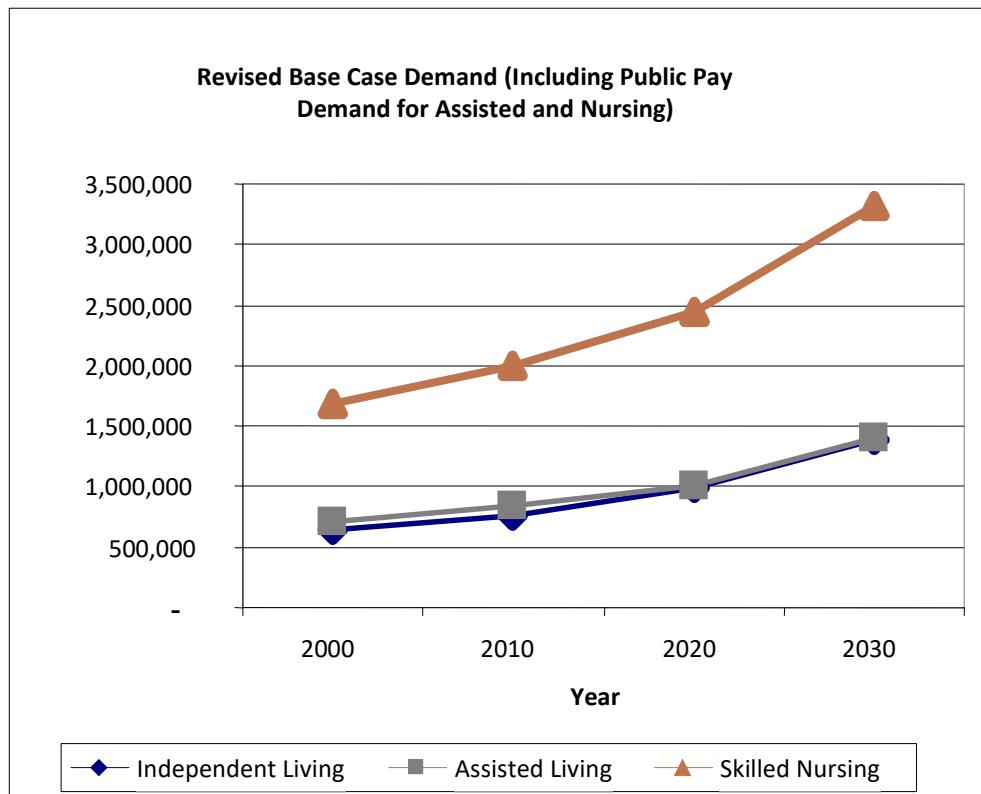


There were 482 seniors housing properties under construction as of the 2nd quarter of 2023. The majority of the construction was within new properties with construction in these properties totaling 42,428 units spread across 321 properties. In addition, there were also 161 existing properties undergoing expansions totaling 9,076 units.

## National Demand Trends

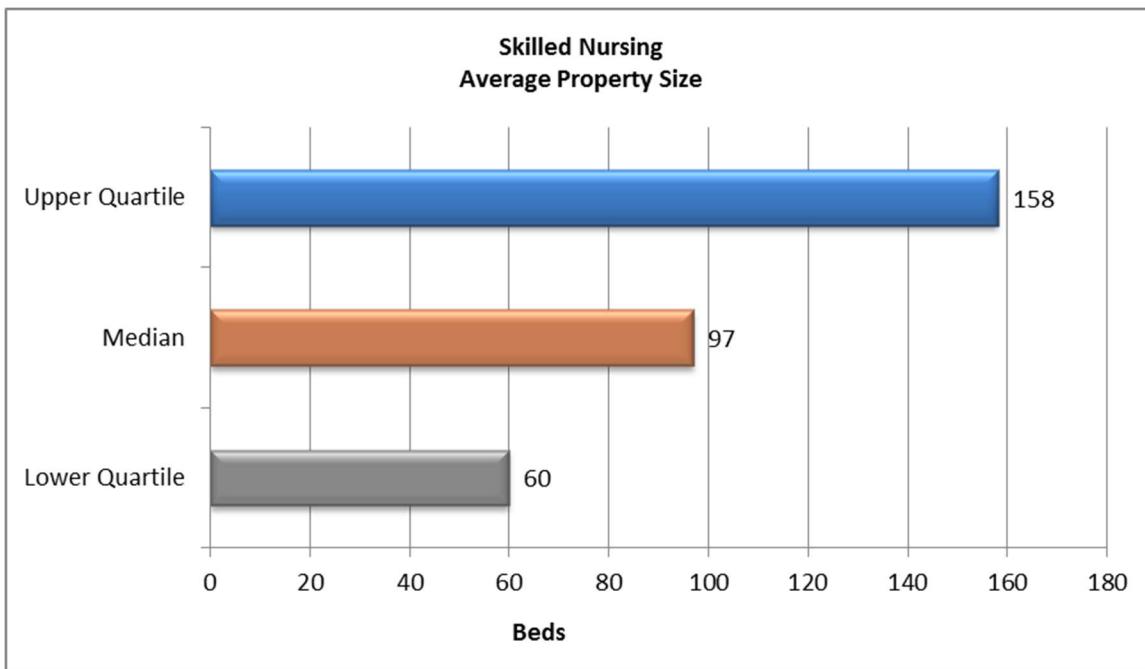
As noted previously, demographic trends will lead to growing demand for seniors housing over the coming years. Most industry analysts agree that the level of assisted and independent living units that are supportable is not yet known. As the public becomes more educated as to seniors housing options,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

	Stabilized				Annual Rent Growth (%)		Inventory Growth (%)		Annual Absorption (%)	
	Occupancy (%)		Occupancy (%)		3Q21	3Q22	3Q21	3Q22	3Q21	3Q22
	3Q21	3Q22	3Q21	3Q22						
<b>Independent Living<sup>1</sup></b>	<b>83.4%</b>	<b>85.2%</b>	<b>84.9%</b>	<b>86.4%</b>	<b>1.7%</b>	<b>4.1%</b>	<b>1.8%</b>	<b>1.2%</b>	<b>-0.1%</b>	<b>3.4%</b>
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%
<b>Assisted Living<sup>1</sup></b>	<b>76.4%</b>	<b>80.4%</b>	<b>78.6%</b>	<b>82.0%</b>	<b>2.2%</b>	<b>4.7%</b>	<b>2.7%</b>	<b>1.5%</b>	<b>0.1%</b>	<b>6.9%</b>
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%	79.9%	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%
<b>Nursing Care<sup>1</sup></b>	<b>76.4%</b>	<b>79.3%</b>	<b>76.6%</b>	<b>79.3%</b>	<b>2.0%</b>	<b>2.8%</b>	<b>-0.8%</b>	<b>-0.9%</b>	<b>-0.4%</b>	<b>2.8%</b>
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%
<b>CCRCs<sup>1</sup></b>	<b>85.3%</b>	<b>86.8%</b>	<b>85.6%</b>	<b>86.9%</b>	<b>2.3%</b>	<b>4.2%</b>	<b>0.8%</b>	<b>-0.4%</b>	<b>-1.0%</b>	<b>1.3%</b>
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.

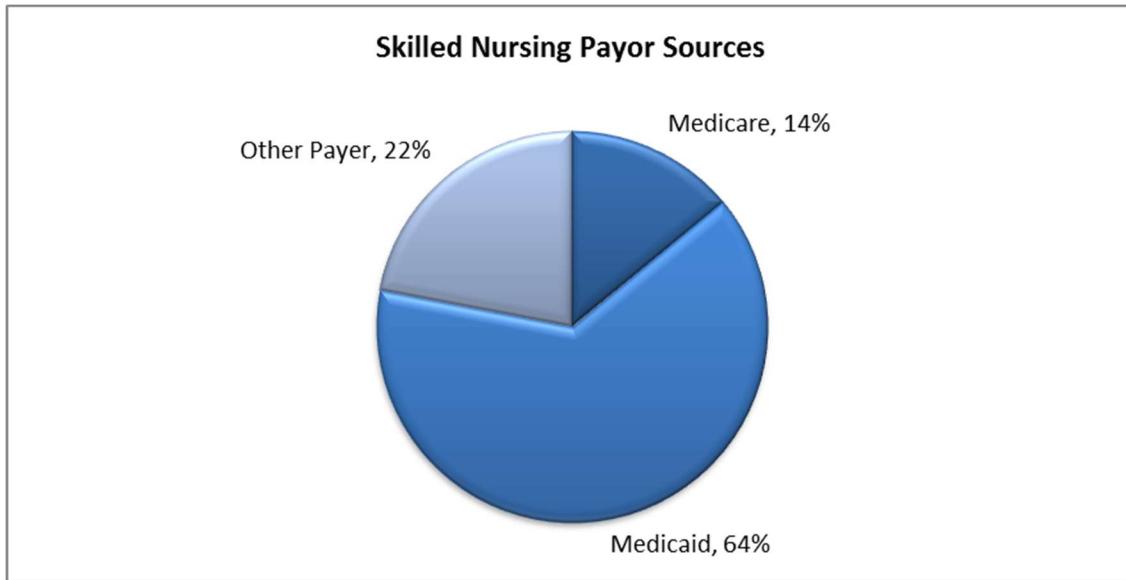
**Southwest:** Includes Austin, TX; Baton Rouge, LA; Dallas, TX; El Paso, TX; Houston, TX; Little Rock, AR; McAllen, TX; New Orleans, LA; Oklahoma City, OK; San Antonio, TX; and Tulsa, OK.

**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)

## Income Capitalization Approach

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### Income and Expense Analysis – Tenant Operations

Negotiations of new lease terms began in September 2023. The subject lease payment schedule has agreed to be modified. Commencing October 1, 2023, Lessees will pay Base Rent in the amounts set forth below, which are based on a percentage of the Base Rent due each month:

MONTH	MONTHLY BASE RENT	PERCENTAGE OF BASE RENT DUE	MONTHLY PAYMENT DUE	DEFERRED MONTHLY PAYMENT*
October, 2023	\$630,833.33	N/A	\$290,000.00	\$340,833.33
November, 2023	\$630,833.33	N/A	\$300,000.00	\$330,833.33
December, 2023	\$630,833.33	N/A	\$300,000.00	\$330,833.33
January, 2024	\$630,833.33	65%	\$410,041.66	\$220,791.67
February, 2024	\$630,833.33	65%	\$410,041.66	\$220,791.67
March, 2024	\$630,833.33	70%	\$441,583.33	\$189,250.00
April, 2024	\$630,833.33	70%	\$441,583.33	\$189,250.00
May, 2024	\$639,166.67	80%	\$511,333.34	\$127,833.33
June, 2024	\$639,166.67	80%	\$511,333.34	\$127,833.33
July, 2024	\$640,000.00	90%	\$576,000.00	\$64,000.00
August, 2024	\$640,000.00	90%	\$576,000.00	\$64,000.00
September, 2024 and thereafter	\$640,000.00	100%	\$640,000.00	N/A

\*The total Deferred Monthly Payment amount of \$2,206,249.99 is included in the Rent Shortfall balance described below.

Commencing January 1, 2025 until paid in full, Lessees shall make payments of \$50,000 per month toward the Rent Shortfall concurrently with the monthly Rent payments due under the Lease.

The subject lease payment schedule has agreed to be modified as detailed above, with lease coverage remaining relatively stable since our March 31, 2023 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 Capitalization Rates (%)	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	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 Capitalization Rates (%)	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	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			Non-core Investment Class		Investment Class Spreads		
	A-B	B-C	A-C		A-B	B-C	A-C		
Active Adult	50	70	120	Active Adult	50	50	100		
Independent Living	50	60	110	Independent Living	50	50	100		
Assisted Living	70	60	130	Assisted Living	50	60	110		
Memory Care	70	60	130	Memory Care	60	70	130		
Nursing Care	70	70	140	Nursing Care	50	70	120		
CCRC/LPC	50	60	110	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	Champaign Urbana Nursing and Rehab	Northbrook Manor Care Center	3 Peace Capital Portfolio	Sunny Brook Living Care Center	Dekalb County Rehab & Nursing Center
	City, State	Savoy, Illinois	Cedar Rapids, Iowa	Greenfield, Wisconsin	Fairfield, Iowa	Dekalb, Illinois
Sale Data	Date of Sale	August 23, 2023	February 24, 2023	June 1, 2022	March 1, 2022	July 23, 2023
	Sales Price	\$8,350,000	\$4,475,000	\$22,000,000	\$5,000,000	\$8,300,000
	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	-	\$5,600,518	\$32,499,554	\$5,902,844	-
	Expenses	-	(\$4,212,209)	(\$28,641,081)	(\$5,211,445)	-
	NOI After Reserves	-	\$1,388,309	\$3,858,473	\$691,399	-
	NOI Per Bed After Reserves	-	\$10,679	\$9,551	\$9,471	-
	Expense Ratio	-	75.2%	88.1%	88.3%	-
	Occupancy at Sale	67.0%	33.1%	61.4%	97.3%	61.0%
Physical Data	Year Built	1975	1976	1998	1948	1986
	Number of Beds	213	130	404	73	190
	Care Levels	NC	NC	NC	NC	NC
	Building Area	69,118	40,608	198,749	67,363	-
Units of Comparison	Sales Price Per Bed	\$39,202	\$34,423	\$54,455	\$68,493	\$43,684
	EGIM	-	0.80	0.68	0.85	-
	Overall Cap. Rate	-	31.02%	17.54%	13.83%	-

The range of capitalization rates is:

### Capitalization Rates From Comparable Sales

Item	Low	Average	High
Comparable Sale OARs	13.83%	20.80%	31.02%

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 analyzed recent REIT transactions noted below. Examples of relevant transactions in support of our forecasts include:

### 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%
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%
<b>REIT Information</b>									
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	-
<b>Average</b>									
<b>Minimum</b>									
<b>Maximum</b>									

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

### Economic Trends and Influence

The comparable sales took place from September 2021 to November 2022. Market conditions began impacting the price of multifamily assets in 2022, a trend which is expected to continue through 2023.

The Federal Reserve actions to curb inflation have had an impact on the cost of capital, greatly impacting lending rates. Capitalization rates hit historic lows in early second quarter 2022, which most investors recognize as an inflection point. Since then, investment rates began their current upward trajectory, in lockstep with the Fed's rate hikes.

The table below shows the actions from each Federal Reserve meeting, rate changes, target rates and the corresponding SOFR rates.

### Federal Reserve Meetings - 2022/2023

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%	3.80%
Dec-22	+50 bps	4.25% - 4.50%	4.32%
Feb-23	+25 bps	4.50% - 4.75%	4.55%
Mar-23	+25 bps	4.75% - 5.00%	4.80%
May-23	+25 bps	5.00% - 5.25%	5.06%
Jul-23	+25 bps	5.25% - 5.50%	5.31%

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.

## Bulk Value / Portfolio Premium

In order to determine if there would be any applicable discount or premium if the properties were purchased as a portfolio rather than individual properties, we have interviewed real estate investors familiar with the seniors housing market. The results of these interviews are described in the ensuing table.

### Market Participants

Company	Discount/Premium
Aegis Senior Living	We like portfolio purchases given the risk is spread out over multiple assets. I think there is probably a 0 to 25 bps premium for a portfolio sale over a single asset. It really depends on the location and operator.
Hilltop Securities	10% to 15% in general, but it could be higher especially for a good operator to improve operations in good locations
Evans Senior Investments	Portfolio premiums are about 25 to 50 bps. For stabilized core properties, the range is typically smaller as the facilities would already trade at a lower cap rate. The premium is largest on smaller properties that are bundled together.
Kisco Senior Living	A portfolio purchase/sale today should not warrant a premium in pricing. However, since there is as much as \$10 billion in committed private equity fund capital and huge pressures to deploy/invest uncalled capital, I would not be surprised if a high quality portfolio commands a cap rate premium versus a one-off asset sale.



## Positive

- Location in CON state;
- Master Lease encumbrance;
- \$700 million bill passed in 2022 for Illinois with increased Medicaid reimbursement;
- Coronavirus Stimulus Bill includes \$200 million for nursing home infection control effects;
- Increased pressure for additional Federal and State funding; and
- Strong investor demand for net-leased healthcare assets under current market conditions.

## Negative

- Low barrier markets in term of land availability;
- Year 1 lease coverage below market;
- General skilled nursing headwinds – reimbursement/legislative risk;
- Uncertainty in the financial markets due to the COVID-19 virus outbreak;
- Risk associated with COVID-19 impact on short-term and long-term expenses; and
- Illinois budget/Medicaid reimbursement delay and overall risk.

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 10.00% as of March 31, 2023 to be appropriate for the subject portfolio.

## 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.

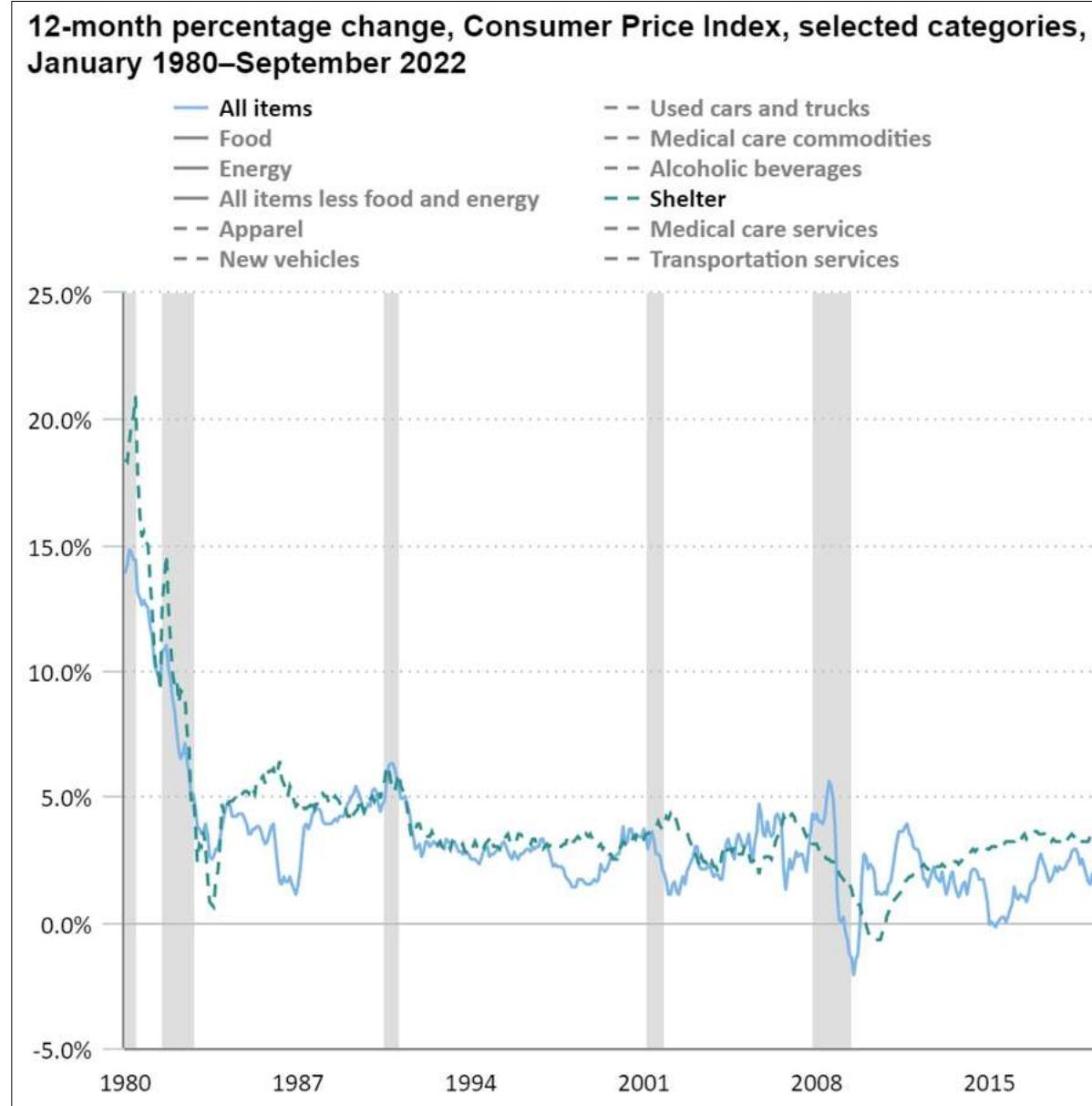
All Markets Revenue and expense (% change)	Revenue Growth			Expense Growth		
	Q4 '22 Low	Q4 '22 High	Q4 '22 Avg.	Q4 '22 Low	Q4 '22 High	Q4 '22 Avg.
Active Adult	2.0	11.0	5.7	1.0	9.0	4.5
Independent Living	2.0	11.0	6.3	1.0	9.0	4.8
Assisted Living	2.0	11.0	6.8	2.0	10.0	5.4
Memory Care	1.0	11.0	6.7	1.0	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.



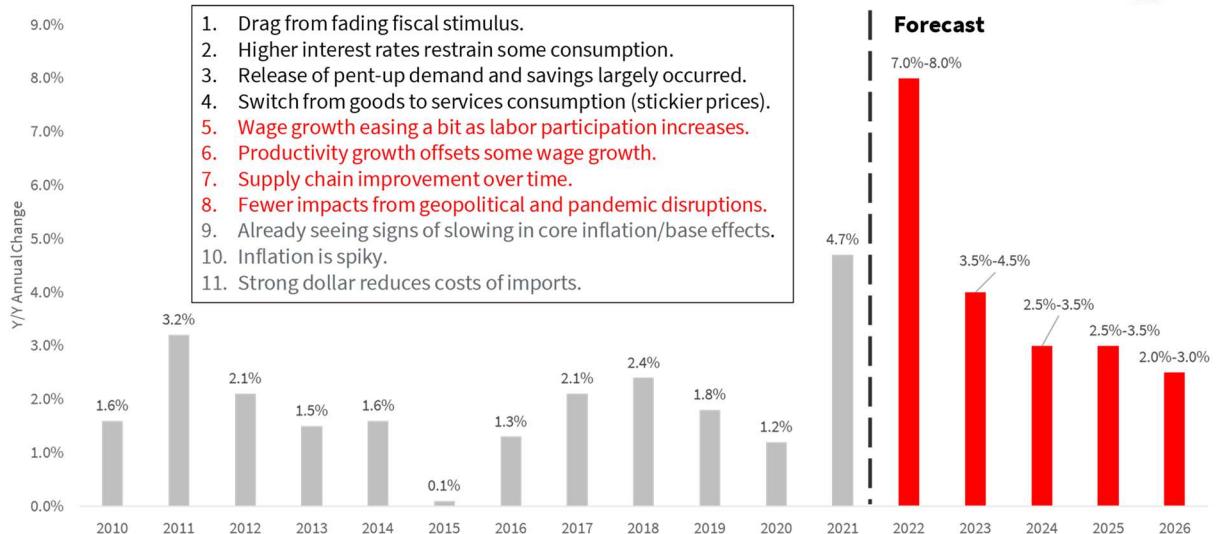
From September 2021 to September 2022, consumer prices for food increased 11.2 percent, while prices for energy rose 19.8 percent.

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.

### Reversion

Based upon the preceding, we will use a reversion capitalization rate of 10.75% as of March 31, 2023.

### Unleveraged Yield Rates - JLL Seniors Housing Investor Survey Yield Rate Trends - 2023

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)
Unlevered Yield (%)															
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 12.00% as of March 31, 2023 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.

## Conclusion

Based on the figures shown above, investment rates are not considered to have undergone a material change since our prior date of value.

## Sales Comparison Approach

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A table of sale comparables reviewed in conjunction with this appraisal report is as follows:

**Summary of Sale Comparables**

Element of Comparison		Comparable Number				
		1	2	3	4	5
Location Data	Property Name	Champaign Urbana Nursing and Rehab	Northbrook Manor Care Center	3 Peace Capital Portfolio	Sunny Brook Living Care Center	Dekalb County Rehab & Nursing Center
	City, State	Savoy, Illinois	Cedar Rapids, Iowa	Greenfield, Wisconsin	Fairfield, Iowa	Dekalb, Illinois
Sale Data	Date of Sale	August 23, 2023	February 24, 2023	June 1, 2022	March 1, 2022	July 23, 2023
	Sales Price	\$8,350,000	\$4,475,000	\$22,000,000	\$5,000,000	\$8,300,000
	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	-	\$5,600,518	\$32,499,554	\$5,902,844	-
	Expenses	-	(\$4,212,209)	(\$28,641,081)	(\$5,211,445)	-
	NOI After Reserves	-	\$1,388,309	\$3,858,473	\$691,399	-
	NOI Per Bed After Reserves	-	\$10,679	\$9,551	\$9,471	-
	Expense Ratio	-	75.2%	88.1%	88.3%	-
	Occupancy at Sale	67.0%	33.1%	61.4%	97.3%	61.0%
Physical Data	Year Built	1975	1976	1998	1948	1986
	Number of Beds	213	130	404	73	190
	Care Levels	NC	NC	NC	NC	NC
	Building Area	69,118	40,608	198,749	67,363	-
Units of Comparison	Sales Price Per Bed	\$39,202	\$34,423	\$54,455	\$68,493	\$43,684
	EGIM	-	0.80	0.68	0.85	-
	Overall Cap. Rate	-	31.02%	17.54%	13.83%	-

## Conclusion

Our review of sale transactions in the marketplace do not point to a material change in market value from JLL's March 31, 2023 value conclusion for the subject property.

## Conclusion

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### Change/No Change Conclusion

Based on our analysis of the subject property (as retained in our work files), the subject's market value as of December 31, 2023 would fall within 5% of JLL's previous market value conclusion, as reported on March 31, 2023.

### 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.

# *Appendix A*

## Analyst Qualifications

## JLL Biography

# 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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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**

# State of Illinois

## Department of Financial and Professional Regulation Division of Real Estate

LICENSE NO.  
553.002433

The person, firm, or corporation whose name appears on this certificate has complied with the provisions of the Illinois Statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below:

EXPIRES:  
09/30/2025

### CERTIFIED GENERAL REAL ESTATE APPRAISER



BRYAN J LOCKARD  
3322 W SEVILLA CIRCLE  
TAMPA, FL 33629



MARIO TRETO, JR.   
SECRETARY

LAURIE MURPHY  
DIRECTOR

18282444

The official status of this license can be verified at [IDFPR.illinois.gov](http://IDFPR.illinois.gov)

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For future reference, IDFPR is now providing each person/business a unique identification number, 'Access ID', which may be used in lieu of a social security number, date of birth or FEIN number when contacting the IDFPR. Your Access ID is: 3896953

LICENSE NO.  
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Department of Financial and Professional Regulation  
Division of Real Estate



BRYAN J LOCKARD

EXPIRES:  
09/30/2025

MARIO TRETO, JR.  
SECRETARY

LAURIE MURPHY  
DIRECTOR

The official status of this license can be verified at [IDFPR.illinois.gov](http://IDFPR.illinois.gov)

Cut on Dotted Line

# State of Missouri

Missouri Department of Commerce and Insurance

Division of Professional Registration

Real Estate Appraisers Commission

State Certified General Real Estate Appraiser



VALID THROUGH JUNE 30, 2024

ORIGINAL CERTIFICATE/LICENSE NO. 2017030299

BRYAN J LOCKARD  
3322 WEST SEVILLA CIR  
TAMPA FL 33629  
USA

Vasava Banuchamro  
EXECUTIVE DIRECTOR

Sheila Aler  
DIVISION DIRECTOR

# Seniors Housing and Healthcare

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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

## 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 condition and environmental services

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

## 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

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## 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 maximize 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



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](#)



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#### About JLL

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