

APPRAISAL REPORT

GOLDEN ORCHARD III
3510 Holland Street
Wheat Ridge, Jefferson County, Colorado 80033
CBRE File: 18-341AT-2346

U.S. Small Business Administration (SBA)

and

LIVE OAK BANK
1741 Tiburon Drive
Wilmington, North Carolina 28403

www.cbre.com/valuation

CBRE





Seniors Housing & Care
3501 Jamboree Road, Suite 100
Newport Beach, CA 92660

T 949-725-8500
F 949-725-8545

www.cbre.com

August 2, 2018

U.S. Small Business Administration (SBA)

and

LIVE OAK BANK

1741 Tiburon Drive

Wilmington, North Carolina 28403

RE: Appraisal of Golden Orchard III
3510 Holland Street, Wheat Ridge, Jefferson County, Colorado 80033

At your request and authorization, CBRE, Inc. has prepared an appraisal of the market value of the referenced property. This analysis is presented in the following appraisal report.

The subject, identified as Golden Orchard III is an existing 10-unit assisted living residence with a maximum capacity for 16 residents. The 3,441 square foot improvements were constructed in 1960, are in good condition, and situated on a 0.33-acre site. It should be noted that the subject has 3,096 square feet of basement area. The physical address is 3510 Holland Street, Wheat Ridge, Jefferson County, Colorado. The payor mix was 100% private pay at the time of inspection, which had 69% occupancy. The subject is more fully described within the report.

The subject and the property known as Golden Orchard I, located at 850-890 East Orchard Road, Centennial, Arapahoe County, Colorado 80121 are currently under contract for purchase at \$4.2 million between Golden Orchard Inc. (seller) and Dr. Loretta Chang (buyer). The price includes only the real estate portion and excludes the business enterprise component. Based on our analysis, the overall sales price appears to be at market value.

Over the past year (2018), the current operator (Seller) was in failing health and did not maintain good financial records and census data. The Buyer, provided a rental rate pro forma, but included all expenses for the three property portfolio (Golden Orchard I, II, and III) into one pro forma. Therefore, we considered the Buyers proposed rents, but relied on historical and market-derived expenses. The Comparable properties have been surveyed in order to identify the occupancy and rental trends within the subject's market area.

Based on the analysis contained in the following report, the market value(s) of the subject is concluded as follows:

MARKET VALUE CONCLUSION			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
As Is - Going Concern	Fee Simple Estate	July 24, 2018	\$1,550,000
As Stabilized - Going Concern	Fee Simple Estate	January 24, 2019	\$1,600,000
Compiled by CBRE			

Data, information, and calculations leading to the value conclusion are incorporated in the report following this letter. The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter.

The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, our interpretation of the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

This report and analysis also conforms to Title XI Regulations and the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) updated in 1994 and further updated by the Interagency Appraisal and Evaluation Guidelines promulgated in 2010.

The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and 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 non-client, non-intended users does not extend reliance to any other party and CBRE will not be responsible for unauthorized use of the report, its conclusions or contents used partially or in its entirety.

It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if CBRE, Inc. can be of further service, please contact us.

Respectfully submitted,

CBRE, Inc. - VALUATION & ADVISORY SERVICES



Arnold Vieyra, MAI

Vice President

Cert. Gen. Appraiser Lic. # 100004662 (CO)

Expires: December 31, 2019

Phone: 949-725-8500

Email: Arnold.Vieyra@cbre.com

CBRE

Certification

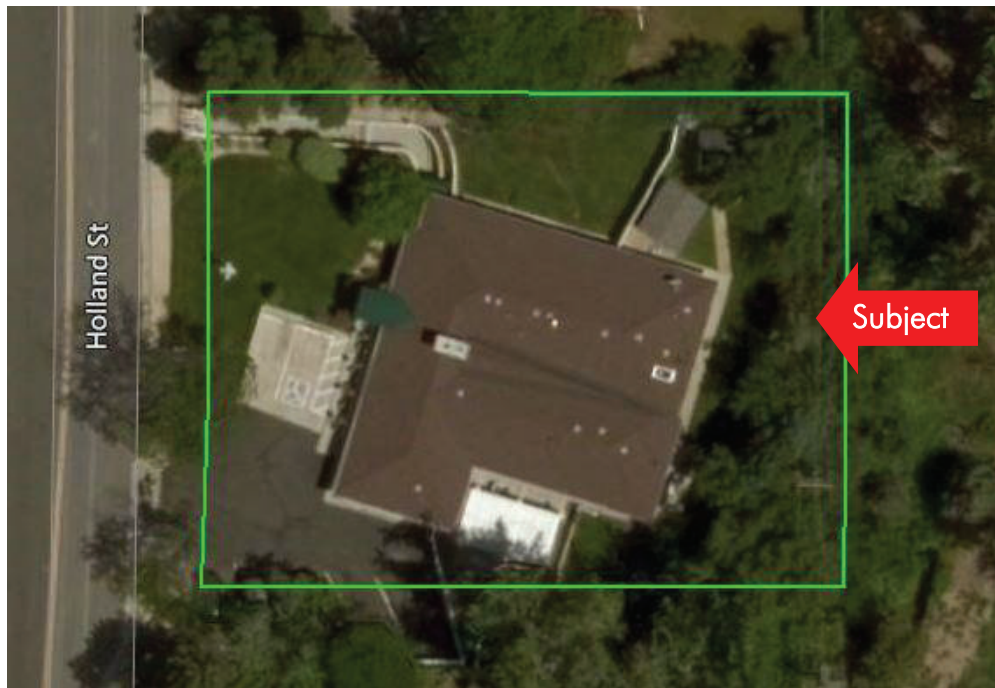
We certify to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. 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.
3. We have no present or prospective interest in or bias with respect to the property that is the subject of this report and have no personal interest in or bias with respect to the parties involved with this assignment.
4. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
5. 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.
6. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the State of Colorado.
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. As of the date of this report, Arnold Vieyra, MAI has completed the continuing education program of the Appraisal Institute for Designated Members.
11. Arnold Vieyra, MAI has made a personal inspection of the property that is the subject of this report.
12. No one provided significant real property appraisal assistance to the persons signing this report. Valuation & Advisory Services operates as an independent economic entity within CBRE, Inc. Although employees of other CBRE, Inc. divisions may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy were maintained at all times with regard to this assignment without conflict of interest.
13. Arnold Vieyra, MAI has not provided any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.



Arnold Vieyra, MAI
Cert. Gen. Appraiser Lic. # 100004662 (CO)

Subject Photographs



AERIAL VIEW

Source: LandVision



FRONT VIEW



Front Entrance



Side View



Side View



Rear View



Outdoor Patio



Lounge Area



Hallway



Dining Room



Kitchen



Laundry



Typical Resident Room



Typical Resident Bathroom

Lounge



Storage



Street Scene Facing South

Street Scene Facing North

Executive Summary

Property Name	Golden Orchard III		
Location	3510 Holland Street, Wheat Ridge, Jefferson County, Colorado 80033		
Client Reference Number	18018756		
Assessor's Parcel Number	39-272-12-001		
Property Rights Appraised	Fee Simple Estate		
Highest and Best Use			
As If Vacant	Seniors Housing		
As Improved	Seniors Housing		
Land Area	0.33 AC		
Excess Land Area	None		
Improvements			
Property Type	Assisted Living Residence (ALR)		
Number of Buildings	1		
Number of Stories	1		
Gross Building Area	3,441 SF	3,096 SF	(basement area)
Year Built	1960		
Condition	Good		
Total Units	10		
Total Beds	16		
Total Revenue Units	16		
Estimated Exposure/Marketing Time	10 Months		
Financial Indicators			
Current Occupancy	68.8%		
Stabilized Occupancy	93.0%		
Estimated Lease-up Period	6 Months		
Overall Capitalization Rate	9.00%		
Stabilized Operating Data			
Effective Gross Income	Total	Rev. Unit	Per RD
	\$663,685	\$41,480	\$122.20
Operating Expenses	\$521,934	\$32,621	\$96.10
Net Operating Income	\$141,751	\$8,859	\$26.10
Expense Ratio	78.64%		

Market Value As Is On	July 24, 2018		
Sales Comparison Approach		\$1,550,000	\$96,875
Income Capitalization Approach		\$1,550,000	\$96,875
Market Value As Stabilized On	January 24, 2019		
Sales Comparison Approach		\$1,600,000	\$100,000
Income Capitalization Approach		\$1,600,000	\$100,000
Insurable Value (Replacement Cost)		\$575,000	\$35,938

CONCLUDED MARKET VALUE			
Appraisal Premise	Interest Appraised	Date of Value	Value
As Is - Going Concern	Fee Simple Estate	July 24, 2018	\$1,550,000
As Stabilized - Going Concern	Fee Simple Estate	January 24, 2019	\$1,600,000
Compiled by CBRE			

Allocation of the Going Concern Conclusion

The allocation of the going concern has been estimated as follows:

ALLOCATION OF THE GOING CONCERN		
	As Is July 24, 2018	As Stabilized January 24, 2019
Real Estate	\$1,316,000	\$1,316,000
FF & E	\$44,000	\$44,000
Business Value	\$190,000	\$240,000
Market Value of the Going Concern	\$1,550,000	\$1,600,000
Compiled by CBRE		

Extraordinary Assumptions

An extraordinary assumption is defined as “an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser’s opinions or conclusions.”¹

- The prospective market value estimate is based upon market participant attitudes and perceptions existing as of the effective date of our appraisal, and assumes the subject property is completed and/or achieves stabilization as of our prospective date. We assume no material change in the physical characteristics and condition of the subject property or in overall market conditions between the date of inspection and effective date of value, except for those identified within the report. Any undue delay in the construction timeline could materially impact the value conclusion reported herein.

Hypothetical Conditions

A hypothetical condition is defined 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 purposes of analysis.”²

- None noted

¹ The Appraisal Foundation, USPAP, 2018-2019 ed., U-3.

² The Appraisal Foundation, USPAP, 2018-2019 ed., U-3.

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Introduction

Property Identification

The subject, identified as Golden Orchard III is an existing 10-unit assisted living residence with a maximum capacity for 16 residents. The 3,441 square foot improvements were constructed in 1960, are in good condition, and situated on a 0.33-acre site. The physical address is 3510 Holland Street, Wheat Ridge, Jefferson County, Colorado. The payor mix was 100% private pay at the time of inspection, which had 69% occupancy. The subject is more fully described within the report.

Primary Unit of Measure

The breakdown of the subject property as it relates to the set-up of units, beds, and most appropriate unit of measurement (revenue units) is shown below. Throughout this report, the term “unit” is intended to represent the revenue unit unless otherwise noted.

PRIMARY UNIT OF MEASURE				
	Units	Beds	Unit of Measure	Revenue Units
Assisted Living	10	16	Beds	16

Ownership and Property History

The following table summarizes the subject’s ownership history.

OWNERSHIP SUMMARY	
Current Owner:	Golden Orchard Inc.
Date Purchased:	July 6, 1997
Purchase Price:	\$142,000
Legal Reference:	F0447900
Pending Sale	Yes
Change of Ownership - Past 3 Years	No
Compiled by CBRE	

The subject and the property known as Golden Orchard I, located at 850-890 East Orchard Road, Centennial, Arapahoe County, Colorado 80121 are currently under contract for purchase at \$4.2 million between Golden Orchard Inc. (seller) and Dr. Loretta Chang (buyer). The price includes only the real estate portion and excludes the business enterprise component. Based on our analysis, the overall sales price appears to be at market value. CBRE is aware of no other transactions in the past three years.

Premise of the Appraisal

The following table illustrates the various dates associated with the valuation of the subject, the valuation premise(s) and the rights appraised for each premise/date:

PREMISE OF THE APPRAISAL		
Item	Date	Interest Appraised
Date of Report:	August 2, 2018	
Date of Inspection:	July 24, 2018	
Dates of Value		
As Is - Going Concern	July 24, 2018	Fee Simple Estate
As Stabilized - Going Concern	January 24, 2019	Fee Simple Estate
Compiled by CBRE		

Purpose of the Appraisal

The purpose of this appraisal is to estimate the market value of the subject property.

Definition of Value

The current economic definition of market value agreed upon by agencies that regulate federal financial institutions in the U.S. (and used herein) is as follows:

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.³

Intended Use of Report

This appraisal is to be used as an aid for underwriting a loan, classification of a loan, and/or the disposition of assets, and no other use is permitted.

³ Interagency Appraisal and Evaluation Guidelines; December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472.

Intended User of Report

This appraisal is to be used by U.S. Small Business Administration (SBA) and Live Oak Bank, and no other user may rely on our report unless as specifically indicated in the report.

Intended Users - the intended user is the person (or entity) who the appraiser intends will use the results of the appraisal. The client may provide the appraiser with information about other potential users of the appraisal, but the appraiser ultimately determines who the appropriate users are given the appraisal problem to be solved. Identifying the intended users is necessary so that the appraiser can report the opinions and conclusions developed in the appraisal in a manner that is clear and understandable to the intended users. Parties who receive or might receive a copy of the appraisal are not necessarily intended users. The appraiser's responsibility is to the intended users identified in the report, not to all readers of the appraisal report.⁴

Scope of Work

The scope of the assignment relates to the extent and manner in which research is conducted, data is gathered and analysis is applied. CBRE, Inc. completed the following steps for this assignment:

- Client
- Intended use
- Intended user
- Type of opinion
- Effective date of opinion
- Relevant characteristics about the subject
- Assignment conditions

Extent to Which the Property is Identified

CBRE, Inc. collected the relevant information about the subject from the owner (or representatives), public records and through an inspection of the subject property. The property was identified through the following sources:

- postal address
- assessor's records

Extent to Which the Property is Inspected

CBRE, Inc. inspected the interior and exterior of the subject, as well as its surrounding environs on the effective date of appraisal. This inspection sample was considered an adequate representation of the subject property and is the basis for our findings.

⁴ Appraisal Institute, *The Appraisal of Real Estate*, 14th ed. (Chicago: Appraisal Institute, 2013), 50.

Type and Extent of the Data Researched

CBRE, Inc. reviewed the micro and macro market environments with respect to physical and economic factors relevant to the valuation process. This process included interviews with regional and local market participants, available published data, and other various resources. CBRE, Inc. also conducted regional and local research with respect to the following:

- applicable tax data
- zoning requirements
- flood zone status
- demographics
- income and expense data
- comparable data

Type and Extent of Analysis Applied

CBRE, Inc. analyzed the data gathered through the use of appropriate and accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value. The steps required to complete each approach are discussed in the methodology section.

Data Resources Utilized in the Analysis

DATA SOURCES	
Item	Source(s):
Site Data	
Size:	Jefferson County Assessor
Improved Data	
Gross Size/GBA:	Jefferson County Assessor
Total Rev. Units & Mix:	Rent Roll
Area Breakdown/Use:	Physical Inspection
No. Bldgs.:	Physical Inspection
YOC:	Jefferson County Assessor
Economic Data	
Deferred Maintenance:	N/A
Building Costs:	N/A
Income Data:	Subject Financials and Market Extracted Data
Expense Data:	Subject Financials and Market Extracted Data
Other	
Licensure Requirements:	ASHA State Regulatory Handbook
Compiled by CBRE	

Seniors Housing Industry Overview

The seniors housing and care industry provides accommodation, as well as an array of services and program options to seniors. The demand for these properties is primarily driven by the segment of the seniors population over the age of 75. The level of services and variety of options available to the seniors housing marketplace continues to evolve as the needs, preferences and demands of seniors and their families change.

The types of properties that facilitate the delivery of accommodation and care services to seniors are typically divided into four primary categories: independent living ("IL"), assisted living ("AL"), memory care ("MC") and long-term care ("LTC"). Seniors housing and care properties also include continuing care retirement communities ("CCRCs"), which typically offer all of the care levels noted above on a single campus. These property types are collectively referred to as "seniors housing."

Property Types by Services Provided

The following classifications have been endorsed by the American Association of Homes & Services for the Aging (AAHSA); American Health Care Association (AHCA); American Seniors Housing Association (ASHA); Assisted Living Federation of America (ALFA); National Center for Assisted Living (NCAL); and the National Investment Center for the Seniors Housing & Care Industry, Inc. (NIC).

Active Adult Communities or Senior Apartments (55+): *For-sale single-family homes, townhomes, cluster homes, mobile homes and condominiums with no specialized services, restricted to adults at least 55 years of age or older. Rental housing is not included in this category. Residents generally lead independent lifestyles; projects are not equipped to provide increased care as the individual ages. These communities may include amenities such as a clubhouse, golf course and recreational spaces. Outdoor maintenance is normally included in the monthly homeowner's association or condominium fee.*

Senior Apartments (55+): *Multifamily residential rental properties restricted to adults at least 55 years of age or older. These properties do not have central kitchen facilities and generally do not provide meals to residents, but may offer community rooms, social activities, and other amenities.*

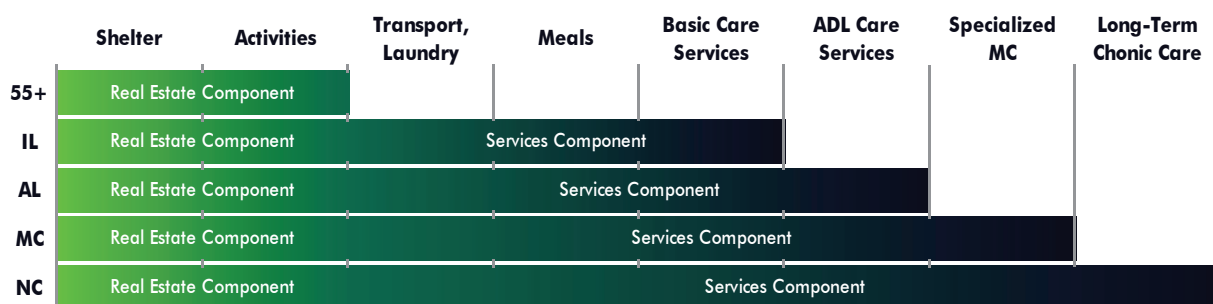
Independent Living Communities (ILC): *Age-restricted multifamily rental properties with central dining facilities that provide residents, as part of their monthly fees, access to meals and other services, such as housekeeping, linen service, transportation, and social and recreational activities. Such properties do not provide, in a majority of the units, assistance with activities of daily living (ADLs), such as supervision of medication, bathing, dressing, toileting, etc. There are no licensed skilled nursing beds in the property. Active adult communities and senior apartments are often considered subsets of independent living.*

Assisted Living Residences (ALR): State regulated rental properties that provide the same services as independent living communities listed above, but also provide, in a majority of the units, supportive care from trained employees to residents who are unable to live independently and require assistance with activities of daily living (ADLs) including management of medications, bathing, dressing, toileting, ambulating and eating. These properties may have some nursing beds, but the majority of units are licensed for assisted living. Many of these properties include wings or floors dedicated to residents with Alzheimer's or other forms of dementia. A property that specializes in the care of residents with Alzheimer's or other forms of dementia that is not a licensed nursing facility should be considered an assisted living property.

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

Continuing Care Retirement Community (CCRCs): Age-restricted properties that include a combination of independent living, assisted living and skilled nursing services (or independent living and skilled nursing) available to residents all on one campus. Resident payment plans vary and include entrance fee, condo/coop and rental programs. The majority of the units are not licensed skilled nursing beds.

The following diagram highlights the array of services offered across the different property types. Besides accommodation, seniors housing and care properties typically offer hospitality services (meals, housekeeping, activities programming), care services (assistance with activities of daily living ("ADLs") such as bathing, grooming, dressing, eating and medication management), and medical services (skilled nursing, rehab therapy). Independent living properties service the most able residents who require little, if any, assistance with ADLs. At the other end of the spectrum, long-term care properties provide the most intensive services to the most frail and dependent seniors.



Source: NIC Investment Guide

Asset Components

Seniors housing and care properties are businesses that require a very specific mix of tangible and intangible assets in order to operate effectively. Unlike certain other forms of income producing commercial real estate, a meaningful component of the value of a going-concern seniors housing and care property relates to intangible assets.

Compared to the typical commercial real estate business model in which a landlord conveys the use of physical space to a tenant in exchange for rent, the seniors housing and care property business model is more involved. Beyond offering residential space to the tenants of a seniors housing and care property (the "Real Estate Component"), the seniors housing landlord typically provides its residents an integrated services offering to address the varied needs of the property's population of seniors (the "Services Component"). Unless otherwise stated, this analysis refers to seniors housing and care properties in the context of the most common ownership model, in which ownership of the real estate and management of the residence is by a single or related party owner-operator.

Tangible Assets	Intangible Assets
Equipment	Operating Policies & Procedures
Furniture	Brand
Building Envelope	Assembled Workforce
HVAC & Mechanical Systems	Customer Relationships
Elevator	License*
Land	Government Service Contracts*

* Issued/negotiated with the respective state regulator in most jurisdictions

The tangible real property assets, including the land, improvements, furniture, fixtures and equipment, are obvious essential components of a seniors housing and care property. However, without the intangible assets noted in the table above, the physical property would be little more than a purpose-built property without an alternative use as an apartment building, unless it underwent meaningful retrofitting. This 'active management' component is correctly viewed by the market as adding incremental risk and complexity versus the conventional commercial real estate asset classes, which translates into higher return expectations by investors.

Exposure/Marketing Time

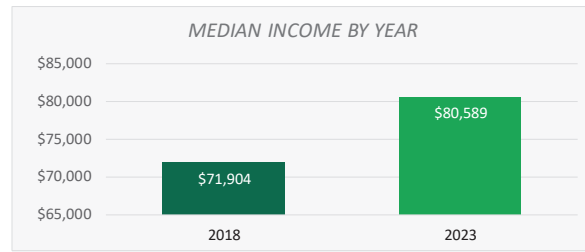
Current appraisal guidelines require an estimate of a reasonable time period in which the subject could be brought to market and sold. This reasonable time frame can either be examined historically or prospectively. In a historical analysis, this is referred to as exposure time. Exposure time always precedes the date of value, with the underlying premise being the time a property would have been on the market prior to the date of value, such that it would sell at its appraised value as of the date of value. On a prospective basis, the term marketing time is most often used. The exposure/marketing time is a function of price, time, and use. It is not an isolated estimate of time alone. In consideration

of these factors, we have analyzed exposure/marketing time information from the CBRE, Inc. National Investor Survey. The following table presents the information derived from this source.

EXPOSURE/MARKETING TIME INFORMATION		
Investment Type	Exposure/Mktg. (Months)	
	Range	Average
CBRE Seniors Housing & Care		
Core Assets	8.0 - 10.0	9.0
Non-Core Assets	10.0 - 15.0	12.0
CBRE Exposure/Marketing Time Estimate	10 Months	
Source: CBRE Investor Survey		

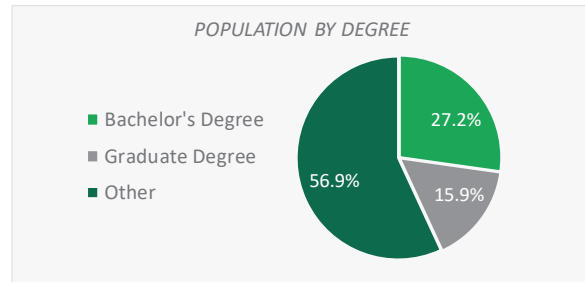
INCOME

The area features an average household income of \$98,830 and a median household income of \$71,904. Over the next five years, median household income is expected to increase by 12.1%, or \$1,737 per annum.

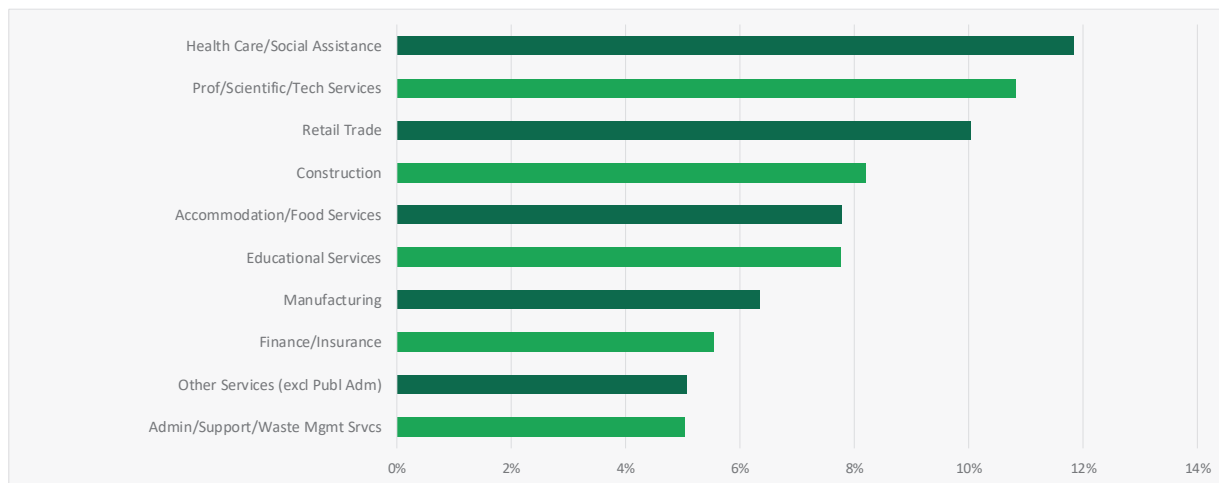


EDUCATION

A total of 43.1% of individuals over the age of 24 have a college degree, with 27.2% holding a bachelor's degree and 15.9% holding a graduate degree.



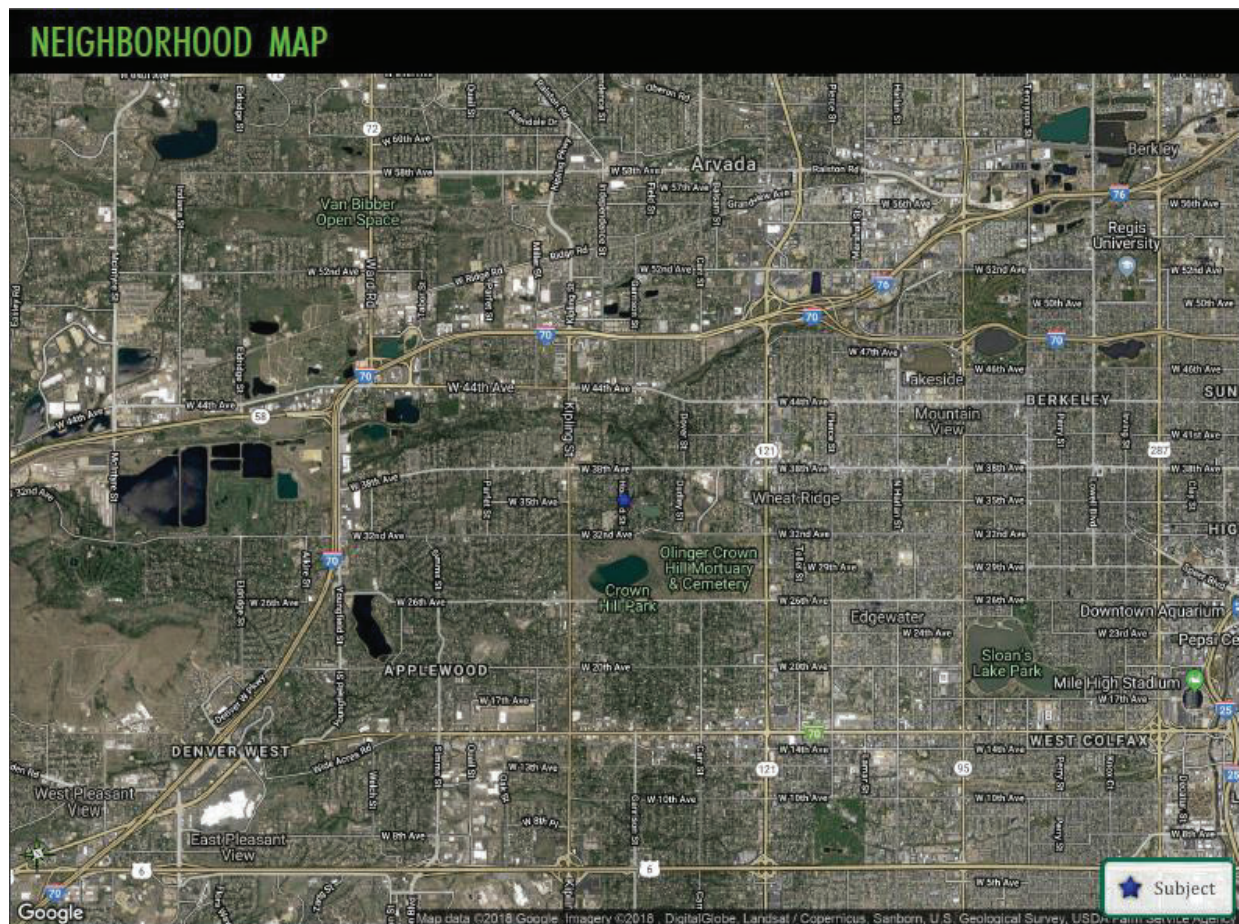
EMPLOYMENT



The area includes a total of 1,589,313 employees and has a 3.3% unemployment rate. The top three industries within the area are Health Care/Social Assistance, Prof/Scientific/Tech Services and Retail Trade, which represent a combined total of 33% of the population.

Compiled by CBRE; Source: Esri

Neighborhood Analysis



Location

The subject is located along the southern boundary of Wheat Ridge and is considered a suburban location. Specifically, the subject site is located on Holland Street north of 32nd Avenue and south of 37th Avenue.

Boundaries

The neighborhood boundaries are detailed as follows:

North:	44 th Avenue
South:	20 th Avenue
East:	Pierce Street
West:	Interstate 70

Land Use Patterns

Immediate uses surrounding the subject are primarily residential in nature with commercial and retail uses located along major intersections. The neighborhood also contains a number of recreational uses including a wildlife sanctuary, a lake, various parks and conservation areas. The subject is

located near a large cemetery, Lutheran Medical Center, a Walgreens, a Big Lots, a Walmart Super Center, and a retail area that includes many restaurants, coffee and pizza shops, barbers, banks, salons and dentists. These services are all a short commute from the Property.

According to CoStar, within three miles of the subject there have been two properties completed since the start of 2018, including one office building (103,000 sf) and one car wash (4,901 sf). In this same area, there is currently one retail location under renovation, with no properties under construction. There are also 16 properties proposed that include retail, office, and multifamily projects.

Access

The highways Interstate 70 and Interstate 25 lie to the west and east of Wheat Ridge respectively, providing access to the majority of Colorado. The Regional Transportation District (RTD) provides over 170 bus routes and a light rail service for the area. Denver International Airport is located northeast of the property and provides access to cities through the United States.

Demographics

Selected neighborhood demographics are shown in the following table:

SELECTED NEIGHBORHOOD DEMOGRAPHICS			
Golden Orchard III 3510 Holland Street	1 Mile	3 Miles	5 Miles
Population			
2023 Total Population	9,266	115,741	349,179
2018 Total Population	8,930	108,232	326,573
2010 Total Population	8,472	99,990	293,275
2000 Total Population	9,007	103,848	304,899
Annual Growth 2018 - 2023	0.74%	1.35%	1.35%
Annual Growth 2010 - 2018	0.66%	1.00%	1.35%
Annual Growth 2000 - 2010	-0.61%	-0.38%	-0.39%
Households			
2023 Total Households	4,227	52,050	146,921
2018 Total Households	4,080	48,770	137,674
2010 Total Households	3,878	45,216	124,214
2000 Total Households	3,999	45,021	121,922
Annual Growth 2018 - 2023	0.71%	1.31%	1.31%
Annual Growth 2010 - 2018	0.64%	0.95%	1.29%
Annual Growth 2000 - 2010	-0.31%	0.04%	0.19%
Income			
2018 Median Household Income	\$61,211	\$53,529	\$58,108
2018 Average Household Income	\$83,796	\$73,259	\$79,252
2018 Per Capita Income	\$37,944	\$33,640	\$33,927
2018 Pop 25+ College Graduates	2,625	27,712	86,037
Age 25+ Percent College Graduates - 2018	38.8%	35.3%	37.2%
Source: CBRE Fast Reports & ESRI			

Conclusion

In summary, the immediate neighborhood is supportive of the subject's current use as well as seniors housing in general. Having two nearby Interstates and with its proximity to the city of Denver, access to area highways, employers, and shopping is excellent. There are a number of healthcare providers within the subject's immediate vicinity. Little development has occurred as of late, but there are several proposed projects within the subject's neighborhood. These developments do conform to the existing uses and are considered to benefit the subject. Overall, the neighborhood is experiencing favorable growth patterns that are expected to continue into the foreseeable future.

Market Analysis

The market analysis forms a basis for assessing market area boundaries, supply and demand factors, and indications of financial feasibility. Primary data sources utilized for this analysis include National Investment Center for The Seniors Housing & Care Industry (NIC), American Seniors Housing Association (ASHA), and CBRE primary research. In analyzing the subject's market as well as the overall supply and demand fundamentals that impact the subject's occupancy, the following steps have been taken:

- *Seniors Housing Market Overview*
- *Analyse Market and Submarket Trends*
- *Delineate and Analyse the Subject's Primary Market Area*
- *Conduct a Penetration Analysis*
- *Conclusion*

The subject is considered a Class D, Independent and Assisted Living Community. The classification for the subject's property type has been endorsed by the American Association of Homes & Services for the Aging (AAHSA); American Health Care Association (AHCA); American Seniors Housing Association (ASHA); Assisted Living Federation of America (ALFA); National Center for Assisted Living (NCAL); and the National Investment Center for the Seniors Housing & Care Industry, Inc. (NIC).

Private Residential Assisted Living Home Market Overview

There are a number of additional requirements for small residential care homes to obtain a license for more than eight beds. Exact restrictions for larger facilities vary state by state, but tend to include the requirement for fire rated construction, a fire sprinkler system, automatic fire alarm system, tactile egress signage, emergency illumination, and smoke barrier walls. Many cities have zoning restrictions which allow for eight-bed facilities, but require a conditional use permit for larger facilities.

Therefore, larger facilities tend to be more institutional in design and management, and the market for these facilities has different nuances from the private residential home market. As such, we have limited our analysis to residential care homes with three to 19 beds, noting that most in this category have the capacity of six beds with the fewest restrictions. Although facilities with 9 to 19 beds have more restrictions than the smaller facilities, they tend to have similar amenities and operations to the smaller residential care homes than to facilities of a larger scale. Therefore, they have been included in this analysis.

Additionally, since assisted living residences must be allowed by zoning, physically equipped for this use and fully licensed, they are not immediately interchangeable with single family homes. Conversion back from an assisted living residence to a single family home is costly and occurs very infrequently.

Colorado Market

Small residential care homes house approximately 1 out of 4 assisted living residents in Colorado, yet represent almost 3 out of 4 licensed facilities in the state. There are nearly 660 licensed assisted living residences of all sizes in Colorado with almost 23,000 beds. Of these, approximately 400 are small (3-19 bed) assisted living homes with nearly 4,000 beds. In Jefferson County, there are about 79 small facilities with 816 beds.

Investment Trends

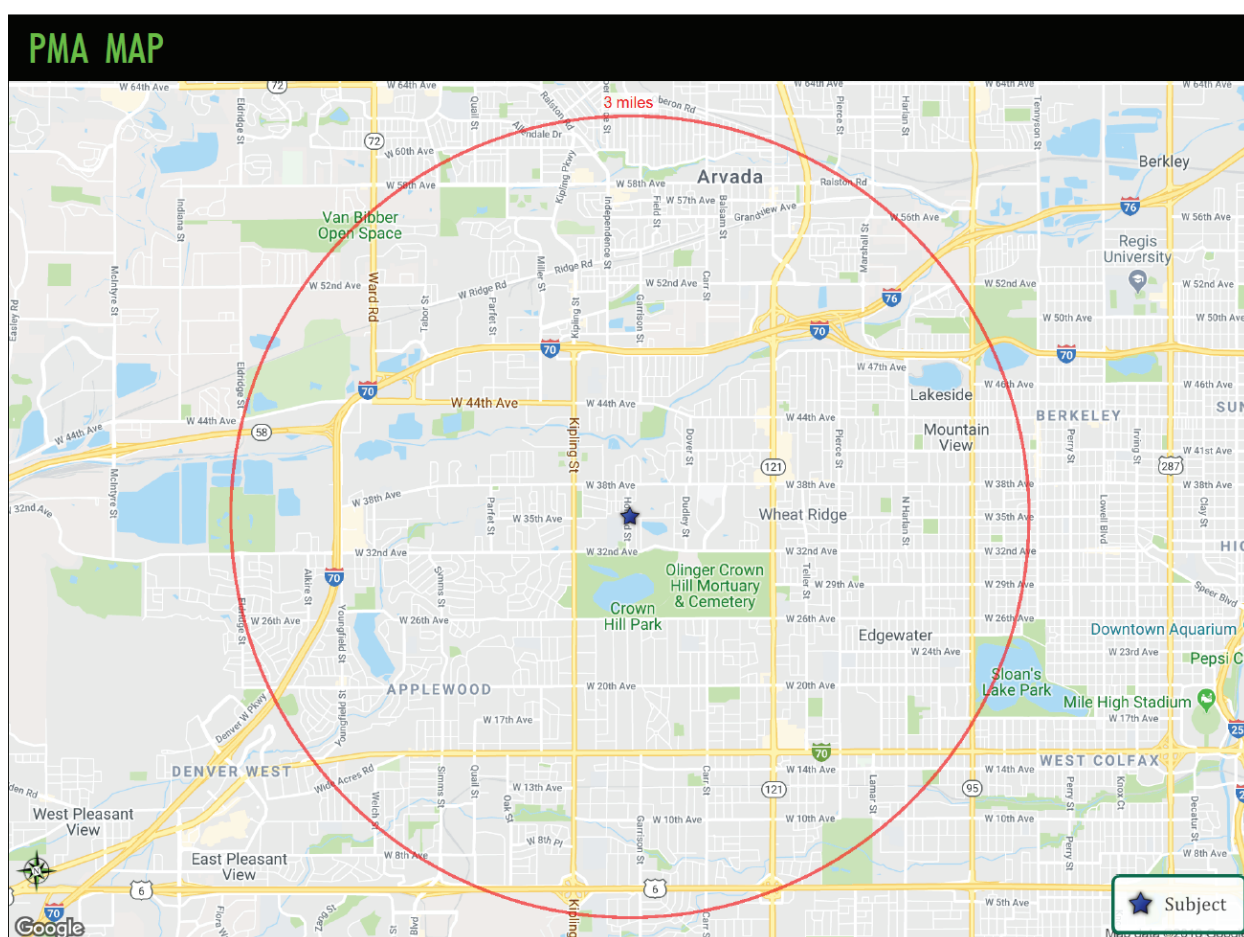
A majority of the facilities in Colorado are operated by a licensee that operates only one facility. Some of these facilities are leased, while others are owned and operated by the same entity. The overwhelming majority of investors are local, and in cases where one operator runs multiple facilities, they are generally in the same market area.

Management quality at small residential care homes varies widely. Therefore, most buyers look at the market primarily on a price per bed basis, and secondarily from an operational standpoint.

Primary Market Area Performance Summary

The subject's primary market area must also be considered. The first step in analyzing the competitive market for the subject is delineating the subject's primary market area (PMA). A PMA can be defined by a radius, nodes, submarket(s), zip code(s), county(s) or township(s), or any variety of such defining terms. This cohort represents where approximately 70% to 80% of the residents currently occupying the subject resided prior to moving in to the subject property.

Based on discussions with property management, the subject's primary market area is best defined as a three-mile radius.



Subject's Market Trends

Penetration Analysis

A penetration analysis can be performed to determine the overall market depth, as well as the potential impact of any future supply within the subject's defined market area. The penetration analysis begins by identifying all current and proposed competition to the subject within the subject's respective PMA. The supply estimate is then applied to demand generators relative to the overall demographics of the PMA.

Penetration is defined as the competitive inventory (including the subject) divided by the number of age-qualified households. It is recognized that there are a number of methodologies in calculating penetration. Though somewhat simplistic, this method is considered the most widely recognized respective to the subject's property type. In addition, it represents the methodology employed by NIC, and therefore allows for accurate benchmarking against greater market indices.

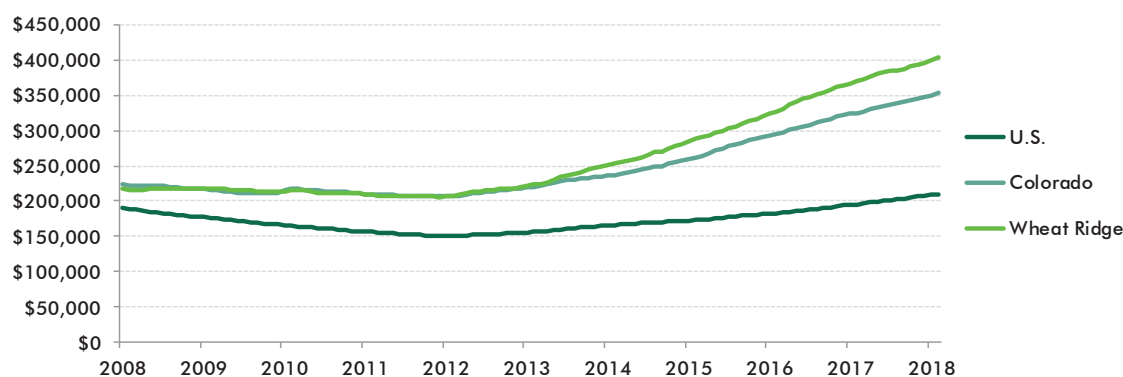
Barriers to Entry

Affordable single-family residential has also acted as a barrier to entry within the subject's general location due to construction related restrictions placed on land that has not been developed.

Licensure requirements relative to the subject's property type are present in the State of Colorado. As further detailed later in this report, there is no moratorium on assisted living licensure. Only the operational and staffing requirements must be met in order to be granted a license to operate an assisted living residence.

Housing Trends

Housing is also a major determinate of affordability for potential residents requiring less acuity care. When home sales stall, residents may opt to delay making a move to a seniors housing community, until absolutely necessary. Likewise, a thriving housing market allows potential residents to make moving decisions based more on lifestyle options. As reported by Zillow.com, home prices for the area did not experience much decline through the recession, and have increased significantly since then to almost double pre-recession values. Wheat Ridge is growing at a faster rate than the state of Colorado and is well above national averages.



Source: Zillow.com

The average single-family home value in Wheat Ridge is slightly over \$400,000, above the state average. We have reviewed home values in the subject's area, not as a value indication for the subject but rather as a test for barriers to entry. Due to the subject's superior attributes, we would expect it to fall above the average home value for Wheat Ridge.

Future Supply

Future supply is one of the greatest potential impacts on a market's balance of operations. Hence, any properties under construction or proposed for construction within the subject's PMA must be identified and accounted for. According to the Colorado Department of Human Services, there are no licenses pending within the subject's PMA:

Market Occupancy

In order to best understand market performance within the subject's identified PMA, a sample of comparable properties was surveyed. Their respective occupancies and the weighted average occupancy is as follows:

COMPETITIVE OCCUPANCY SUMMARY		
Property	AL	MC
Subject	69%	
Rocky Mountain Assisted Living - Wheat Ridge	100%	94%
The Verandas Assisted Living	94%	
Gardens Care Homes - Majestic View	100%	
Gentle Hearts 2 Assisted Living	75%	
Gardens Care Homes - Indian Tree	100%	
Estimated Occupied Supply	215	17
Average Occupancy	91.2%	94.4%
Avg. for Stabilized Properties	91.2%	94.4%
Source: CBRE VIEW Database		

Demand Analysis

Demand for a seniors housing property is a direct function of a specific population cohort. Seniors housing properties are products of a clearly definable demand relating directly to population, various needs respective to healthcare requirements, age and income. Future demand can also be estimated by understanding population shifts or trends relative to this defined population segment.

This section of the market analysis begins by identifying the age-qualified segment of the population. Various methodologies do suggest that consideration should be given to the “adult child” influence, which typically result in an in-migration to the PMA as the adult child will typically bring their respective parent to a property close to their home. However, in accounting for an “adult child” factor, out-migration must also be considered for similar reasoning.

Considering that various markets can behave differently based on locational attributes, climates, local economies, and overall population behaviors, this analysis assumes that the typical in-migration will net out the typical out-migration. This also allows for accurate benchmarking in comparing the subject’s market to the various data-points presented.

Population and Household Formation

According to the Resident Profile Report for Assisted Living published by the National Center for Assisted Living (NCAL), in conjunction with the American Healthcare Association (AHCA) in 2009, the average age for of residents living in assisted living residences is 86.9 years old. The following table illustrates the population and household changes for the subject’s primary market area with primary focus on the subject’s defined PMA.

SENIOR POPULATION BY AGE			
Golden Orchard III 3510 Holland Street	1 Mile	3 Miles	5 Miles
2018 Population			
Total Population	8,930	108,232	326,573
Age 65 - 74	1,115	10,775	29,993
Age 75 - 84	652	5,980	15,844
Age 85+	375	3,559	8,448
2023 Population			
Total Population	9,266	115,741	349,179
Age 65 - 74	1,330	13,307	35,918
Age 75 - 84	808	7,428	19,828
Age 85+	381	3,707	8,907
% Change			
Total Population	3.76%	6.94%	6.92%
Age 65 - 74	19.28%	23.50%	19.75%
Age 75 - 84	23.93%	24.21%	25.15%
Age 85+	1.60%	4.16%	5.43%
Source: CBRE Fast Reports & ESRI			

Overall, as 85+ is reported as the average age of seniors living at assisted living communities, it can be assumed that residents enter these communities at earlier ages as well as later ages. Therefore, this analysis considers the 75 to 84 and the 85+ age cohort as age-qualified demand.

Income Distributions

Household income available for expenditure on housing and other consumer items is a primary factor in determining the price/rent level of housing demand in a market area. In the case of this study, projections of household income, particularly for renters, identifies in gross terms the market from which the subject submarket draws. The following table illustrates estimated household income distribution for the subject neighborhood.

ESTIMATED HOUSEHOLD INCOME BY AGE			
2018 Households	65-74 Years	75 - 84 Years	85+ Years
- Income Less than \$15,000	867	614	365
- Income \$15,000 to \$24,999	885	803	478
- Income \$25,000 to \$34,999	812	601	357
- Income \$35,000 to \$49,999	1,113	643	382
- Income \$50,000 to \$74,999	1,365	641	381
- Income \$75,000 to \$99,999	768	340	202
- Income \$100,000 to \$149,999	781	233	138
- Income \$150,000 to \$199,999	291	78	46
- Income \$200,000 and Over	268	74	44
Total Households	7,149	4,024	2,395
Average Household Income	\$68,013	\$50,929	n/a
Median Household Income	\$48,177	\$34,888	n/a
Estimated Average Housing Value	\$360,624	\$360,624	\$360,624
2023 Households	65-74 Years	75 - 84 Years	85+ Years
- Income Less than \$15,000	793	626	312
- Income \$15,000 to \$24,999	847	844	421
- Income \$25,000 to \$34,999	862	653	326
- Income \$35,000 to \$49,999	1,267	774	387
- Income \$50,000 to \$74,999	1,805	869	434
- Income \$75,000 to \$99,999	1,111	537	268
- Income \$100,000 to \$149,999	1,199	396	197
- Income \$150,000 to \$199,999	446	131	66
- Income \$200,000 and Over	370	109	54
Total Households	8,701	4,939	2,465
Average Household Income	\$78,868	\$59,979	n/a
Median Household Income	\$55,899	\$40,493	n/a
Estimated Average Housing Value	\$421,301	\$421,301	\$421,301
Source: CBRE Fast Reports & ESRI			

The immediate area surrounding the subject is projected to experience significant positive growth relative to households, population, and income levels into the near future. Given the area demographics, it appears that current demand levels for the subject's property type will continue to be favorable due to the aging population within the subject's PMA, which is accompanied by no new supply.

Penetration Analysis Conclusion

Applying the concluded indicated supply to the total demand indications yields the following penetrations rates:

MARKET PENETRATION			
	PMA	Jefferson County	Colorado
Assisted Living (2018)			
Age Qualified Households (75+)	6,419	16,065	122,757
Total Supply	254	816	3,996
Indicated Penetration Rate:	3.96%	5.08%	3.26%
Compiled by CBRE			

Penetration rates alone can have multiple meanings and can vary by region. Penetration is currently 3.26% in the state of Colorado and 5.08% in Jefferson County

In conclusion, the subject's primary market area is defined as follows:

Assisted Living – Consistent Penetration

The subject's primary market area is defined by comparing the PMA penetration metrics to the county and statewide rate. While penetration is above state levels, the PMA is consistent with Jefferson County, which will be more consistent with the neighborhood of the subject.

Market Analysis Conclusion

To determine market demand, a penetration analysis was performed along with an analysis of market rent and occupancy. The yielded conclusions are further supported by discussions with owners of comparable properties within and around the subject's market area. Based on this analysis, the market is considered to be stable. Most facilities we spoke with were either at capacity or had one or two beds available. We expect the subject occupancy to operate in line with the market.

Subject Analysis

Licensure Requirements

All licensure requirements specific to the subject's use have been reviewed and are summarized below. CBRE does not represent to be legal experts with regards to the subject's adherence to the respective state guidelines. However, according to the state regulatory agency, the subject's license is current and in good standing.

ASSISTED LIVING STATE REGULATORY OVERVIEW

CLASSIFICATION:	Assisted Living Residences
REGULATORY REFERENCES:	Rev. Stat. §§25-27-101 et seq.; Regulations for Assisted Living Residences (Chapter VII)
MINIMUM SIZE (UNITS):	3
MANDATORY SERVICES:	
ADL Care	Y
Transportation	Y (arrangements)
Laundry	Y
Activities /Recreation	Y
Arranging Health Related Services	Y
Housekeeping	Y
Medications Management	Y
Monitoring	Protective Oversight
Other	Regular Supervision
PERMITTED SERVICES:	
Assistance with Medications	Y
Administer Medications	Y; by qualified unlicensed staff
Intermittent Nursing	Y; by home health/hospice private caregiver
REGULATED SUBJECTS:	
Admission Agreements	Y
Resident Funds	Y
Care Plan	Y
Medication Storage	Y
Dietary Requirements	Y
Other	Secured environment
ADMINISTRATOR:	
Education/ exam	30 Hr operator training program
Other (Qualifications, etc.)	21 + years old
STAFFING LEVELS	
Staff; Resident Ratio	Sufficient to meet needs
Required Hours	1 + staff on site
Other Qualifications	Education and/or experience for those with direct care responsibilities
MANDATORY DISCHARGE	
Ongoing Nursing Care	Y; for 24 hr skilled nursing
Danger to Self/Others	Y
Unable to Evacuate	Y; if bldg. not protect in place
Restraints	Y
Beyond Capabilities	Y
Other	Bedridden (see special conditions); incontinence, that cannot be managed such that it can be handled
PHYSICAL PLANT	
Maximum Occupancy/Unit	2
Size of Unit (single occupancy)	100 sq. ft.
Size of Unit (multiple occupancy)	60 sq ft./person
Toilet	1:6 residents
Bath or Shower	1:6 residents
Other	Window
CERTIFICATE OF NEED	N
LICENSING AGENCY	Dept. of Public Health and Environment
MEDICAID WAIVER/ STATE PLAN	Y
NOTES	Due to passage of HB12-1294, AL residences will be re-inspected on an extended survey schedule

Source: American Seniors Housing Assoc., State Regulatory Handbook

Absorption

The following table outlines average monthly move-ins for each property type as reported by NIC.

MOVE-IN RATES	
Property Type	Average Monthly Move-ins less Move-outs
Independent Living	6.1
Assisted Living	4.8
SNF	14.3
CCRC	13.5
Source: NIC	

Considering the location of the subject and conclusions stated in the market analysis, lease-up is expected to fall below the market averages presented above due to being a re-lease up scenario. The analysis concludes 6 months for a lease-up period, which averages 0.6 units per month.

Occupancy

The subject's occupancy is detailed in the following chart.

OCCUPANCY	
Year	
2015 Actual	88%
2016 Actual	50%
2017 Actual	69%
CBRE Stabilized Estimate	93%
Compiled by CBRE	

Based on the foregoing analysis, CBRE, Inc.'s conclusion of stabilized occupancy for the subject is illustrated in the following table. This estimate considers both the physical and economic factors of the market.

OCCUPANCY CONCLUSIONS	
	AL
NIC - Primary Markets	88.9%
NIC - Subject MSA	92.6%
Primary Market Area (All Properties)	91.2%
Primary Market Area (Stabilized Only)	91.2%
Subject's Current Occupancy	68.8%
CBRE Estimated Stabilized Occupancy	93.0%
Lease-up Period	6 Months
Compiled by CBRE	

The concluded stabilized occupancy is well supported by all data points presented above in addition to the favorable penetration rates derived from the subject's defined PMA.

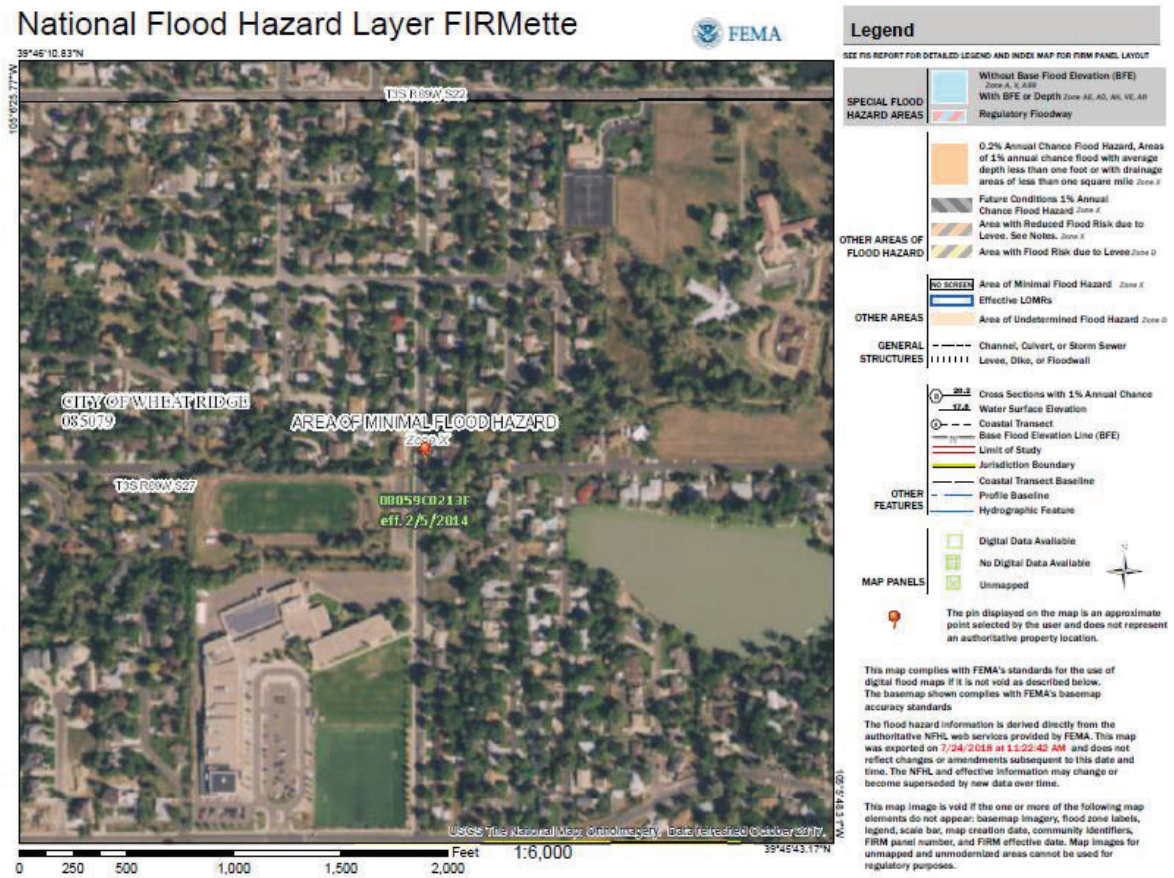
Conclusion

Overall, the subject benefits from its location within the market as well as its reputation within the community. The improvements are well designed for their respective use. The overall data presented throughout the market analysis indicates that operating levels currently experienced by the subject will continue.

PLAT MAP



FLOOD MAP



Site Analysis

The following chart summarizes the salient characteristics of the subject site.

SITE SUMMARY			
Physical Description			
Gross Site Area	0.33 Acres	14,445 Sq. Ft.	
Primary Road Frontage	Holland Street	106 Feet	
Average Depth	138 Feet		
Excess Land Area	None		
Surplus Land Area	None		
Shape	Rectangular		
Topography	Level, At Street Grade		
Zoning District	R-2		
Flood Map Panel No. & Date	08059C0213F	2/5/2014	
Flood Zone	Zone X (Unshaded)		
Adjacent Land Uses	Residential, High School		
Comparative Analysis			
Access	Good		
Visibility	Good		
Functional Utility	Assumed adequate		
Traffic Volume	Medium		
Adequacy of Utilities	Assumed adequate		
Landscaping	Good		
Drainage	Assumed adequate		
Other	Yes	No	Unknown
Detrimental Easements			X
Encroachments			X
Deed Restrictions			X
Reciprocal Parking Rights		X	
Common Ingress/Egress	X		X
Source: Various sources compiled by CBRE			

Adjacent Properties

The adjacent land uses are summarized as follows:

North: Single-family residential
 South: Single-family residential
 East: Single-family residential
 West: Single-family residential

The adjacent properties are conforming to the neighborhood and are considered to be complementary to the specific use of the subject.

Conclusion

The site is well located and afforded good access. The size of the site is typical for other residential homes in the area and use, and there are no known detrimental uses in the immediate vicinity. Overall, there are no known factors that are considered to prevent the site from development to its highest and best use, as if vacant, or adverse to the existing use of the site.

Improvement Analysis

The following chart shows a summary of the improvements.

SUMMARY OF IMPROVEMENTS						
Area Breakdown by Care Level	Size (GBA)	Units	Beds	Year Built	Condition	Construction Class
Assisted Living	3,441 SF	10	16	1960	Good	D
Total/ Average:	3,441 SF	10	16	1960	Good	D
Basement Area:	3,096 SF					
Nurses' Stations						
Fully Sprinklered	Yes					
Site Coverage	23.8%					
Land-to-Building Ratio	4.2 : 1					
Floor Area Ratio (FAR)	0.24					
Development Density	30.2 Rev. Units/Acre					
Functional Utility	Typical for the subject's specific use					
Source: Compiled by CBRE						

Layout of Improvements

The improvements consist of two assisted living buildings, one is an unsecured assisted living building and the other is a secured memory care building. Upon entrance is the living room, tv room, dining room, and kitchen area. The subject has a basement with two resident units (Rooms 7 and 8) and a lounge area.

A summary of the unit mix is included below:

ASSISTED LIVING UNIT MIX					
Unit Type	No. Beds	No. Units	Revenue Units	Percent of Total	Unit Size (SF) Range
Companion	12	6	12	75.0%	165 - 235
Studio	4	4	4	25.0%	150 - 175
Total/Average:	16	10	16	100.0%	185
Source: Various sources compiled by CBRE					

Conformity

Overall, the design of the subject is considered to conform to the overall design trends of its respective property type, and is similar to other converted residential homes. The subject's layout is functional for use as an assisted living residence, with large enough bedrooms to accommodate two residents each and an adequate number of shared bathrooms.

Description of Improvements

Construction Class:	D - Wood frame, floor and structure; considered combustible. The construction components are assumed to be in working condition and adequate for the building.
Foundation:	The foundation is assumed to be of adequate load-bearing capacity to support the improvements.
Flooring:	The common areas have laminate flooring and vinyl tile in the kitchen and bathrooms. The bedrooms have carpet.
Exterior Walls:	The exterior walls consist of painted brick.
Plumbing:	The plumbing system is assumed to be adequate for the existing use and in compliance with local law and building codes.
Electrical:	The electrical system is assumed to be in good working order and adequate for the building.

Utilities

Current operations indicate that management is responsible for all utilities including electricity, water and sewer costs.

Fire Protection

It is assumed the improvements have adequate fire alarm systems, fire exits, fire extinguishers, fire escapes and other fire protection measures to meet local fire marshal requirements. CBRE, Inc. is not qualified to determine adequate levels of safety & fire protection, whereby it is recommended that the client/reader review available permits, etc. prior to making a business decision.

Parking and Drives

The project features off-street parking. All parking spaces and vehicle drives are concrete paved and considered to be in good condition.

Landscaping

Landscaping is considered to be in good condition and well maintained.

Functional Utility

All of the floor plans are considered to feature functional layouts and the layout of the overall project is considered functional in utility. The unit mix is adequate given the comparable properties in the marketplace and considered functional; no further conversion is warranted.

ADA Compliance

The client/reader's attention is directed to the specific limiting conditions regarding ADA compliance.

Furniture, Fixtures and Equipment

Additional personal property including all common area furniture, as well as all equipment required to operate the subject property are typically included in the sale of a seniors housing property. These items are considered to be in good condition.

Environmental Issues

CBRE, Inc. is not qualified to detect the existence of any potentially hazardous materials such as lead paint, asbestos, urea formaldehyde foam insulation, or other potentially hazardous construction materials on or in the improvements. The existence of such substances may affect the value of the property. For the purpose of this assignment, we have specifically assumed that any hazardous materials that would cause a loss in value do not affect the subject.

Deferred Maintenance/ Capital Expenditures

Our inspection of the property indicated no items of deferred maintenance.

Economic Age and Life

CBRE, Inc.'s estimate of the subject improvements effective age and remaining economic life is depicted in the following chart:

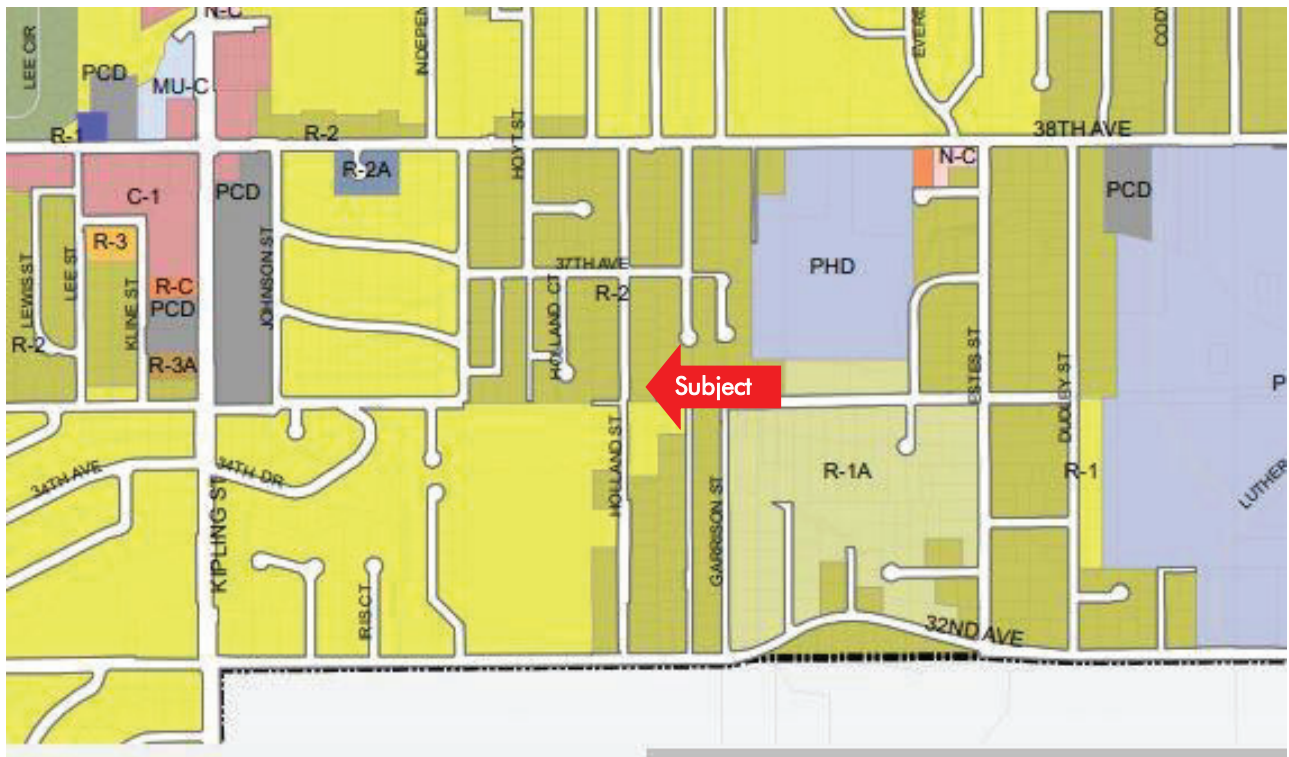
ECONOMIC AGE AND LIFE	
Actual Age	58 Years
Effective Age	25 Years
MVS Expected Life	55 Years
Remaining Economic Life	30 Years
Accrued Physical Incurable Depreciation	45.5%
Compiled by CBRE	

The overall life expectancy is based upon our on-site observations and a comparative analysis of typical life expectancies reported for buildings of similar construction as published by Marshall and Swift, LLC, in the *Marshall Valuation Service* cost guide. While CBRE, Inc. did not observe anything to suggest a different economic life, a capital improvement program could extend the life expectancy.

Conclusion

The existing improvements are considered to be functional in design and consistent with similar residential product. These improvements are expected to maximize the highest and best use of the site.

ZONING MAP



Zoning

The following chart summarizes the subject's zoning requirements.

ZONING SUMMARY	
Current Zoning	R-2
Legally Conforming	Yes
Uses Permitted	One-family dwelling, two-family dwelling, group home, church, school, golf course, small day care center, nursing, elderly, and congregate care homes
Source: Planning & Zoning Dept.	

Analysis and Conclusion

The improvements represent a legally conforming use. It is recommended that local planning and zoning personnel be contacted regarding more specific information that might be applicable to the subject.

Tax and Assessment Data

The subject's market value, assessed value, and taxes are summarized below, and do not include any furniture, fixtures and equipment.

AD VALOREM TAX INFORMATION		
Assessor's Market Value	2017	CBRE Year 1
39-272-12-001	\$496,847	
Subtotal	\$496,847	\$496,847
Assessed Value @	7.2%	7.2%
Total Assessed Value	\$35,773	\$35,773
General Tax Rate (per \$1,000 A.V.)	88.095000	88.095000
Total Taxes	\$3,151	\$3,151
Source: Assessor's Office		

Real Estate in Colorado is revalued by the county assessor every two years (odd years only). Counties are allowed to reassess new construction every six months in Colorado under new growth initiatives. Typically, commercial properties bear a higher overall tax burden than residential properties, with a current assessment ratio of 29% versus the residential assessment ratio of 7.2%. The State of Colorado provided for a unified system to assess real estate for property taxes. Appraisal districts are established on a county basis to assess real estate within the county. The individual taxing authorities within the county set their own tax rates. While taxes have fluctuated little according to the subject's financial statements, in our estimates we have increased the assessed value of parcel to the estimated assessed value of the site. This was done on a per revenue unit basis using the current community as a guide, causing our estimated tax to be higher than the current taxes.

Gallagher & Tabor Amendments

Changes in property values, as determined by the assessor, do not necessarily result in a change in taxes. There are two parts of the Colorado constitution that govern taxes: the Gallaher Amendment and Amendment One (the TABOR Amendment). The Gallagher Amendment establishes assessed values by allocating the tax base between residential property (inclusive of multi-family) and commercial property changing the residential equalization rate. The commercial and vacant land equalization rate must remain fixed at 29%. The residential equalization rate floats to maintain a constant ratio of total tax collections – 55% from commercial property taxes, and 45% from residential property taxes. Thus, if the total value of residential property increases faster than that of commercial property, the residential equalization rate must be lowered. This rate has remained relatively flat for the last several years.

The TABOR Amendment to the Colorado Constitution limits taxing authority budget increases at 5.5% unless voters approve a higher amount. Other limitations to revenue growth are inflation as measured by CPI and local growth determined by school enrollment and new construction. In addition to the Gallagher Amendment, the TABOR Amendment limits the aggregate amount a taxing district may collect each year to the prior year's collection increased only by a rate equivalent to the change in CPI plus the change in population. Thus, if property values increase to a significant degree, the overall mill levy must decrease unless a referendum is passed by a community vote.

Tax Comparables

As a crosscheck to the subject's applicable real estate taxes, CBRE, Inc. has reviewed the real estate tax information for comparable properties in the subject's respective taxing district. Due to the limited number of properties located within the subject's taxing district, comparable properties were also utilized from surrounding taxing districts. The following table summarizes the comparables employed for this analysis:

AD VALOREM TAX COMPARABLES				
Tax Comparable	Rocky Mountain Assisted Living - Wheat Ridge	The Verandas Assisted Living	Gardens Care Homes - Indian Tree	CBRE Stabilized
Address	7850 West 44th Avenue	9495 and 9515 West 49th Avenue	7319 Carr Street	Estimate
County	Jefferson	Jefferson	Jefferson	
City/ Town	Wheat Ridge	Wheat Ridge	Arvada	
Year Built	2017	2000	1960	1960
No. Rev. Units	36	32	16	16
Tax Year	2018	2018	2018	2018
Total Assessed Value	\$142,375	\$100,258	\$42,241	\$35,773
AV Per Rev. Unit	\$3,955	\$3,133	\$2,640	\$2,236

Source: Assessor

Conclusion

Based on the foregoing information, including the age and condition of the improvements, the subject's current assessment is reasonably supported by the comparable properties shown. The total taxes for the subject have been estimated as \$3,151 for the base year of our analysis, based upon an assessed value of \$496,847 or \$2,236 per unit. This is consistent with the current and historical assessment. CBRE, Inc. assumes that all taxes are current.

Highest and Best Use

In appraisal practice, the concept of highest and best use represents the premise upon which value is based. The four criteria the highest and best use must meet are:

- legally permissible;
- physically possible;
- financially feasible; and
- maximally productive.

The highest and best use analysis of the subject is discussed below.

As Vacant

Potential uses of the site include various residential uses as previously detailed in the zoning analysis. The immediate area includes residential development.

As discussed in the market analysis of this report, the market is generally stabilized. Conversion of single-family homes to assisted living residence properties has occurred in the past few years; however, there are limited purpose-built small seniors housing homes in the area. The subject's location is most viable for single-family residential, as are most of the surrounding uses. As detailed earlier in this report, the housing market has improved over the last several years. Given that the vast majority of small residential care homes are converted single-family homes, the market indicates that it is not feasible to purpose-build the product type. Hence, in the case of the subject as if vacant, the analysis has indicated that a new single-family residence would be most appropriate.

As Improved

As improved, the subject involves an assisted living residence use. The current use is legally permissible and physically possible. The improvements are competitive in the market and we do not believe renovation is necessary. The most likely buyer would be an owner/operator.

The improvements continue to contribute value to the property and based on our analysis, the existing use is financially feasible. Therefore the highest and best use of the property, as improved, is consistent with the existing use as an assisted living residence development.

Appraisal Methodology

In appraisal practice, an approach to value is included or omitted based on its applicability to the property type being valued and the quality and quantity of information available.

Cost Approach

The cost approach is based on the proposition that the informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements that represent the highest and best use of the land, or when it is improved with relatively unique or specialized improvements for which there exist few sales or leases of comparable properties.

Sales Comparison Approach

The sales comparison approach utilizes sales of comparable properties, adjusted for differences, to indicate a value for the subject. Valuation is typically accomplished using physical units of comparison such as price per square foot, price per unit, price per floor, etc., or economic units of comparison such as gross rent multiplier. Adjustments are applied to the physical units of comparison derived from the comparable sale. The unit of comparison chosen for the subject is then used to yield a total value. Economic units of comparison are not adjusted, but rather analyzed as to relevant differences, with the final estimate derived based on the general comparisons.

Income Capitalization Approach

The income capitalization approach reflects the subject's income-producing capabilities. This approach is based on the assumption that value is created by the expectation of benefits to be derived in the future. Specifically estimated is the amount an investor would be willing to pay to receive an income stream plus reversion value from a property over a period of time. The two common valuation techniques associated with the income capitalization approach are direct capitalization and the discounted cash flow (DCF) analysis.

Methodology Applicable to the Subject

In valuing the subject, only the sales comparison and income capitalization approaches are applicable and have been used. The cost approach is not applicable in the estimation of market value due to the age of the improvements. It is further recognized that the cost approach is not utilized by market participants in estimating market value.

Insurable Value (Replacement Cost)

Insurable value is defined as follows:

1. the value of an asset or asset group that is covered by an insurance policy; can be estimated by deducting costs of noninsurable items (e.g., land value) from market value.
2. value used by insurance companies as the basis for insurance. Often considered to be replacement or reproduction cost plus allowances for debris removal or demolition less deterioration and noninsurable items. Sometimes cash value or market value, but often entirely a cost concept.⁵
3. a type of value for insurance purposes.⁶

CBRE, Inc. has followed traditional appraisal standards to develop a reasonable calculation based upon industry practices and industry-accepted publications such as the Marshall Valuation Service. The methodology employed is a derivation of the cost approach and is not reliable for insurable value estimates. Actual construction costs and related estimates can vary greatly from this estimate.

The insurable value estimate presented herein is intended to reflect the value of the destructible portions of the subject, based on the replacement of physical items that are subject to loss from hazards (excluding indestructible items such as basement excavation, foundation, site work, land value and indirect costs). In the case of the subject, this estimate is based upon the base building costs (direct costs) as obtained via the Marshall Valuation Service handbook, with appropriate deductions.

This analysis should not be relied upon to determine proper insurance coverage, as only consultants considered experts in cost estimation and insurance underwriting are qualified to provide an insurable value. It is provided to aid the client/reader/user as part of their overall decision making process, and no representations or warranties are made by CBRE, Inc. regarding the accuracy of this estimate. It is strongly recommended that other sources be utilized to develop any estimate of insurable value.

⁵ Marshall & Swift/Boeckh, LLC, *Marshall Valuation Service*, (Los Angeles: Marshall & Swift/Boeckh, LLC, 2010), Sec 3, p 2.

⁶ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute, 2010), 102.

INSURABLE VALUE (REPLACEMENT COST) CONCLUSION

Primary Building Type:	Assisted Living Residence	Height per Story:	9'
Effective Age:	25 YRS	Number of Buildings:	1
Condition:	Good	Gross Building Area:	3,441 SF
Number of Revenue Units	16	Average Unit Size:	185 SF
Number of Stories:	1	Average Floor Area:	3,441 SF

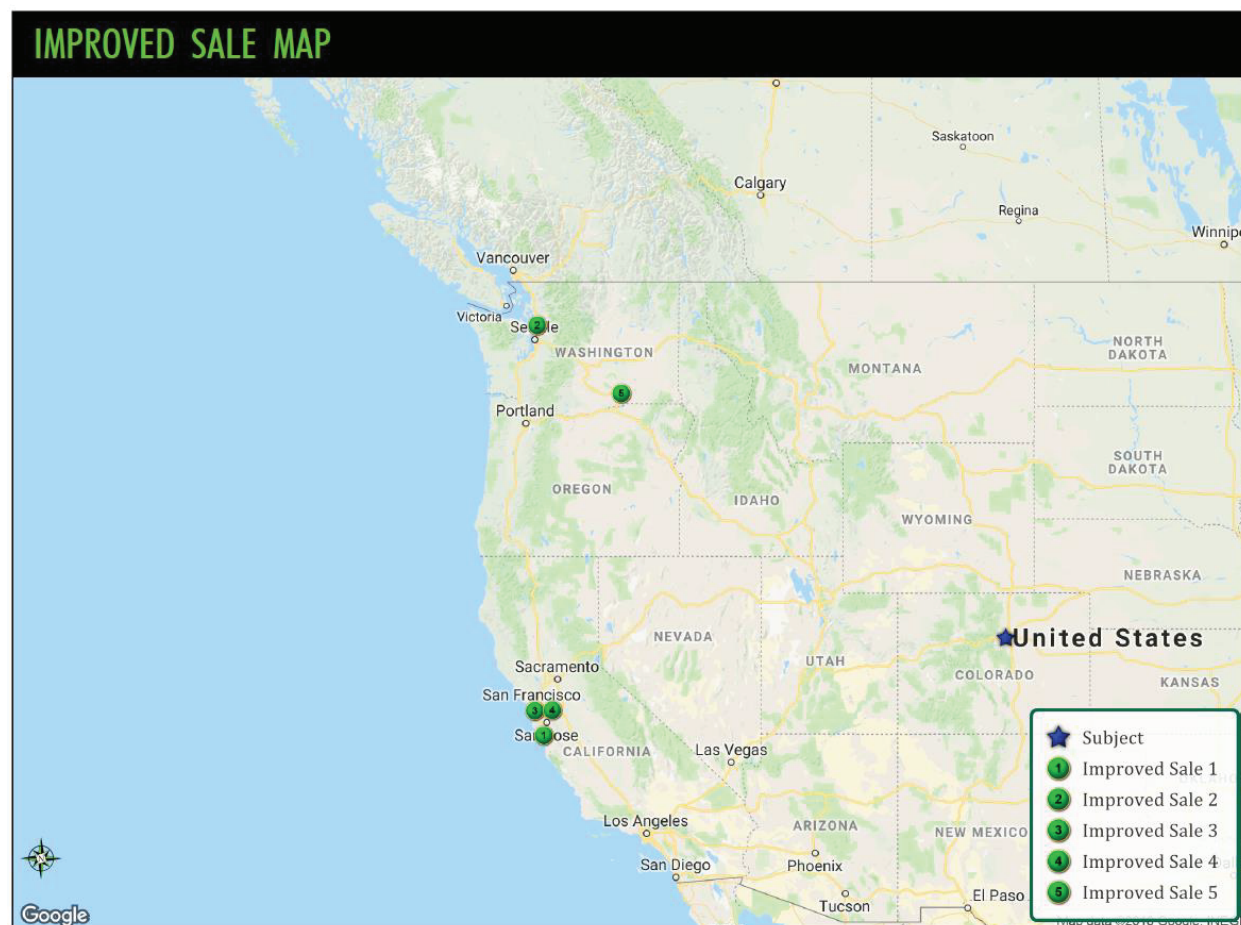
MVS Sec/Page	Sec 11 / Pg 29		
Quality/Bldg. Class	Good / D		
Building Component	Group Care Homes		
Component Sq. Ft.	3,441 SF		
Base Square Foot Cost	\$124.00		
Basement	3,096 SF	\$61.50	
Square Foot Refinements			
Heating and Cooling			
Subtotal		\$61.50	\$124.00
Height and Size Refinements			
Number of Stories Multiplier		1.00	1.00
Height per Story Multiplier		1.00	1.00
Floor Area Multiplier		1.00	1.00
Subtotal		\$61.50	\$124.00
Cost Multipliers			
Current Cost Multiplier		1.08	1.08
Local Multiplier		0.96	0.96
Final Square Foot Cost		\$63.76	\$128.56
Base Component Cost			\$639,797

Base Building Cost	(via Marshall Valuation Service cost data)	\$639,797
Insurable Exclusions	10.0% of Total Building Cost	(\$63,980)
Insurable Value (Replacement Cost) Indication		\$575,817
Rounded		\$575,000
Value Per Rev. Unit		\$35,938

Compiled by CBRE

Sales Comparison Approach

The following map and table summarize the comparable data used in the valuation of the subject. A detailed description of each transaction is included in the addenda.



SUMMARY OF COMPARABLE SALES

No.	Name	Transaction Type	Date	Year Built	Year Renovated	No. Rev.	Actual Sale Price	Adjusted Sale Price ¹	Price Per Rev. Unit ¹	Occ.	NOI Per Rev. Unit	OAR
1	Living in Serenity, Santa Cruz, California	Sale	May-18	1956	2018	26	\$1,900,000	\$2,168,000	\$83,385	N/A	\$11,138	13.36%
2	Glenhaven, Everett, Washington	Sale	Mar-18	1965		5	\$554,000	\$554,000	\$110,800	not reported	\$18,641	16.82%
3	Mori Manor RCFE, San Leandro, California	Sale	Jan-17	1952		14	\$1,315,000	\$1,315,000	\$93,929	55%	\$9,512	10.13%
4	Woodside RCFE, Castro Valley, California	Sale	Jun-16	1935		14	\$1,300,000	\$1,300,000	\$92,857	100%	\$6,718	7.23%
5	From the Heart, Pasco, Washington	Sale	Mar-16	2004		24	\$1,960,000	\$2,360,000	\$98,333	100%	\$9,642	9.81%
Subj. Pro Forma	Golden Orchard III, Wheat Ridge, Colorado	---	---	1960		16	---	---	---	93%	\$8,859	---

¹ Transaction amount adjusted for cash equivalency and/or deferred maintenance (where applicable)
Compiled by CBRE

Given the finite amount of properties in this sector, single-asset arm's length transfers remain limited relative to other property types. To do so, a more regional search was performed with comparables chosen based on care level provided and condition of the property. The sales utilized represent the best data available for comparison with the subject. A detailed description of each sale is included in the addenda of this report.

Summary of Adjustments

The sales comparison approach utilizes sales of comparable properties, adjusted for differences, to indicate a value for the subject. Valuation is typically accomplished using physical units of comparison such as price per square foot, price per unit, price per floor, etc., or economic units of comparison such as gross rent multiplier. Adjustments are applied to the physical units of comparison derived from the comparable sales. The unit of comparison chosen for the subject is then used to yield a total value. Economic units of comparison are not adjusted, but rather analyzed as to relevant differences, with the final estimate derived based on the general comparisons. Based on a comparative analysis, the following chart summarizes the adjustments warranted to each comparable.

COMPARABLE SALES ADJUSTMENT GRID						
Comparable Number	1	2	3	4	5	Subj. Pro
Transaction Type	Sale	Sale	Sale	Sale	Sale	---
Transaction Date	May-18	Mar-18	Jan-17	Jun-16	Mar-16	---
Year Built	1956	1965	1952	1935	2004	1960
Year Renovated	2018					
No. Units	26	5	14	14	24	16
Adjusted Sale Price ¹	\$2,168,000	\$554,000	\$1,315,000	\$1,300,000	\$2,360,000	---
Price Per Rev. Unit ¹	\$83,385	\$110,800	\$93,929	\$92,857	\$98,333	---
Occupancy	N/A	N/A	55%	100%	100%	93%
NOI Per Rev. Unit	\$11,138	\$18,641	\$9,512	\$6,718	\$9,642	\$8,859
OAR	13.36%	16.82%	10.13%	7.23%	9.81%	---
Adj. Price Per Rev. Unit	\$83,385	\$110,800	\$93,929	\$92,857	\$98,333	
Property Rights Conveyed	0%	0%	0%	0%	0%	
Financing Terms ¹	0%	0%	0%	0%	0%	
Conditions of Sale	0%	0%	0%	0%	0%	
Market Conditions (Time)	0%	1%	3%	4%	5%	
Subtotal - Price Per Rev. Unit	\$83,385	\$111,908	\$96,746	\$96,571	\$103,250	
Location	5%	0%	0%	0%	0%	
Project Size	0%	0%	0%	0%	0%	
Age/Condition	0%	0%	0%	0%	-10%	
Quality of Construction	0%	0%	0%	0%	0%	
Avg. Unit Size	0%	0%	0%	0%	0%	
Project Amenities	0%	0%	0%	0%	0%	
Parking	0%	0%	0%	0%	0%	
Operations	0%	-10%	0%	10%	0%	
Total Other Adjustments	5%	-10%	0%	10%	-10%	
Indicated Value Per Rev. Unit	\$87,554	\$100,717	\$96,746	\$106,229	\$92,925	

¹ Transaction amount adjusted for cash equivalency and/or deferred maintenance (where applicable)

Compiled by CBRE

Price Per Unit Comparison

Upward adjustments were made to the change in market conditions (time) to all comparables. Adjustments were also made to all comparables due to the age of the subject, with all of the comparables being newer construction, receiving downward adjustments. Upward adjustments were made to all comparables based on the number of shared units, whereas the subject only has private rooms.

While there are listings, the other listings for seniors housing in the market were larger communities that were not deemed comparable to the subject given their size. We are not specifically aware of any failed transactions in the immediate market area that are relevant to the subject.

Other - Operations Adjustment

The Sales Comparison Approach reflects competitive conditions based on the value of the assets, business enterprise, and other intangible assets associated with the operation of a senior housing property. In the case of special-purpose properties such as the subject, the price per unit is particularly difficult to apply due to the subjectivity involved in making adjustments for intangible assets, economic obsolescence, and numerous economic considerations that are not always known. It is a fundamental assumption that the physical characteristics of a project (e.g., location, age/condition, occupancy, size per unit) are reflected in the operations and that the resultant price per unit paid for a property has a direct relationship to management, the ability to generate ancillary care and/or consistent occupancy.

After location and physical characteristics are accounted for, operational considerations would be a reasonable assessment. Occupancy, revenue per unit, net operating income per unit, effective gross income multipliers and overall capitalization rates are indicative of performance. We acknowledge, given the unknown factors of management performance and motivations of these transacted properties, we are applying our subjectivity in the process.

Sales Comparison Approach Conclusion

In completing this analysis, CBRE contacted various market participants that include owners, operators, and specialty brokers. These participants all indicated that in pricing the subject property, primary weight would be placed on cost per bed indication.

The following table presents the estimated value for the subject as indicated by the sales comparison approach. Given that small residential care homes can exhibit wide fluctuations in NOI per unit based on management style, many buyers of small residential care homes give little consideration to existing NOI. Therefore, primary emphasis was given to the paired sales approach.

SALES COMPARISON APPROACH

Paired Sales

Total Rev. Units	X	Value Per Rev. Unit	=	Value
16	X	\$96,834	=	\$1,549,347

NOI Analysis

Total Rev. Units	X	Value Per Rev. Unit	=	Value
16	X	\$95,422	=	\$1,526,749

EGIM

EGI	X	ANALYSIS	=	Value
\$663,685	X	2.50	=	\$1,659,213

VALUE CONCLUSION

Indicated Stabilized Value	\$1,578,437
Rounded	\$1,600,000
Lease-Up Discount	(\$34,000)
Indicated As Is Value	\$1,566,000
Rounded	\$1,550,000
Value Per Rev. Unit	\$96,875

Compiled by CBRE

Income Capitalization Approach

Over the past year (2018), the current operator (Seller) was in failing health and did not maintain good financial records and census data. The Buyer, provided a rental rate pro forma, but included all expenses for the three property portfolio into one pro forma. Therefore, we considered the Buyers proposed rents, but relied on historical and market-derived expenses. The Comparable properties have been surveyed in order to identify the occupancy and rental trends within the subject's market area. Competitive properties were identified within the subject's defined primary market area in order to determine market occupancy rates, whereas comparable properties located outside the defined PMA were supplemented as needed.

Subject Rental Information

The following table shows the subject's unit mix and quoted rental rates.

SUBJECT RENTAL INFORMATION					
Type	No. Units	No. Beds	Unit Size (SF)	Revenue Units	Quoted \$/Rev. Unit
Assisted Living					
Companion	6	12	165 - 235	12	\$3,250
Studio	4	4	150 - 175	4	\$3,950
Total/Average:	10	16	185	16	
Compiled by CBRE					

Due to the lack of private pay assisted living group homes, we surveyed group homes just outside the PMA.

Market Rent Estimate

In order to estimate the market rates for the private and companion units, the subject unit types have been compared with similar comparable projects.

Assisted Living

SUMMARY OF COMPARABLE RENTALS ASSISTED LIVING COMPANION UNITS			
Comparable	Base \$/Mo.	Plan Type	Adj. \$/Mo.
<i>Subject (Quoted Rent)</i>	\$3,250	<i>All-Inclusive</i>	\$3,250
The Verandas Assisted Living	\$2,850 - \$3,505	<i>All-Inclusive</i>	\$2,850 - \$3,505
Gardens Care Homes - Indian Tree	\$3,000 - \$3,500	<i>All-Inclusive</i>	\$3,000 - \$3,500
Gentle Hearts 2 Assisted Living	\$3,500	<i>All-Inclusive</i>	\$3,500
Subject (Concluded Mkt.)	\$3,500	All-Inclusive	\$3,500
Gardens Care Homes - Majestic View	\$3,500 - \$4,000	<i>All-Inclusive</i>	\$3,500 - \$4,000
Compiled by CBRE			

SUMMARY OF COMPARABLE RENTALS			
ASSISTED LIVING STUDIO UNITS			
Comparable	Base \$/Mo.	Plan Type	Adj. \$/Mo.
<i>Subject (Quoted Rent)</i>	\$3,950	<i>All-Inclusive</i>	\$3,950
Gardens Care Homes - Indian Tree	\$3,500 - \$4,000	<i>All-Inclusive</i>	\$3,500 - \$4,000
The Verandas Assisted Living	\$3,800 - \$4,455	<i>All-Inclusive</i>	\$3,800 - \$4,455
Subject (Concluded Mkt.)	\$4,000	All-Inclusive	\$4,000
Gentle Hearts 2 Assisted Living	\$4,000 - \$5,000	<i>All-Inclusive</i>	\$4,000 - \$5,000
Rocky Mountain Assisted Living - Wh	\$4,000 - \$5,000	<i>All-Inclusive</i>	\$4,000 - \$5,000
Gardens Care Homes - Majestic View	\$5,000 - \$5,500	<i>All-Inclusive</i>	\$5,000 - \$5,500
Compiled by CBRE			

Potential Rental Income Conclusion

Within this analysis, potential rental income is estimated based upon the forward-looking market rental rates over the next twelve months. This method of calculating rental income is most prevalent in the local market and is consistent with the method used to derive overall capitalization rates from the comparable sales data.

Market Rent Conclusions

The following chart shows the market rent conclusions for the subject:

MARKET RENT CONCLUSIONS					
Unit Type	Revenue	Monthly Rent		Annual Rent	Annual
	Units	\$/Rev. Unit	PRI	\$/Rev. Unit	Total
Assisted Living					
Companion	12	\$3,500	\$42,000	\$42,000	\$504,000
Studio	4	\$4,000	\$16,000	\$48,000	\$192,000
	16	\$3,625	\$58,000	\$43,500	\$696,000
Compiled by CBRE					

Other Income

Other income typically includes ancillary services such as guest meals, late fees, medication management, incontinence supplies, and other add on services. However, for residential group homes this income source is nominal. A summary of the other income fees collected by the subject as well as CBRE's stabilized projections are presented below:

OTHER INCOME			
Year	Total	\$/Rev. Unit	\$/ RD
2015 Actual	\$13,377	\$836	\$2.62
2016 Actual	\$10,266	\$642	\$3.52
2017 Actual	\$14,410	\$901	\$3.59
CBRE Stabilized Estimate	\$13,578	\$849	\$2.50
Compiled by CBRE			

In addition, the subject will start to collect a community fee of \$500 for new residents.

Vacancy

The subject's vacancy is detailed as follows:

VACANCY	
Year	
2015 Actual	12.5%
2016 Actual	50.0%
2017 Actual	31.3%
CBRE Stabilized Estimate	7.0%
Compiled by CBRE	

Effective Gross Income

The subject's effective gross income is detailed below which includes all revenue sources detailed in this analysis.

EFFECTIVE GROSS INCOME			
Year	Total	\$/Rev. Unit	% Change
2015 Actual	\$568,589	\$35,537	
2016 Actual	\$348,218	\$21,764	-39%
2017 Actual	\$449,122	\$28,070	29%
CBRE Stabilized Estimate	\$663,685	\$41,480	48%
Compiled by CBRE			

As discussed prior, over the past year (2018), the current operator (Seller) was in failing health and did not maintain good financial records and census data. In addition, it appears that the subject's operations historically were underperforming. The CBRE Stabilized estimate is consistent with market data extracted and therefore deemed reasonable in determining these estimates.

Operating Summary

The following table presents the available operating data for the subject.

SUBJECT OPERATING SUMMARY

Reporting Year	2015 Actual				2016 Actual				2017 Actual				CBRE Stabilized Estimate			
	Rev. Units	Occ.	AMR	Res Days	Rev. Units	Occ.	AMR	Res Days	Rev. Units	Occ.	AMR	Res Days	Rev. Units	Occ.	AMR	Res Days
Assisted Living	16	88%	3,305	5,110	16	50%	3,520	2,920	16	69%	3,293	4,015	16	93%	3,625	5,431
Total	16	88%	\$3,305	5,110	16	50%	\$1,760	2,920	16	69%	\$3,293	4,015	16	93%	\$3,625	5,431
	Total	% EGI	\$/Rev. Unit	\$/RD	Total	% EGI	\$/Rev. Unit	\$/RD	Total	% EGI	\$/Rev. Unit	\$/RD	Total	% EGI	\$/Rev. Unit	\$/RD
Income																
Assisted Living Rent	555,212	97.6%	34,701	108.65	337,953	97.1%	21,122	115.74	434,712	96.8%	27,169	108.27	647,280	97.5%	40,455	119.18
Community Fees	-	0.0%	-	0.00	-	0.0%	-	0.00	-	0.0%	-	0.00	2,827	0.4%	177	0.52
Other Income	13,377	2.4%	836	2.62	10,266	2.9%	642	3.52	14,410	3.2%	901	3.59	13,578	2.0%	849	2.50
Effective Gross Income	\$568,589	100.0%	\$35,537	\$111.27	\$348,218	100.0%	\$21,764	\$119.25	\$449,122	100.0%	\$28,070	\$111.86	\$663,685	100.0%	\$41,480	\$122.20
Expenses																
Real Estate Taxes	3,185	0.6%	199	0.62	3,295	0.9%	206	1.13	3,664	0.8%	229	0.91	3,151	0.5%	197	0.58
Property Insurance	6,714	1.2%	420	1.31	10,305	3.0%	644	3.53	9,496	2.1%	594	2.37	17,651	2.7%	1,103	3.25
Utilities	17,752	3.1%	1,110	3.47	10,613	3.0%	663	3.63	11,324	2.5%	708	2.82	20,910	3.2%	1,307	3.85
Administrative & General	62,697	11.0%	3,919	12.27	22,051	6.3%	1,378	7.55	27,746	6.2%	1,734	6.91	35,303	5.3%	2,206	6.50
Marketing	17,706	3.1%	1,107	3.47	16,898	4.9%	1,056	5.79	24,022	5.3%	1,501	5.98	12,220	1.8%	764	2.25
Resident Care	3,993	0.7%	250	0.78	4,687	1.3%	293	1.61	6,176	1.4%	386	1.54	16,294	2.5%	1,018	3.00
Culinary Services	65,881	11.6%	4,118	12.89	33,072	9.5%	2,067	11.33	37,901	8.4%	2,369	9.44	57,028	8.6%	3,564	10.50
Laundry & Housekeeping	-	0.0%	-	0.00	3,406	1.0%	213	1.17	6,861	1.5%	429	1.71	6,789	1.0%	424	1.25
Repairs & Maintenance	32,001	5.6%	2,000	6.26	31,788	9.1%	1,987	10.89	22,483	5.0%	1,405	5.60	27,156	4.1%	1,697	5.00
Programming	2,594	0.5%	162	0.51	2,868	0.8%	179	0.98	2,047	0.5%	128	0.51	2,716	0.4%	170	0.50
Employee Payroll	264,864	46.6%	16,554	51.83	218,978	62.9%	13,686	74.99	216,846	48.3%	13,553	54.01	244,404	36.8%	15,275	45.00
Payroll Taxes & Benefits	-	0.0%	-	0.00	-	0.0%	-	0.00	-	0.0%	-	0.00	46,165	7.0%	2,885	8.50
Operating Expenses	\$477,388	84.0%	\$29,837	\$93.42	\$357,959	102.8%	\$22,372	\$122.59	\$368,566	82.1%	\$23,035	\$91.80	\$489,787	73.8%	\$30,612	\$90.18
Net Operating Income	\$91,201	16.0%	\$5,700	\$17.85	-\$9,741	-2.8%	-\$609	-\$3.34	\$80,555	17.9%	\$5,035	\$20.06	\$173,898	26.2%	\$10,869	\$32.02
Management Fee	0	0.0%	0	0.00	0	0.0%	0	0.00	0	0.0%	0	0.00	26,547	4.0%	1,659	4.89
Reserves for Replacement	5,600	1.0%	\$350	1.10	5,600	1.6%	\$350	1.92	5,600	1.2%	\$350	1.39	5,600	0.8%	\$350	1.03
Adjusted Operating Expenses	\$482,988	84.9%	\$30,187	\$94.52	\$363,559	104.4%	\$22,722	\$124.51	\$374,166	83.3%	\$23,385	\$93.19	\$521,934	78.6%	\$32,621	\$96.10
Adjusted Net Operating Income	\$85,601	15.1%	\$5,350	\$16.75	(\$15,341)	-4.4%	-\$959	(\$5.25)	\$74,955	16.7%	\$4,685	\$18.67	\$141,751	21.4%	\$8,859	\$26.10

Operating statements have been adjusted to include market level replacement reserves

Source: Operating statements

Operating Expense Analysis

Expense Comparables

The following chart summarizes expenses obtained from recognized industry publications and/or comparable properties.

EXPENSE COMPARABLES									
Comparable	1			2			3		
Expense Year	2016 Actual			2016 Actual			2016 Actual		
GBA (SF)	31,470			28,931			27,615		
Year Built	2006			2014/2018			1998		
Unit Type:	Rev. Units	Res. Days		Rev. Units	Res. Days		Rev. Units	Res. Days	
Independent Living	0	0		0	0		0	0	
Assisted Living	0	0		48	3,324		0	0	
Memory Care	66	18,069		16	3,266		36	9,460	
Skilled Nursing	0	0		0	0		0	0	
Total	66	18,069		64	6,590		36	9,460	
Effective Gross Income	\$50,743	\$185.35		\$16,952	\$164.62		\$34,453	\$131.12	
Expenses	%/ EGI	\$/Rev. Unit	\$/RD	%/ EGI	\$/Rev. Unit	\$/RD	%/ EGI	\$/Rev. Unit	\$/RD
Real Estate Taxes	3.26%	\$1,652	\$6.03	0.00%	\$0	\$0.00	0.00%	\$0	\$0.00
Property Insurance	0.46%	232	0.85	1.33%	226	2.20	2.65%	\$914	3.48
Utilities	2.22%	1,126	4.11	2.67%	452	4.39	4.73%	\$1,629	6.20
Administrative & General	10.04%	5,092	18.60	7.74%	1,313	12.75	6.86%	\$2,364	9.00
Marketing	2.36%	1,196	4.37	1.48%	251	2.44	1.62%	\$557	2.12
Resident Care	26.45%	13,420	49.02	1.03%	174	1.69	31.10%	\$10,715	40.78
Culinary Services	6.95%	3,529	12.89	4.69%	795	7.72	9.91%	\$3,416	13.00
Laundry & Housekeeping	3.34%	1,693	6.18	0.33%	56	0.54	3.42%	\$1,178	4.48
Repairs & Maintenance	4.71%	2,388	8.72	0.87%	148	1.43	2.67%	\$918	3.49
Programing	2.33%	1,181	4.31	0.26%	44	0.43	2.94%	\$1,012	3.85
Employee Payroll	0.00%	-	-	46.39%	7,865	76.38	0.00%	\$0	-
Payroll Taxes & Benefits	9.05%	4,590	16.77	7.01%	1,189	11.55	6.34%	\$2,185	8.31
Operating Expenses	71.14%	\$36,097	\$131.85	73.81%	\$12,513	\$121.52	72.24%	\$24,887	\$94.71
Management Fees (as % of EGI)			5.0%			0.0%			5.6%

² The median total differs from the sum of the individual amounts.

Source: CBRE VIEW Database

In determining an appropriate operating measure for the subject, historical operating trends for the subject were considered. These trends were then juxtaposed with the operating expense data summarized above.

In analyzing operating data relative to the subject's property type, the "per resident day" indicator is considered the most accurate indicator.

Each departmental expense was analyzed and reconciled accordingly based on the comparable expense data presented above as well as the historical operations for the subject with only a summary of CBRE's conclusion is presented within this report.

Operating Expenses

Total operating expense, exclusive of management fees and reserves, are summarized below along with the respective comparable data:

OPERATING EXPENSES			
Year	Total	\$/Rev. Unit	\$/ RD
2015 Actual	\$477,388	\$29,837	\$93.42
2016 Actual	\$357,959	\$22,372	\$122.59
2017 Actual	\$368,566	\$23,035	\$91.80
Expense Comparable 1	N/A	\$36,097	\$131.85
Expense Comparable 2	N/A	\$12,513	\$121.52
Expense Comparable 3	N/A	\$24,887	\$94.71
ASHA	N/A	\$28,112	N/A
CBRE Stabilized Estimate	\$489,787	\$30,612	\$90.18
Compiled by CBRE			

The CBRE estimate is within the range the property owners' historical operating expenses as well as the expense comparables. Overall, the CBRE Stabilized Estimate is considered to be supported by the comparable data presented as well as historical operating trends reported for the subject property.

Management Fee

Management expenses are typically not allocated separately given that properties are owner/occupied and hence self-managed.

Given the quality of the subject property relative to comparable small assisted living homes, we believe an appropriate management expense for the subject would be 4.00% given the subject is privately owned and operated.

Reserves for Replacement

Reserves for replacement have been estimated based on market parameters with an indicated range of \$250 to \$550 per unit for comparable properties. Overall, the standard reserve replacement of \$350 per unit has been applied to the subject's "below the line" operating expenses.

Total Operating Expense Conclusion

The concluded operating expenses inclusive of management fees and replacement reserves are summarized as follows:

ADJUSTED OPERATING EXPENSES			
Year	Total	\$/ RD	% Change
2015 Actual	\$482,988	\$94.52	
2016 Actual	\$363,559	\$124.51	-25%
2017 Actual	\$374,166	\$93.19	3%
CBRE Stabilized Estimate	\$521,934	\$96.10	39%
Compiled by CBRE			

The CBRE Stabilized operating expense is above the most recent year's operating expenses indicated by management's operating statements. This is due to the addition of real estate taxes, water and sewer expenses, which were not listed on the 2018 statements, and a slightly higher payroll expense. These estimates are supported by the market comparables as well as nationally published data-points.

Net Operating Income Conclusion

The subject's net operating income is detailed as follows:

ADJUSTED NET OPERATING INCOME			
Year	Total	\$/ RD	% Change
2015 Actual	\$85,601	\$16.75	
2016 Actual	-\$15,341	-\$5.25	-118%
2017 Actual	\$74,955	\$18.67	-589%
CBRE Stabilized Estimate	\$141,751	\$26.10	89%
Compiled by CBRE			

The CBRE Stabilized estimate is above the current management's historical operations, due to increased market-derived rents that were previously described. These conclusions are considered reasonable based on the market extracted data presented.

Direct Capitalization

Direct capitalization is a method used to convert a single year's estimated stabilized net operating income into a value indication. The following subsections represent different techniques for deriving an overall capitalization rate for direct capitalization.

Comparable Sales

The overall capitalization rates (OARs) confirmed for the comparable sales analyzed in the sales comparison approach are as follows:

COMPARABLE CAPITALIZATION RATES				
Sale	Sale Date	Sale Price \$/Rev. Unit	Occupancy	OAR
1	May-18	\$83,385	0%	13.36%
2	Mar-18	\$110,800	not reported	16.82%
3	Jan-17	\$93,929	55%	10.13%
4	Jun-16	\$92,857	100%	7.23%
5	Mar-16	\$98,333	100%	9.81%
Indicated OAR:			93%	8.0%-12.0%
Source: CBRE VIEW Database				

Published Investor Surveys

The results of the most recent investor surveys are summarized in the following chart.

OVERALL CAPITALIZATION RATES		
Investment Type	OAR Range	Average
<i>NIC</i>		
Seniors Housing	--- - ---	7.80%
<i>Realty Rates Investor Survey</i>		
Assisted Living	--- - ---	8.24%
<i>CBRE Seniors Housing Investor Survey</i>		
Standard Assisted Living		
Class C: Core Locations	7.00% - 11.00%	8.74%
Class C: Non-Core Locations	7.00% - 12.00%	8.98%
Indicated OAR:		8.0%-9.0%
Source: CBRE, RealtyRates.com, NIC		

The above survey information is for larger, institutional properties yet does provide indication of the seniors housing market. For the subject, a rate at the high end of these indications would be appropriate given the different buyer pool and lack of economies of scale.

Band of Investment

The band of the investment technique has been utilized as a crosscheck to the foregoing techniques. The Mortgage Interest Rate and the Equity Dividend Rate (EDR) are based upon current market yields for similar investments. The analysis is shown in the following table.

BAND OF INVESTMENT			
Mortgage Interest Rate	5.00%		
Mortgage Term (Amortization Period)	25 Years		
Mortgage Ratio (Loan-to-Value)	65%		
Mortgage Constant (monthly payments)	0.07015		
Equity Dividend Rate (EDR)	12%		
Mortgage Requirement	65%	x	0.07015 = 0.04560
Equity Requirement	35%	x	0.12000 = 0.04200
	100%		0.08760
Indicated OAR:			8.80%
Compiled by: CBRE			

Capitalization Rate Conclusion

The following chart summarizes the OAR conclusions.

OVERALL CAPITALIZATION RATE - CONCLUSION	
Source	Indicated OAR
Comparable Sales	8.0%-12.0%
National Investor Survey	8.0%-9.0%
Band of Investment	8.80%
CBRE Estimate	9.00%
Compiled by: CBRE	

Overall, an OAR in the upper portion of the range indicated by the comparable data is considered appropriate for the following reasons:

Positive Attributes

- Good physical appeal;
- High priced single-family homes creating barriers to entry;
- Positive growth in age 75+ population and households.

Negative Attributes

- New operator to the market;
- Limited capacity, reducing economies of scale;
- Small bedrooms and limited bathrooms;
- Limited buyer pool given small capacity.

Direct Capitalization Summary

A summary of the direct capitalization at stabilized occupancy is illustrated in the following chart.

DIRECT CAPITALIZATION SUMMARY		
Income		Total
Potential Rent Income		\$696,000
Vacancy	7.00%	(48,720)
Net Rental Income		647,280
Community Fees		2,827
Other Income		13,578
Effective Gross Income		663,685
Expenses		
Real Estate Taxes		\$3,151
Property Insurance		17,651
Utilities		20,910
Administrative & General		35,303
Marketing		12,220
Resident Care		16,294
Culinary Services		57,028
Laundry & Housekeeping		6,789
Repairs & Maintenance		27,156
Programming		2,716
Employee Payroll		244,404
Payroll Taxes & Benefits		46,165
Management Fee		26,547
Reserves for Replacement		5,600
Operating Expenses		\$521,934
Operating Expense Ratio		78.64%
Net Operating Income		\$141,751
OAR		/ 9.00%
Indicated Stabilized Value		\$1,575,009
Rounded		\$1,600,000
Lease-Up Discount		(\$34,000)
Indicated As Is Value		\$1,541,009
Rounded		\$1,550,000
Value Per SF		\$837.84
Value Per Rev. Unit		\$96,875
Compiled by CBRE		

Cost to Achieve Stabilized Operations

As the majority of this report analyzes the subject as stabilized per the proposed reposition. The respective cost to stabilize the property upon completion must be considered in order to estimate the “as is” value. This analysis utilizes assumptions developed in the market analysis and income capitalization approach and will be deducted as a line item from each approach in order to render an “as is” value estimate. In applying the adjustments consideration was given to:

1. An estimated 6-month absorption of assisted living and memory care beds
2. A decreasing vacancy over a 6-month period
3. A 10% entrepreneurial profit over a 6-month period to account for lease up incentives

As the lease up adjustment in this analysis will be used to calculate the “as is” scenario, the lease-up calculation represents the 6-month period required to stabilize the subject. During this period, the subject will incur rent loss on vacant units. The rent loss due to vacancy is straight-lined to stabilize per the concluded absorption rate.

Lease up Discount Analysis

LEASE UP DISCOUNT	
Indicated Lease-Up Discount	\$33,691
Rounded	\$34,000
Compiled by CBRE	

This methodology is summarized as follows:

LEASE UP DISCOUNT SCHEDULE						
Month	1	2	3	4	5	6
AS-STABILIZED						
Potential Rental Income	\$58,000	\$58,000	\$58,000	\$58,000	\$58,000	\$58,000
Loss to Lease	\$0	\$0	\$0	\$0	\$0	\$0
Concessions	\$0	\$0	\$0	\$0	\$0	\$0
Adjusted Rental Income	\$58,000	\$58,000	\$58,000	\$58,000	\$58,000	\$58,000
Vacancy (%)	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Vacancys (\$)	(\$4,060)	(\$4,060)	(\$4,060)	(\$4,060)	(\$4,060)	(\$4,060)
Net Rental Income	\$53,940	\$53,940	\$53,940	\$53,940	\$53,940	\$53,940
Other Income	\$1,367	\$1,367	\$1,367	\$1,367	\$1,367	\$1,367
Effective Gross Income	\$55,307	\$55,307	\$55,307	\$55,307	\$55,307	\$55,307
Total Expenses	(\$43,495)	(\$43,495)	(\$43,495)	(\$43,495)	(\$43,495)	(\$43,495)
Net Operating Income	\$11,813	\$11,813	\$11,813	\$11,813	\$11,813	\$11,813
AS-IS						
Potential Rental Income	\$58,000	\$58,000	\$58,000	\$58,000	\$58,000	\$58,000
Loss to Lease (Above Market)	0%	0%	0%	0%	0%	0%
Concessions During Lease Up	0%	0%	0%	0%	0%	0%
Adjusted Rental Income	\$58,000	\$58,000	\$58,000	\$58,000	\$58,000	\$58,000
Vacancy (%)	31.3%	27.2%	23.2%	19.1%	15.1%	11.0%
Vacancys (\$)	(\$18,125)	(\$15,781)	(\$13,437)	(\$11,093)	(\$8,748)	(\$6,404)
Net Rental Income	\$39,875	\$42,219	\$44,563	\$46,908	\$49,252	\$51,596
Other Income	\$1,011	\$1,070	\$1,129	\$1,189	\$1,248	\$1,308
Effective Gross Income	\$40,886	\$43,289	\$45,693	\$48,096	\$50,500	\$52,904
Total Expenses (50% Variable)	(\$37,824)	(\$38,769)	(\$39,714)	(\$40,659)	(\$41,604)	(\$42,549)
Net Operating Income	\$3,062	\$4,520	\$5,979	\$7,437	\$8,896	\$10,354
NOI Differential	\$8,751	\$7,292	\$5,834	\$4,375	\$2,917	\$1,458
Sub-Total	\$8,751	\$7,292	\$5,834	\$4,375	\$2,917	\$1,458
Plus: Profit @ 10.00%	\$875	\$729	\$583	\$438	\$292	\$146
Total Lease-Up Cost	\$9,626	\$8,022	\$6,417	\$4,813	\$3,209	\$1,604
Discounted @ 0.00%	\$9,626	\$8,022	\$6,417	\$4,813	\$3,209	\$1,604

Reconciliation of Value

The value indications from the approaches to value are summarized as follows:

SUMMARY OF VALUE CONCLUSIONS		
	As Is July 24, 2018	As Stabilized January 24, 2019
Sales Comparison Approach	\$1,550,000	\$1,600,000
Income Capitalization Approach	\$1,550,000	\$1,600,000
Reconciled Value	\$1,550,000	\$1,600,000
Compiled by CBRE		

In the sales comparison approach, the subject is compared to similar properties that have been sold recently or for which listing prices or offers are known. The sales used in this analysis are considered comparable to the subject, and the required adjustments were based on reasonable and well-supported rationale. In addition, market participants are currently analyzing purchase prices on investment properties as they relate to available substitutes in the market. Therefore, the sales comparison approach is considered to provide a reliable value indication, but has been given secondary emphasis in the final value reconciliation.

The income capitalization approach is applicable to the subject since it is an income producing property leased in the open market. Market participants are primarily analyzing properties based on their income generating capability. Therefore, the income capitalization approach is considered a reasonable and substantiated value indicator and has been given primary emphasis in the final value estimate.

Based on the foregoing, the market value of the subject has been concluded as follows:

MARKET VALUE CONCLUSION			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
As Is - Going Concern	Fee Simple Estate	July 24, 2018	\$1,550,000
As Stabilized - Going Concern	Fee Simple Estate	January 24, 2019	\$1,600,000
Compiled by CBRE			

Allocation of the Going Concern

This “going concern” value of the fee simple in the subject property includes value attributable to furniture, fixtures, and equipment (FF&E), business operation, and the real property. According to the Uniform Standards of Professional Appraisal Practice, Standards Rule 1-2(e), it is necessary to “identify and consider the effect on value of any personal property, trade fixtures or intangible items that are not real property but are included in the appraisal.” The subject property contains elements of all three types of values: real property, intangible items (or business value), and personal property. Hence, the going-concern or business value must be separated from the real estate value. In doing so, this analysis employs the lease coverage methods.

Lease Coverage Analysis

A lease coverage analysis can be utilized to allocate the going concern of the fee simple interest. REITS and other market participants utilize this method to value the real property and FF&E. REITs and other buyers of seniors housing properties also utilize this methodology to determine market rent. Hence, this method is considered to best reflect actions taken by actual market participants in allocating business value for the subject’s property type.

To calculate business value, a market derived lease coverage ratio is applied to the concluded net operating income for the subject. The result is an indicated annual market lease payment for the subject. According to a recent survey of various healthcare REITs including Health Care REIT, HCP, CNL, Griffin-American Healthcare REIT and Omega, a typical lease coverage ratio for a property like the subject will range from 1.10 to 1.30 for IL/AL and 1.50 to 2.00 for SNF. The following lease transactions were also utilized in estimating an appropriate lease coverage ratio:

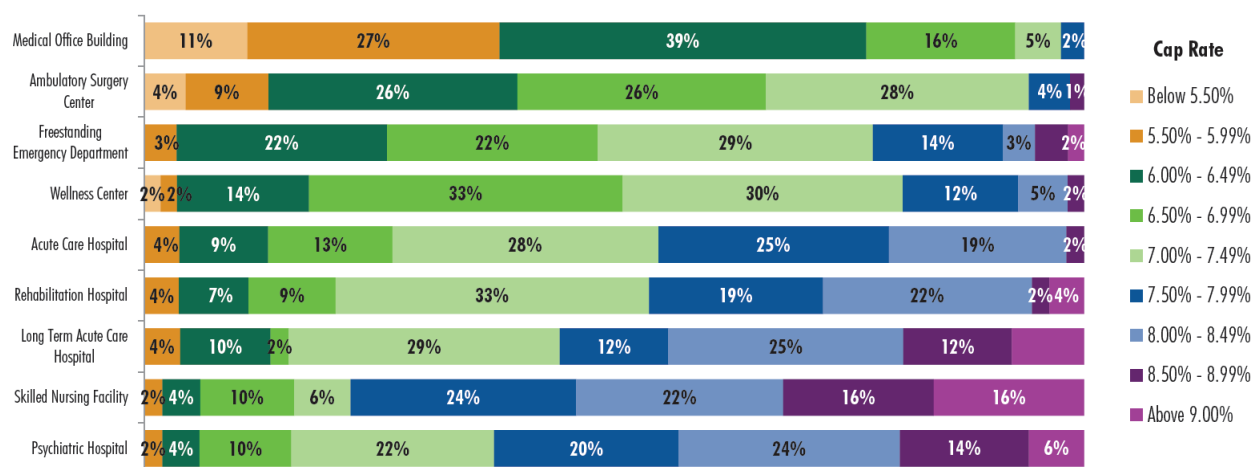
SUMMARY OF ABSOLUTE NET LEASE COVERAGE RATIOS

Property/Portfolio	Type	Units	State(s)	NOI/ Unit	Lease Date	Rent/ Unit	LCR
Autumn Promise	AL	26	WI	\$10,432	Jun-13	\$9,622	1.08
ILC Portfolio	IL	3,138	Multiple	\$18,262	Oct-13	\$15,609	1.17
Confidential Transaction	AL	120	WI	\$15,655	Nov-13	\$13,046	1.20
Oakmont of Chino Hills	AL/MC	123	CA	\$23,593	Jul-14	\$19,106	1.23
HealthLease Properties	AL/NC	365	Multiple	\$14,041	Apr-14	\$11,233	1.25
Arbors of Winthrop	AL	90	MA	\$23,076	May-14	\$17,778	1.30
Holiday Portfolio	IL	2,850	Multiple	\$13,779	Sep-14	\$10,614	1.30
Prelude at Woodbury	MC	30	MN	\$26,000	Jan-15	\$20,000	1.30
Sun City West	MC	48	AZ	\$30,000	Apr-14	\$23,077	1.30
CareTrust REIT	AL, MC	90	ID	\$14,847	Oct-14	\$11,333	1.31
Transitional Care Portfolio	TCF	678	MD	\$40,165	Jun-15	\$30,199	1.33
Liberty Healthcare Corp.	IL/AL/NC	1,200	OH	\$19,583	Nov-15	\$14,294	1.37
GA SNF	NC	105	GA	\$10,679	Jan-15	\$7,628	1.40
SNF Portfolio	NC	780	Midwest	---	Oct-13	---	1.50
Olympia Manor	NC	28	CA	\$16,179	Aug-14	\$10,786	1.50
Priority Mgt.Portfolio	AL/NC	568	TX	\$22,711	Dec-16	\$15,141	1.50

Source: CBRE VIEW Database

For purposes of this analysis, a coverage ratio of 1.35 was used. The inferred rent is assumed to be on an absolute net basis with no expenses to the lessor. Furthermore, the market rent is based upon a long term lease of 20+ years, which is common. These terms are common for this property type.

The next step is estimating an absolute net lease capitalization rate. The results of the 2017 CBRE Healthcare Real Estate Investor/ Developer Survey are summarized as follows, relative to capitalization rates for absolute net leased healthcare properties:



Absolute net transactions for seniors housing and similar (medical) net leased properties are summarized below:

SUMMARY OF ABSOLUTE NET LEASE TRANSACTIONS

Property/Portfolio	Type	Units	State(s)	Sale Date	Price/ Unit	OAR FS	OAR LF	Spread
Oakmont of Chino Hills	AL/MC	123	CA	Jun-14	\$390,244	6.05%	4.90%	1.15%
Holiday Portfolio	IL	2,850	Multiple	Sep-14	\$192,982	7.14%	5.50%	1.64%
ILC Portfolio	IL	3,138	Multiple	Oct-13	\$251,753	7.25%	6.20%	1.05%
Sun City West	MC	48	AZ	Apr-14	\$333,333	9.00%	6.92%	2.08%
Confidential Transaction	AL	120	WI	Nov-13	\$168,333	9.30%	7.75%	1.55%
HealthLease Properties	AL/NC	365	Multiple	Apr-14	\$135,342	10.37%	8.30%	2.07%
Prelude at Woodbury	MC	30	MN	Jan-15	\$240,000	10.83%	8.33%	2.50%
CareTrust REIT	AL, MC	90	ID	Oct-14	\$133,333	11.14%	8.50%	2.64%
Transitional Care Portfolio	TCF	678	MD	Jun-15	\$345,133	11.64%	8.75%	2.89%
Priority Mgt.Portfolio	AL/NC	568	TX	Dec-16	\$168,838	13.45%	8.97%	4.48%
Olympia Manor	NC	28	CA	Aug-14	\$114,565	14.12%	9.41%	4.71%
GA SNF	NC	105	GA	Apr-15	\$79,048	13.51%	9.65%	3.86%
Liberty Healthcare Corp.	IL/AL/NC	1,200	OH	Nov-15	\$147,500	13.28%	9.69%	3.59%

Source: CBRE VIEW Database

Net leased transactions typically yield a capitalization rate ranging from 100 to 400 basis points below the fee simple cap rate.

The final step is applying the concluded lease coverage ratio and absolute net capitalization rate to the estimated NOI for the subject. By capitalizing the indicated annual lease payment, a leased fee value or value allocation of the real estate only is determined. The business value is the difference in the going concern and the inferred leased fee or real property value, as summarized below.

LEASE COVERAGE ANALYSIS

	As Is July 24, 2018	As Stabilized January 24, 2019
Concluded Stabilized NOI	\$141,751	\$141,751
Divided Lease Coverage Ratio	1.35	1.35
Cash Flow to the Real Estate	\$105,001	\$105,001
Real Estate Only Cap Rate	8.00%	8.00%
Indicated Real Estate Value	\$1,312,508	\$1,312,508
Concluded Market Value of the Going Concern	\$1,550,000	\$1,600,000
FF&E	\$44,000	\$44,000
Inferred Real Estate Value	\$1,312,508	\$1,312,508
Indicated Business Value	\$193,492	\$243,492
Compiled by CBRE		

Conclusion

The following is our conclusion of business value of the subject.

CONCLUSION OF BUSINESS VALUE		
	As Is July 24, 2018	As Stabilized January 24, 2019
Lease Coverage	\$193,492	\$243,492
Conclusion	\$190,000	\$240,000
Compiled by CBRE		

Furniture, Fixtures and Equipment

Furniture, fixtures and equipment (FF&E) costs have been estimated in order to allocate the going concern. In estimating costs for FF&E, numerous developers have been consulted as well as property owners. These individuals indicated that typical FF&E construction budgets range from \$3,500 to \$14,000 per unit, depending on the quality, of the asset, care provided, and targeted demographic. The following table outlines budgeted FF&E in new construction.

FF&E COST SUMMARY		
Property Type	# of Units	\$/ Unit
IL	310	\$3,300
IL	172	\$3,488
IL/AL	112	\$5,250
IL/AL	113	\$5,000
AL/MC	84	\$8,450
AL/MC	104	\$7,500
AL/MC	70	\$10,300
MC	42	\$6,134
MC	34	\$6,529
Weighted Average:	---	\$5,251
Source: Compiled by CBRE		

Given the degree of construction and quality associated with the subject property, combined with its size, an FF&E cost estimate of \$5,500 per unit is considered reasonable the subject.

Based on our physical inspection of the property, the following depreciation was applied to the FF & E, for the concluded contributory value detailed below.

FF&E VALUE ESTIMATE		
Cost New per Unit	\$5,500	\$88,000
Percentage of Units furnished with FF&E		100%
Cost New of FF&E		\$88,000
Effective Age	4 Years	
MVS Expected Life	8 Years	
Remaining Economic Life	4 Years	
Less: Incurable Physical Deterioration		50.0%
Contributory Value of FF&E		\$44,000
Compiled by CBRE		

Allocation of the Going Concern Conclusion

By utilizing the average allocation of business value detailed above, the going concern has been estimated as follows:

ALLOCATION OF THE GOING CONCERN		
	As Is July 24, 2018	As Stabilized January 24, 2019
Real Estate	\$1,316,000	\$1,316,000
FF & E	\$44,000	\$44,000
Business Value	\$190,000	\$240,000
Market Value of the Going Concern	\$1,550,000	\$1,600,000
Compiled by CBRE		

Assumptions and Limiting Conditions

1. CBRE, Inc. through its appraiser (collectively, “CBRE”) has inspected through reasonable observation the subject property. However, it is not possible or reasonably practicable to personally inspect conditions beneath the soil and the entire interior and exterior of the improvements on the subject property. Therefore, no representation is made as to such matters.
2. The report, including its conclusions and any portion of such report (the “Report”), is as of the date set forth in the letter of transmittal and based upon the information, market, economic, and property conditions and projected levels of operation existing as of such date. The dollar amount of any conclusion as to value in the Report is based upon the purchasing power of the U.S. Dollar on such date. The Report is subject to change as a result of fluctuations in any of the foregoing. CBRE has no obligation to revise the Report to reflect any such fluctuations or other events or conditions which occur subsequent to such date.
3. Unless otherwise expressly noted in the Report, CBRE has assumed that:
 - (i) Title to the subject property is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. CBRE has not examined title records (including without limitation liens, encumbrances, easements, deed restrictions, and other conditions that may affect the title or use of the subject property) and makes no representations regarding title or its limitations on the use of the subject property. Insurance against financial loss that may arise out of defects in title should be sought from a qualified title insurance company.
 - (ii) Existing improvements on the subject property conform to applicable local, state, and federal building codes and ordinances, are structurally sound and seismically safe, and have been built and repaired in a workmanlike manner according to standard practices; all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; and the roof and exterior are in good condition and free from intrusion by the elements. CBRE has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. CBRE appraisers are not engineers and are not qualified to judge matters of an engineering nature, and furthermore structural problems or building system problems may not be visible. It is expressly assumed that any purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems.
 - (iii) Any proposed improvements, on or off-site, as well as any alterations or repairs considered will be completed in a workmanlike manner according to standard practices.
 - (iv) Hazardous materials are not present on the subject property. CBRE is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater, mold, or other potentially hazardous materials may affect the value of the property.
 - (v) No mineral deposit or subsurface rights of value exist with respect to the subject property, whether gas, liquid, or solid, and no air or development rights of value may be transferred. CBRE has not considered any rights associated with extraction or exploration of any resources, unless otherwise expressly noted in the Report.
 - (vi) There are no contemplated public initiatives, governmental development controls, rent controls, or changes in the present zoning ordinances or regulations governing use, density, or shape that would significantly affect the value of the subject property.
 - (vii) All required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, nor national government or private entity or organization have been or can be readily obtained or renewed for any use on which the Report is based.
 - (viii) The subject property is managed and operated in a prudent and competent manner, neither inefficiently or super-efficiently.
 - (ix) The subject property and its use, management, and operation are in full compliance with all applicable federal, state, and local regulations, laws, and restrictions, including without limitation environmental laws, seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, and licenses.
 - (x) The subject property is in full compliance with the Americans with Disabilities Act (ADA). CBRE is not qualified to assess the subject property’s compliance with the ADA, notwithstanding any discussion of possible readily achievable barrier removal construction items in the Report.
 - (xi) All information regarding the areas and dimensions of the subject property furnished to CBRE are correct, and no encroachments exist. CBRE has neither undertaken any survey of the boundaries of the subject property nor reviewed or confirmed the accuracy of any legal description of the subject property.

Unless otherwise expressly noted in the Report, no issues regarding the foregoing were brought to CBRE's attention, and CBRE has no knowledge of any such facts affecting the subject property. If any information inconsistent with any of the foregoing assumptions is discovered, such information could have a substantial negative impact on the Report. Accordingly, if any such information is subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. CBRE assumes no responsibility for any conditions regarding the foregoing, or for any expertise or knowledge required to discover them. Any user of the Report is urged to retain an expert in the applicable field(s) for information regarding such conditions.

4. CBRE has assumed that all documents, data and information furnished by or behalf of the client, property owner, or owner's representative are accurate and correct, unless otherwise expressly noted in the Report. Such data and information include, without limitation, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any error in any of the above could have a substantial impact on the Report. Accordingly, if any such errors are subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. The client and intended user should carefully review all assumptions, data, relevant calculations, and conclusions of the Report and should immediately notify CBRE of any questions or errors within 30 days after the date of delivery of the Report.
5. CBRE assumes no responsibility (including any obligation to procure the same) for any documents, data or information not provided to CBRE, including without limitation any termite inspection, survey or occupancy permit.
6. All furnishings, equipment and business operations have been disregarded with only real property being considered in the Report, except as otherwise expressly stated and typically considered part of real property.
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ADDENDA

ADDENDUM A

Data Sheets

Sale Seniors Housing & Care - Single-Care No. 1

Property Name Living in Serenity
Address 1340 17th Avenue
Santa Cruz, CA 95062
United States

Government Tax Agency Santa Cruz
Govt./Tax ID 029-163-75

Care Levels: AL

Land Area	0.592 ac	Year Built	1956
Gross Building Area (GBA)	6,243 sf	Year Renovated	2018
Total Units	16	Buildings	3
Total Beds	26	Floor Count	1
Total Revenue Units	26	Condition	Average
Investment Class	C	Construction Class	D - Wood frame, floor and structure; considered combustible



Care Level Summary

Level	Units	Beds	Measure	Revenue Units	Occupancy	Resident Ratio
AL	16	26	Beds	26	N/A	N/A
Totals	16	26		26	N/A	

Amenities

General: N/A

Unit Specific: N/A

Sale Summary

Recorded Buyer N/A
True Buyer Jesus C. Arcilla, and Josephine C. Arcilla
Recorded Seller N/A
True Seller Burks Lilly C W/W

Marketing Time N/A
Buyer Type End User
Seller Type End User
Primary Verification Broker

Interest Transferred Fee Simple/Freehold
Current Use AL
Proposed Use AL
Listing Broker Rafael de Castro, 925.938.4461
Selling Broker N/A
Doc # N/A

Type	Sale
Date	5/24/2018
Sale Price	\$1,900,000
Financing	N/A
Cash Equivalent	\$1,900,000
Capital Adjustment	\$268,000
Adjusted Price	\$2,168,000

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Cash Equivalent Price/sf
05/2018	Sale	N/A	N/A	\$1,900,000	\$304.34

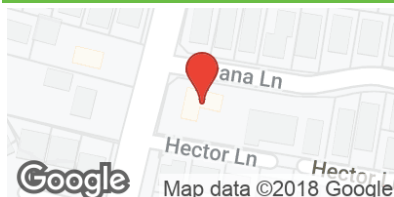
Units of Comparison

Static Analysis Method	Other (see comments)	Actual Occupancy at Sale	0%
Buyer's Primary Analysis	N/A	Eff Gross Inc Mult (EGIM)	1.66
Net Initial Yield/Cap. Rate	13.36%	Price / Revenue Unit	\$83,385
Projected IRR	N/A		

Financial

Revenue Type	Pro Forma Stabilized	Other See Comments
Period Ending	N/A	N/A
Source	Buyer	Appraiser
Price	\$2,168,000	\$2,168,000
Occupancy	85%	85%
Resident Days	8067	8067
Effective Gross Income	\$1,488,144	\$1,306,195
Expenses	\$879,998	\$1,016,582
Net Operating Income	\$608,146	\$289,613
NOI/Revenue Unit	\$23,390	\$11,139
OER	59.13%	77.83%
EGIM	1.46	1.66
Net Initial Yield/Cap. Rate	28.05%	13.36%

Map & Comments



The property sold for total consideration of \$1,900,000 which represents real estate only. No value is attributed to either the FF&E, or current business. Ahead of closing, the business will close and the building will be delivered vacant. The subject property was initially listed in March 2016 for \$2 million. Given the low performance of the existing operations, numerous citations from the state, and the poor overall condition of the property, there was very little interest. According to the seller's real estate agent, there was a second offer from a developer yet the buyer's agent never saw proof of this. The buyer will invest \$100,000 in cosmetic improvements, plus \$118,000, with an additional \$50,000 estimated for overruns and miscellaneous items; the sale price has been adjusted to reflect these items. Renovations are anticipated to take three months, after which the property will operate as a private pay assisted living residence. The new ownership/management team is locally based and brings 18 years of operational experience.

The improvements comprise of three buildings. Buildings 1 and 2 are former single-family homes, and each home contains common areas such as living/lounge space, dining, and a kitchen. Resident accommodations consist of private or shared rooms, with shared bathrooms in the hallway. The third building consists of storage space and offices, along with a small maintenance room. Between the homes is a large yard area and each home has a deck. A small driveway with surface parking completes the property.

The buyer's pro forma appears overly ambitious, yet has been adjusted to include a 5% management fee. The appraiser's estimates are supported by market comparables and are considered a more realistic projection.

Sale Seniors Housing & Care - Single-Care No. 2

Property Name Glenhaven
Address 4717 West Glenhaven Drive
Everett, WA 98203
United States

Government Tax Agency Snohomish
Govt./Tax ID 00456700000900

Care Levels: AL

Land Area	0.260 ac	Year Built	1965
Gross Building Area (GBA)	2,457 sf	Year Renovated	N/A
Total Units	4	Buildings	1
Total Beds	5	Floor Count	1
Total Revenue Units	5	Condition	Average
Investment Class	C	Construction Class	D - Wood frame, floor and structure; considered combustible



Care Level Summary

Level	Units	Beds	Measure	Revenue Units	Occupancy	Resident Ratio
AL	4	5	Beds	5	100%	N/A
Totals	4	5		5	100%	

Amenities

General: N/A

Unit Specific: N/A

Sale Summary

Recorded Buyer	Mekdes Reba	Marketing Time	N/A
True Buyer	Mekdes Reba	Buyer Type	Private Investor
Recorded Seller	Clarence E & Sue Closser	Seller Type	Private Investor
True Seller	Clarence E & Sue Closser	Primary Verification	Appraisal and assessor records

Interest Transferred	Fee Simple/Freehold
Current Use	N/A
Proposed Use	N/A
Listing Broker	N/A
Selling Broker	N/A
Doc #	201803190410

Type	Sale
Date	3/19/2018
Sale Price	\$554,000
Financing	Cash to Seller
Cash Equivalent	\$554,000
Capital Adjustment	\$0
Adjusted Price	\$554,000

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Cash Equivalent Price/sf
03/2018	Sale	Mekdes Reba	Clarence E & Sue Closser	\$554,000	\$225.48

Units of Comparison

Static Analysis Method	Other (see comments)	Actual Occupancy at Sale	N/A
Buyer's Primary Analysis	Price (Primary Unit of Comparison)	Eff Gross Inc Mult (EGIM)	1.55
Net Initial Yield/Cap. Rate	16.82%	Price / Revenue Unit	\$110,800
Projected IRR	N/A		

Financial

Revenue Type	Trailing Actuals	Other See Comments
Period Ending	11/30/2017	12/31/2018
Source	Seller	Appraiser
Price	\$554,000	\$554,000
Occupancy	56%	90%
Resident Days	1022	1643
Effective Gross Income	\$221,241	\$357,480
Expenses	\$315,253	\$264,271
Net Operating Income	\$-94,012	\$93,209
NOI/Revenue Unit	\$-18,802	\$18,642
OER	142.49%	73.93%
EGIM	2.50	1.55
Net Initial Yield/Cap. Rate	-16.97%	16.82%

Map & Comments



The property was originally listed in February 2017, at \$559,996. The property was not operating as an adult family home at that time, but instead being offered as a single-family residence. With no interest, in July they began operating it again as an adult family home, targeted to seniors. The property was again listed for sale, an offer was made in August 2017, and the buyer/seller went under contract for purchase in September 2017.

In a purchase and sale agreement dated August 8, 2017, Makdes Reba (Buyer) and Clarence E. and Sue Closser (Seller) have agreed to closing date of 12/22/2017, a sale price of \$65,000 for the business and \$489,000 for the real estate. Closing was extended, yet terms remained the same. The property closed in March 2018.

Property at time of transfer was not full, but instead operating at sub-stabilized occupancy of 56% and reflecting an operational loss. Cap rate is based on Year 1 projections.

Sale Seniors Housing & Care - Single-Care No. 3

Property Name Mori Manor RCFE
Address 1476 164th Avenue
San Leandro, CA 94578
United States

Government Tax Agency Alameda
Govt./Tax ID 80-71-33-2

Care Levels: AL

Land Area	0.248 ac	Year Built	1952
Gross Building Area (GBA)	3,054 sf	Year Renovated	N/A
Total Units	7	Buildings	1
Total Beds	14	Floor Count	1
Total Revenue Units	14	Condition	Good
Investment Class	C	Construction Class	D - Wood frame, floor and structure; considered combustible



Care Level Summary

Level	Units	Beds	Measure	Revenue Units	Occupancy	Resident Ratio
AL	7	14	Beds	14	64%	N/A
Totals	7	14		14	64%	

Amenities

General: N/A

Unit Specific: N/A

Sale Summary

Recorded Buyer	N/A	Marketing Time	1 Month(s)
True Buyer	Juana Care Facility, LLC	Buyer Type	Private Investor
Recorded Seller	Benilda V. Bordador	Seller Type	Private Investor
True Seller	Benilda V. Bordador	Primary Verification	Broker and Appraisal, Public Data

Interest Transferred	Fee Simple/Freehold
Current Use	AL
Proposed Use	AL
Listing Broker	Hunter Mitchell
Selling Broker	N/A
Doc #	N/A

Type	Sale
Date	1/27/2017
Sale Price	\$1,315,000
Financing	Cash to Seller
Cash Equivalent	\$1,315,000
Capital Adjustment	\$0
Adjusted Price	\$1,315,000

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Cash Equivalent Price/sf
01/2017	Sale	N/A	Benilda V. Bordador	\$1,315,000	\$430.58

Sale Seniors Housing & Care - Single-Care No. 3

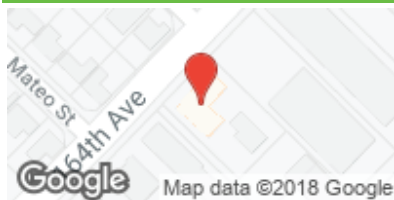
Units of Comparison

Static Analysis Method	Other (see comments)	Actual Occupancy at Sale	55%
Buyer's Primary Analysis	Static Capitalization Analysis	Eff Gross Inc Mult (EGIM)	3.67
Net Initial Yield/Cap. Rate	10.13%	Price / Revenue Unit	\$93,929
Projected IRR	N/A		

Financial

Revenue Type	Trailing Actuals	Other See Comments
Period Ending	9/30/2016	12/31/2017
Source	Seller	N/A
Price	\$1,315,000	\$1,315,000
Occupancy	55%	85%
Resident Days	2811	4344
Effective Gross Income	\$232,141	\$358,571
Expenses	\$175,775	\$225,397
Net Operating Income	\$56,366	\$133,174
NOI/Revenue Unit	\$4,026	\$9,512
OER	75.72%	62.86%
EGIM	5.66	3.67
Net Initial Yield/Cap. Rate	4.29%	10.13%

Map & Comments



This property was under contract for the going concern value at \$1,315,000. It was listed for \$1,300,000 and was on the market for ten days. Three bids were offered, one at the list price and two above. The offer was accepted because of the price and its terms. After talking with the lender, the parties to the transaction agreed to allocate \$1,100,000 to the real estate and \$215,000 to the business. The buyer currently owns and operates a 28-bed RCFE in the area and already has some residents ready to move into the subject.

The property was under-performing as it relates to occupancy at time of sale. Estimates above reflect stabilized occupancy levels and reflect prudent management.

Sale Seniors Housing & Care - Single-Care No. 4

Property Name Woodside RCFE
Address 20531 Forest Avenue
Castro Valley, CA 94546
United States

Government Tax Agency Alameda
Govt./Tax ID 16-231SF-0549-1

Care Levels: AL

Land Area	0.300 ac	Year Built	1935
Gross Building Area (GBA)	4,500 sf	Year Renovated	N/A
Total Units	7	Buildings	1
Total Beds	14	Floor Count	1
Total Revenue Units	14	Condition	Average
Investment Class	D	Construction Class	D - Wood frame, floor and structure; considered combustible



Care Level Summary

Level	Units	Beds	Measure	Revenue Units	Occupancy	Resident Ratio
AL	7	14	Beds	14	100%	N/A
Totals	7	14		14	100%	

Amenities

General: N/A

Unit Specific: N/A

Sale Summary

Recorded Buyer	N/A	Marketing Time	N/A
True Buyer	Hooi Yeap	Buyer Type	End User
Recorded Seller	AIC Health Care Inc	Seller Type	End User
True Seller	Helen Macatangay	Primary Verification	Appraisal

Interest Transferred	Fee Simple/Freehold
Current Use	AL
Proposed Use	AL
Listing Broker	N/A
Selling Broker	N/A
Doc #	155203

Type	Sale
Date	6/7/2016
Sale Price	\$1,300,000
Financing	N/A
Cash Equivalent	\$1,300,000
Capital Adjustment	\$0
Adjusted Price	\$1,300,000

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Cash Equivalent Price/sf
06/2016	Sale	N/A	AIC Health Care Inc	\$1,300,000	\$288.89

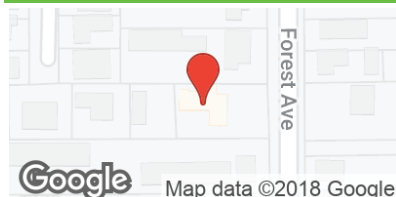
Units of Comparison

Static Analysis Method	Trailing Actuals	Actual Occupancy at Sale	100%
Buyer's Primary Analysis	N/A	Eff Gross Inc Mult (EGIM)	3.06
Net Initial Yield/Cap. Rate	7.23%	Price / Revenue Unit	\$92,857
Projected IRR	N/A		

Financial

Revenue Type	Trailing Actuals
Period Ending	12/31/2015
Source	Seller
Price	\$1,300,000
Occupancy	100%
Resident Days	5110
Effective Gross Income	\$425,198
Expenses	\$331,144
Net Operating Income	\$94,054
NOI/Revenue Unit	\$6,718
OER	77.88%
EGIM	3.06
Net Initial Yield/Cap. Rate	7.23%

Map & Comments



This property was sold to Hooi Yeap for \$1,300,000 and she originally allocated the purchase price as \$1,000,000 for the real property and \$300,000 for the business aspect, which was later revised to \$1,090,000 for the real estate and the balance to the business to line up with the appraisal.

The seller is Helen Macatangay for AIC Health Care Inc. Ms. Macatangay reportedly purchased the business two years prior for \$200,000 and entered into an option to purchase the real property for \$800,000. She recently exercised the purchase option in December 2015, and due to health reasons, has decided to sell the entire operation, both real property and business aspect.

Ms. Yeap has reportedly been interested in acquiring the property for a number of years and when her broker informed her Ms. Macatangay was interested in selling, Ms. Yeap put in the current offer to purchase. Overall the transaction appears to be arm's length. The difference in pricing is due to the fact Ms. Macatangay's purchase option is over two years old and did not reflect a property operating all 14 licensed beds.

The financial indicators above include an expense of \$350 per bed for reserves for replacement, but do not include a management fee because the facility is self managed. We note that income at the property has fluctuated primarily due to changes in revenue as expenses have been stable, with 2014 indicating EGI of \$373,915 and NOI of \$40,073.

Sale Seniors Housing & Care - Single-Care No. 5

Property Name From the Heart
 Address 4407 Segovia Drive
 Pasco, WA 99301
 United States

Government Tax Agency Franklin
 Govt./Tax ID 116440135, -34, -18, -18



Care Levels: AL

Land Area	0.980 ac	Year Built	2004
Gross Building Area (GBA)	15,632 sf	Year Renovated	N/A
Total Units	24	Buildings	4
Total Beds	24	Floor Count	1
Total Revenue Units	24	Condition	Good
Investment Class	N/A	Construction Class	D - Wood frame, floor and structure; considered combustible

Care Level Summary

Level	Units	Beds	Measure	Revenue Units	Occupancy	Resident Ratio
AL	24	24	Beds	24	100%	N/A
Totals	24	24		24	100%	

Amenities

General: N/A

Unit Specific: N/A

Sale Summary

Recorded Buyer	Shay LLC	Marketing Time	N/A
True Buyer	N/A	Buyer Type	End User
Recorded Seller	Landlee LLC	Seller Type	N/A
True Seller	N/A	Primary Verification	Buyer, Public Records

Interest Transferred	Fee Simple/Freehold
Current Use	24-unit AL
Proposed Use	N/A
Listing Broker	N/A
Selling Broker	N/A
Doc #	SWD-1843619

Type	Sale
Date	3/29/2016
Sale Price	\$1,960,000
Financing	Market Rate Financing
Cash Equivalent	\$1,960,000
Capital Adjustment	\$400,000
Adjusted Price	\$2,360,000

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Cash Equivalent Price/sf
03/2016	Sale	Shay LLC	Landlee LLC	\$1,960,000	\$125.38

Sale Seniors Housing & Care - Single-Care No. 5

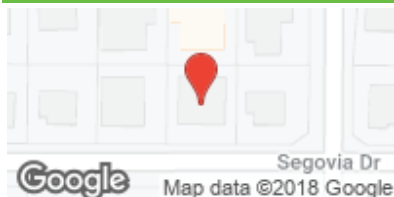
Units of Comparison

Static Analysis Method	Pro Forma (Stabilized)	Actual Occupancy at Sale	100%
Buyer's Primary Analysis	Static Capitalization Analysis	Eff Gross Inc Mult (EGIM)	1.84
Net Initial Yield/Cap. Rate	9.81%	Price / Revenue Unit	\$98,333
Projected IRR	N/A		

Financial

Revenue Type	Pro Forma Stabilized
Period Ending	N/A
Source	Buyer
Price	\$2,360,000
Occupancy	95%
Resident Days	8322
Effective Gross Income	\$1,279,183
Expenses	\$1,047,759
Net Operating Income	\$231,424
NOI/Revenue Unit	\$9,643
OER	81.91%
EGIM	1.84
Net Initial Yield/Cap. Rate	9.81%

Map & Comments



This is the sale of a 24-unit assisted living operation located in Pasco, WA. The property consists of four purpose-built adult family homes, each with six beds. It is a campus-like setting in a subdivision and offers memory care options. The buildings were in good condition at the time of sale and were constructed in 2004 and 2005. The facility was being leased at the time of sale with the lessee purchasing the property. As such, the purchase price of \$1,960,000 does not include the business operations. It was reported that the business operations was allocated a separate value of \$400,000. Including the business operations, the cash equivalent sale price equates to \$2,360,000, which results in an overall capitalization rate of 9.81%.

Property Name Rocky Mountain Assisted Living - Wheat Ridge
 Address 7850 West 44th Avenue
 Wheat Ridge, CO 80033
 United States

Government Tax Agency Jefferson
 Govt./Tax ID 39-233-02-011



Care Levels: AL , MC

Land Area	1.030 ac	Year Built	2017
Gross Building Area (GBA)	15,655 sf	Year Renovated	N/A
Total Units	0	Buildings	N/A
Total Beds	36	Floor Count	1
Total Revenue Units	36	Condition	Good
Investment Class	B-	Construction Class	D - Wood frame, floor and structure; considered combustible

Care Level Summary

Census Mix

Level	Units	Beds	Measure	Revenue Units	Occupancy	Resident Ratio	Level	Private Pay	Medicaid	Medicare	Other
AL	N/A	18	Beds	18	100%	N/A	AL	100%	N/A	N/A	N/A
MC	N/A	18	Beds	18	94%	N/A	MC	100%	N/A	N/A	N/A
Totals	N/A	36		36	97%						

Amenities

General: N/A

Unit Specific: N/A

Rental Survey

Services Included	Electricity, Housekeeping, Water/Sewer	Verification	Jillian
Concessions	N/A	Contact	303-996-6886
Last Rent Increase	N/A	Survey Date	07/24/2018
Management	Rocky Mountain Assisted Living		

Comparable Seniors Housing & Care - Multi-Care No. 1

Unit Mix & Asking Rates

Care Level	Unit Type	Units	Beds	Size (sf)	Move-In Fee	Rental Fee	Fee Basis	Meals
AL	Studio	N/A	N/A	300	\$1,000	\$4,000 - 5,000	Monthly	3/Day
MC	Studio	N/A	N/A	300	\$1,000	\$5,000 - 6,000	Monthly	3/Day

Entrance Fee Structure

Plan Type	Refundable	Healthcare Benefits	Amortization Schedule	Residents
		No information recorded		

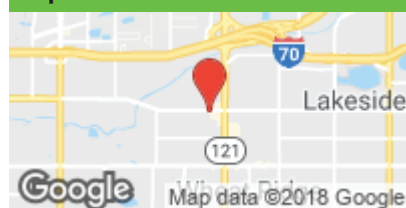
Second Resident Fees

Care Level	Monthly Fee	Move-In Fee
	No information recorded	

Care Service Fees

Care Level	Type	Monthly Fee	Other Fees
AL	All-Inclusive	N/A	Care Level
MC	All-Inclusive	N/A	Description
			No information recorded
			Fee

Map & Comments



This community is privately owned and operated. Surrounding land uses include residential, which are in balance with this property. The location is average for a senior housing community.

Comparable Seniors Housing & Care - Single-Care No. 2

Property Name The Verandas Assisted Living
 Address 9495 and 9515 West 49th Avenue
 Wheat Ridge, CO 80033
 United States

Government Tax Agency Jefferson
 Govt./Tax ID 39-153-12-278, 39-153-12-279 and 39-153-12-280



Care Levels: AL

Land Area	0.630 ac	Year Built	2000
Gross Building Area (GBA)	8,292 sf	Year Renovated	N/A
Total Units	0	Buildings	N/A
Total Beds	32	Floor Count	1
Total Revenue Units	32	Condition	Average
Investment Class	C	Construction Class	D - Wood frame, floor and structure; considered combustible

Care Level Summary							Census Mix				
Level	Units	Beds	Measure	Revenue Units	Occupancy	Resident Ratio	Level	Private Pay	Medicaid	Medicare	Other
AL	N/A	32	Beds	32	94%	N/A	AL	50%	50%	N/A	N/A
Totals	N/A	32		32	94%						

Amenities

General: N/A

Unit Specific: N/A

Rental Survey

Services Included	Fee Television, Electricity, Housekeeping, Water/Sewer	Verification	Janet Huber
Concessions	N/A	Contact	303-425-6328
Last Rent Increase	N/A	Survey Date	07/24/2018
Management	Phoenix Management, Inc.		

Comparable Seniors Housing & Care - Single-Care No. 2

Unit Mix & Asking Rates

Care Level	Unit Type	Units	Beds	Size (sf)	Move-In Fee	Rental Fee	Fee Basis	Meals
AL	Companion	N/A	N/A	225	\$500	\$2,850 - 3,505	Monthly	3/Day
AL	Studio	N/A	N/A	225	\$500	\$3,800 - 4,455	Monthly	3/Day

Entrance Fee Structure

Plan Type	Refundable	Healthcare Benefits	Amortization Schedule	Residents
		No information recorded		

Second Resident Fees

Care Level	Monthly Fee	Move-In Fee
	No information recorded	

Care Service Fees

Care Level	Type	Monthly Fee	Care Level	Description	Fee
	No information recorded		AL	Cable	\$40/Month

Map & Comments



This community is privately owned and operated. Surrounding land uses include residential, which are in balance with this property. The location is average for a senior housing community.

Comparable Seniors Housing & Care - Single-Care No. 3

Property Name Gardens Care Homes - Majestic View
 Address 6882 Garland Street
 Arvada, CO 80004
 United States
 Government Tax Agency Jefferson
 Govt./Tax ID 39-032-01-044



Care Levels: AL

Land Area	0.370 ac	Year Built	1978
Gross Building Area (GBA)	3,138 sf	Year Renovated	2015
Total Units	0	Buildings	N/A
Total Beds	12	Floor Count	N/A
Total Revenue Units	12	Condition	Good
Investment Class	N/A	Construction Class	D - Wood frame, floor and structure; considered combustible

Care Level Summary							Census Mix				
Level	Units	Beds	Measure	Revenue Units	Occupancy	Resident Ratio	Level	Private Pay	Medicaid	Medicare	Other
AL	N/A	12	Beds	12	100%	N/A	AL	100%	N/A	N/A	N/A
Totals	N/A	12		12	100%						

Amenities

General: N/A

Unit Specific: N/A

Rental Survey

Services Included	Electricity, Housekeeping, Water/Sewer	Verification	Jennifer
Concessions	N/A	Contact	303-421-6539
Last Rent Increase	N/A	Survey Date	07/24/2018
Management	Privately Owned		

Comparable Seniors Housing & Care - Single-Care No. 3

Unit Mix & Asking Rates

Care Level	Unit Type	Units	Beds	Size (sf)	Move-In Fee	Rental Fee	Fee Basis	Meals
AL	Companion	N/A	N/A	300	\$1,500	\$3,500 - 4,000	Monthly	3/Day
AL	Studio	N/A	N/A	300	\$1,500	\$5,000 - 5,500	Monthly	3/Day

Entrance Fee Structure

Plan Type	Refundable	Healthcare Benefits	Amortization Schedule	Residents
		No information recorded		

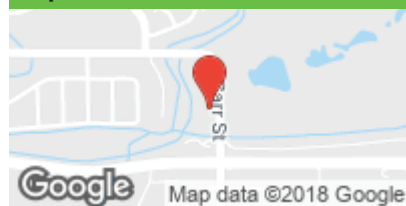
Second Resident Fees

Care Level	Monthly Fee	Move-In Fee
	No information recorded	

Care Service Fees

Care Level	Type	Monthly Fee	Other Fees
AL	All-Inclusive	N/A	No information recorded

Map & Comments



This community is privately owned and operated. Surrounding land uses include residential, which are in balance with this property. The location is average for a senior housing community.

Comparable Seniors Housing & Care - Single-Care No. 4

Property Name Gentle Hearts 2 Assisted Living
Address 10185 West 71st Place
Arvada, CO 80004
United States

Government Tax Agency N/A
Govt./Tax ID 39-041-01-002

Care Levels: AL

Land Area	0.180 ac	Year Built	1977
Gross Building Area (GBA)	2,578 sf	Year Renovated	N/A
Total Units	0	Buildings	N/A
Total Beds	8	Floor Count	1
Total Revenue Units	8	Condition	Average
Investment Class	C-	Construction Class	D - Wood frame, floor and structure; considered combustible



Care Level Summary							Census Mix				
Level	Units	Beds	Measure	Revenue Units	Occupancy	Resident Ratio	Level	Private Pay	Medicaid	Medicare	Other
AL	N/A	8	Beds	8	75%	N/A	AL	100%	N/A	N/A	N/A
Totals	N/A	8		8	75%						

Amenities

General: N/A

Unit Specific: N/A

Rental Survey

Services Included	Electricity, Housekeeping, Water/Sewer	Verification	Julia Arida
Concessions	N/A	Contact	303-931-9032
Last Rent Increase	N/A	Survey Date	07/24/2018
Management	Gentle Hearts Assisted Living		

Comparable Seniors Housing & Care - Single-Care No. 4

Unit Mix & Asking Rates

Care Level	Unit Type	Units	Beds	Size (sf)	Move-In Fee	Rental Fee	Fee Basis	Meals
AL	Companion	N/A	N/A	200	N/A	\$3,500	Monthly	3/Day
AL	Studio	N/A	N/A	200	N/A	\$4,000 - 5,000	N/A	3/Day

Entrance Fee Structure

Plan Type	Refundable	Healthcare Benefits	Amortization Schedule	Residents
		No information recorded		

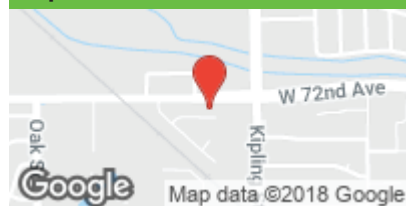
Second Resident Fees

Care Level	Monthly Fee	Move-In Fee
	No information recorded	

Care Service Fees

Care Level	Type	Monthly Fee	Other Fees
AL	All-Inclusive	N/A	
			No information recorded

Map & Comments



This community is privately owned and operated. Surrounding land uses include residential, which are in balance with this property. The location is average for a senior housing community.

Comparable Seniors Housing & Care - Single-Care No. 5

Property Name Gardens Care Homes - Indian Tree
 Address 7319 Carr Street
 Arvada, CO 80005
 United States
 Government Tax Agency Jefferson
 Govt./Tax ID 29-344-00-006



Care Levels: AL

Land Area	1.310 ac	Year Built	1960
Building Area	N/A	Year Renovated	N/A
Total Units	0	Buildings	N/A
Total Beds	16	Floor Count	N/A
Total Revenue Units	16	Condition	Average
Investment Class	N/A	Construction Class	D - Wood frame, floor and structure; considered combustible

Care Level Summary							Census Mix				
Level	Units	Beds	Measure	Revenue Units	Occupancy	Resident Ratio	Level	Private Pay	Medicaid	Medicare	Other
AL	N/A	16	Beds	16	100%	N/A	AL	100%	N/A	N/A	N/A
Totals	N/A	16		16	100%						

Amenities

General: N/A

Unit Specific: N/A

Rental Survey

Services Included	Electricity, Housekeeping, Water/Sewer	Verification	Jennifer
Concessions	N/A	Contact	303-421-6539
Last Rent Increase	N/A	Survey Date	07/24/2018
Management	Privately Owned		

Comparable Seniors Housing & Care - Single-Care No. 5

Unit Mix & Asking Rates

Care Level	Unit Type	Units	Beds	Size (sf)	Move-In Fee	Rental Fee	Fee Basis	Meals
AL	Companion	N/A	N/A	300	\$500 - 1,000	\$3,000 - 3,500	Monthly	3/Day
AL	Studio	N/A	N/A	300	\$500 - 1,000	\$3,500 - 4,000	Monthly	3/Day

Entrance Fee Structure

Plan Type	Refundable	Healthcare Benefits	Amortization Schedule	Residents
		No information recorded		

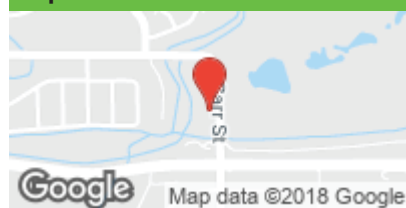
Second Resident Fees

Care Level	Monthly Fee	Move-In Fee
	No information recorded	

Care Service Fees

Care Level	Type	Monthly Fee	Other Fees
AL	All-Inclusive	N/A	No information recorded

Map & Comments



This community is privately owned and operated. Surrounding land uses include residential, which are in balance with this property. The location is average for a senior housing community.

ADDENDUM B

Operating Data

Golden Orchard, Inc.
Revised Schedule 1
Substantially All Disclosures Omitted
Activity All Properties-Year Ended December 31, 2015

	Other Properties	3510 Holland St.	850 E. Orchard Rd.	890 E. Orchard Rd.	TOTAL
Income					
Income	-	555,211.63	522,025.01	507,782.20	1,585,018.84
Miscellaneous Income	185.70	13,077.45	17,344.07	10,366.83	40,974.05
Rent Other	5,000.00	300.00	1,375.00	1,400.00	8,075.00
Total Income	5,185.70	568,589.08	540,744.08	519,549.03	1,634,067.89
Expense					
Advertising	-	6,246.44	10,407.43	6,007.48	22,661.35
Amortization	-	966.00	966.00	966.00	2,898.00
Automobile Expense	6,750.00	291.50	381.15	1,357.64	8,780.29
Bad Debt	-	37,321.00	15,670.97	8,235.80	61,227.77
Contract Labor	6,740.00	23,704.43	8,422.42	9,795.19	48,662.04
Depreciation Expense	6,686.00	14,999.94	15,000.03	15,000.03	51,686.00
Donation	250.00	-	-	-	250.00
Dues and Subscriptions	2,002.90	897.76	717.83	741.80	4,360.29
Furnishings	842.20	733.13	456.32	777.04	2,808.69
Gifts	1,255.25	1,083.62	938.48	701.04	3,978.39
Groceries	1,459.90	65,880.98	44,252.38	46,587.70	158,180.96
Insurance	15,093.34	6,714.23	6,385.19	6,385.19	34,577.95
Interest Expense	10,686.38	14,991.29	14,991.23	14,991.27	55,660.17
Internet	2,519.10	768.94	622.32	1,325.67	5,236.03
Landscaping	2,281.61	7,726.29	10,409.85	10,941.53	31,359.28
Legal & Accounting Fees	11,959.68	5,635.57	5,082.90	6,191.39	28,869.54
Licenses and Permits	5,568.24	1,102.00	5,500.00	510.00	12,680.24
Meals	1,382.40	289.41	311.16	411.78	2,394.75
Misc. Employee Costs	262.47	650.35	128.00	1,735.55	2,776.37
Miscellaneous	17,298.87	3,869.51	2,700.16	2,625.58	26,494.12
Office Supplies	8,007.64	2,500.35	613.88	3,852.15	14,974.02
Payroll Burden	4,227.80	35,726.02	34,474.35	38,406.39	112,834.56
Payroll Expenses	31,565.42	204,783.34	215,263.45	213,183.13	664,795.34
Postage and Delivery	1,746.74	217.30	91.07	893.71	2,948.82
Property Taxes	3,089.84	3,185.28	2,773.45	2,913.66	11,962.23
Referral Fee	-	11,460.00	-	4,800.00	16,260.00
Repairs & Maintenance	13,707.73	23,541.58	19,689.12	17,643.61	74,582.04
Research and Development	66,714.85	-	-	-	66,714.85
Resident Entertainment	-	2,302.50	2,530.00	2,707.50	7,540.00
Resident Nursing Services	-	2,445.31	2,445.34	2,445.33	7,335.98
Resident Services	587.96	1,547.29	2,355.62	1,161.28	5,652.15
Security	19.79	2,613.71	822.00	8,311.95	11,767.45
Supplies	3,220.42	3,792.15	1,077.20	2,547.89	10,637.66
Telephone	6,690.54	2,605.98	3,490.83	4,334.80	17,122.15
Trash Service	278.91	1,718.06	887.76	1,023.82	3,908.55
Utilities	7,799.50	16,034.06	18,612.18	18,885.20	61,330.94
Total Expense	240,695.48	508,345.32	448,470.07	458,398.10	1,655,908.97
Net Ordinary Income	(235,509.78)	60,243.76	92,274.01	61,150.93	(21,841.08)
Other Income					
Gain on sale of land	105,517.66	-	-	-	105,517.66
Interest Income	24.90	-	-	-	24.90
Total Other Income	105,542.56	-	-	-	105,542.56
Other Expense					
Other Expense	23,011.17	-	-	-	23,011.17
Provision for income taxes	-	544.67	544.67	544.66	1,634.00
Total Other Expense	23,011.17	544.67	544.67	544.66	24,645.17
Net Other Income (Expense)	82,531.39	(544.67)	(544.67)	(544.66)	80,897.39
Net Income	(152,978.39)	59,699.09	91,729.34	60,606.27	59,056.31

<1>

No assurance is provided on these financial statements.

Golden Orchard, Inc.
Revised Schedule 1
Substantially All Disclosures Omitted
Activity All Properties-Year Ended December 31, 2016

	Other Properties	3510 Holland St.	850 E. Orchard Rd.	890 E. Orchard Rd.	TOTAL
Income					
Income	-	337,952.75	531,008.65	416,572.56	1,285,533.96
Miscellaneous Income	1,737.56	10,265.70	18,819.87	12,224.80	43,047.93
Rent Other	300.00	-	3,506.50	2,000.00	5,806.50
Total Income	2,037.56	348,218.45	553,335.02	430,797.36	1,334,388.39
Expense					
Advertising	-	14,708.34	8,082.05	12,703.73	35,494.12
Amortization	-	967.32	967.32	963.32	2,897.96
Automobile Expense	14,095.60	617.94	637.47	797.99	16,149.00
Bad Debt	-	2,950.00	3,681.22	-	6,631.22
Cleaning	696.16	3,405.56	2,656.54	3,531.89	10,290.15
Contract Labor	10,852.00	22,616.08	11,399.95	13,154.33	58,022.36
Depreciation Expense	6,059.00	14,902.76	14,902.69	14,902.76	50,767.21
Donation	2,707.80	166.68	166.66	166.66	3,207.80
Dues and Subscriptions	565.92	314.91	314.91	314.93	1,510.67
Furnishings	2,182.54	1,056.78	412.67	475.23	4,127.22
Gifts	900.00	630.64	1,221.86	467.40	3,219.90
Groceries	446.37	33,071.66	35,128.93	30,429.20	99,076.16
Insurance	3,343.15	10,304.83	10,304.78	10,306.71	34,259.47
Interest Expense	19,949.16	16,359.91	15,956.58	16,308.20	68,573.85
Internet	1,724.53	1,044.81	920.11	1,219.34	4,908.79
Landscaping	3,781.92	12,432.53	11,180.45	11,281.64	38,676.54
Legal & Accounting Fees	11,574.35	4,079.12	4,032.07	4,295.44	23,980.98
Licenses and Permits	200.00	1,452.00	744.00	2,000.00	4,396.00
Meals	150.56	15.00	10.00	32.10	207.66
Misc. Employee Costs	128.22	907.24	978.51	2,246.04	4,260.01
Miscellaneous	5,031.43	939.29	603.48	1,872.77	8,446.97
Office Supplies	5,111.97	2,209.68	1,933.70	1,865.88	11,121.23
Payroll Burden	4,376.65	25,650.45	29,571.54	23,118.99	82,717.63
Payroll Expenses	44,574.03	169,803.93	205,807.27	138,275.80	558,461.03
Postage and Delivery	2,233.36	61.42	6.45	7.80	2,309.03
Property Taxes	4,349.88	3,294.72	3,981.76	4,572.70	16,199.06
Referral Fee	-	2,190.00	1,000.00	-	3,190.00
Repairs & Maintenance	11,997.66	18,298.35	12,095.11	7,901.61	50,292.73
Resident Entertainment	-	2,250.00	1,560.00	1,485.00	5,295.00
Resident Nursing Services	-	2,705.47	2,925.39	2,697.06	8,327.92
Resident Services	95.00	1,981.64	1,749.39	3,716.31	7,542.34
Security	757.38	2,130.74	1,532.53	1,389.00	5,809.65
Supplies	2,868.34	2,910.26	2,380.47	3,803.62	11,962.69
Telephone	9,185.35	3,146.19	3,360.47	4,376.21	20,068.22
Trash Service	301.16	(45.00)	180.18	138.82	575.16
Utilities	7,217.96	10,658.20	15,829.23	14,268.48	47,973.87
Total Expense	177,457.45	390,189.45	408,215.74	335,086.96	1,310,949.60
Net Ordinary Income	(175,419.89)	(41,971.00)	145,119.28	95,710.40	23,438.79
Other Income					
Interest Income	4.95	-	-	-	4.95
Total Other Income	4.95	-	-	-	4.95
Provision for income taxes	-	1,204.00	1,204.00	1,204.00	3,612.00
Net Income	(175,414.94)	(43,175.00)	143,915.28	94,506.40	19,831.74

<1>

No assurance is provided on these financial statements.

Golden Orchard, Inc.
Revised Schedule 1
Substantially All Disclosures Omitted
Activity All Properties - Year Ended December 31, 2017

	Other Properties	3510 Holland St.	850 E. Orchard Rd.	890 E. Orchard Rd.	TOTAL
Income					
Income	-	434,711.57	513,268.89	415,253.37	1,363,233.83
Miscellaneous Income	508.79	14,410.02	17,855.25	17,833.89	50,607.95
Rent Other	-	-	5,040.00	600.00	5,640.00
Total Income	508.79	449,121.59	536,164.14	433,687.26	1,419,481.78
Expenses					
Advertising	-	18,409.96	16,465.69	18,976.84	53,852.49
Amortization	-	1,933.34	1,933.33	1,933.33	5,800.00
Automobile Expense	9,181.98	145.19	105.32	143.84	9,576.33
Bad Debt	6,000.00	8,880.26	5,217.00	4,467.00	24,564.26
Caregiver	-	1,740.00	8,175.00	8,536.62	18,451.62
Cleaning	152.18	6,861.14	3,994.55	3,664.69	14,672.56
Contract Labor	4,830.00	5,911.49	9,724.01	7,520.58	27,986.08
Depreciation Expense	5,353.00	16,622.32	16,622.34	16,622.34	55,220.00
Donation	525.00	-	-	-	525.00
Dues and Subscriptions	1,810.14	439.62	334.62	411.94	2,996.32
Furnishings	39.71	1,535.15	691.32	1,758.83	4,025.01
Gifts	125.00	425.88	784.87	474.86	1,810.61
Groceries	1,891.64	37,900.66	33,449.26	25,211.44	98,453.00
Insurance	12,381.20	9,496.42	9,485.85	9,485.83	40,849.30
Interest Expense	21,611.59	20,021.39	20,021.29	20,021.26	81,675.53
Internet	3,575.49	869.78	863.46	1,082.58	6,391.31
Landscaping	4,659.26	9,557.61	10,631.28	10,168.49	35,016.64
Legal & Accounting Fees	12,113.66	4,537.89	4,537.89	4,537.89	25,727.33
Licenses and Permits	-	2,486.52	1,244.00	744.00	4,474.52
Meals	2,125.28	80.60	115.80	180.19	2,501.87
Misc. Employee Costs	780.90	1,262.91	1,282.70	3,124.00	6,450.51
Miscellaneous	9,814.53	619.11	1,019.71	1,507.63	12,960.98
Office Supplies	4,986.48	1,606.84	1,604.66	991.97	9,189.95
Payroll Burden	7,705.21	23,485.78	23,403.50	18,758.12	73,352.61
Payroll Expenses	80,709.34	184,446.21	182,532.76	130,007.49	577,695.80
Postage and Delivery	1,278.82	585.97	393.40	300.05	2,558.24
Property Taxes	4,643.45	3,663.86	4,209.72	4,361.22	16,878.25
Referral Fee	-	5,612.00	3,487.50	11,025.00	20,124.50
Repairs & Maintenance	6,765.24	11,390.29	8,784.86	8,911.35	35,851.74
Resident Entertainment	-	1,901.39	1,698.98	1,765.00	5,365.37
Resident Nursing Services	-	1,820.00	1,653.75	1,811.25	5,285.00
Resident Services	-	4,356.46	2,688.60	3,719.78	10,764.84
Security	-	2,179.96	1,025.54	1,303.96	4,509.46
Supplies	2,413.90	1,517.47	802.90	1,234.73	5,969.00
Telephone	10,543.44	3,516.40	2,519.22	2,257.33	18,836.39
Trash Service	312.76	1,570.86	1,113.37	1,080.86	4,077.85
Utilities	6,827.32	9,752.74	15,820.90	12,404.58	44,805.54
Total Expense	223,156.52	407,143.47	398,438.95	340,506.87	1,369,245.81
Net Ordinary Income	(222,647.73)	41,978.12	137,725.19	93,180.39	1,369,245.81
Other Income					
Gain on sale of asset	4,996.00	-	-	-	4,996.00
Other Income	12,312.92	-	-	-	12,312.92
Total Other Income	17,308.92	-	-	-	17,308.92
Provision for income taxes	-	4,812.34	4,812.33	4,812.33	14,437.00
Net Income	(205,338.81)	37,165.78	132,912.86	88,368.06	53,107.89

<1>

No assurance is provided on these financial statements.

Golden Orchard,Inc. Rent Schedule

3510 Holland St Wheat Ridge, CO-16 Beds	UNIT #	Rate
	1(P)	\$3,950.00
	2A(S)	\$3,250.00
	2B(S)	\$3,250.00
	3A(S)	\$3,250.00
	3B(S)	\$3,250.00
	4(P)	\$3,950.00
	5A(S)	\$3,250.00
	5B(S)	\$3,250.00
	6A(S)	\$3,250.00
	6B(S)	\$3,250.00
	7A(S)	\$3,250.00
	7B(S)	\$3,250.00
	8(P)	\$3,950.00
	9(P)	\$3,950.00
	10A(S)	\$3,250.00
	10B(S)	\$3,250.00
Total for 3510		\$54,800.00
TOTAL FOR MONTH ALL 3 HOMES		\$165,900.00

850 E. Orchard Road, Centennial, CO

	Room #	Rate
Boffa, Victor	850-A	4,950.
Chamberlin, Geraldine	850-B	5,000.
Tattrie, Ruth	850-C-1	3,500.
Nelson, Mary Jane	850-C-2	4,200.
Johnson, Mark	850-D-1	3,500.
Smith Elfiede	850-E-2	4,200.
James Kelly	850-F	4,900.
Guy, Catherine	850-G	4,900.
Kraust, Harold	850-H	5,000.
Rose, Marian	850-I	4,900.

Caregiver Rentals

Payan, Juan	850 Basement	300.
		<u>45,350.</u>

890 E. Orchard Road

	Room #	Rate
Jacobs, Caroline	890-A-1	4,000.
Jorgenson, Jerry	890-B	5,200.
Lannon, Annie	890-C	5,200.
Stenbeck Deliah	890-D-1	2,500.
Sanborn, Bertha	890-D-2	4,250.
Picillas, Sarah	890-G-1	4,200.
Spaulding, Sandra	890-G-2	4,250.
Cauron, Ruth	890-H	<u>5,200.</u>
		34,800.

3510 Holland Street, Wheat Ridge, CO

	Room #	Rate
Graham, Paulette	3510-2-A	2,950.
Vawter, Mary	3510-2-B	3,250.
Hall, Jackie	3510-3-A	3,250.
Freidman, Jules	3510-4	3,950.
Trujillo, Olivama	3510-6-A	3,250.
Hall, Louise	3510-7-B	3,250.
Wilson, Ida	3510-8	3,950.
Adair, Rene	3510-9	3,950.
Harris, Alan	3510-10-A	2,950.
Usselman, George	3510-10-B	<u>2,950.</u>
		33,700.

Census Rate	Year	Unit	Unit				Unit	
	2015	850	890	850	890	Total Occ.	3510	
Average		12	11	100.0%	91.7%	95.8%	14	87.5%
	2016	850	890				3510	
Average		11	8	91.7%	66.7%	79.2%	8	50.0%
	2017	850	890				3510	
Average		10	7	83.3%	58.3%	70.8%	11	68.8%

ADDENDUM C

Senior Life Report



Senior Housing

	3510 Holland St 1 Mile	3510 Holland St 3 Miles	3510 Holland St 5 Miles
2018 Population	8,930	108,232	326,573
Age 45-49	535 6.0%	6,606 6.1%	19,940 6.1%
Age 50-54	589 6.6%	7,171 6.6%	20,510 6.3%
Age 55-59	788 8.8%	7,999 7.4%	22,055 6.8%
Age 60-64	709 7.9%	7,379 6.8%	20,263 6.2%
Age 65-69	643 7.2%	6,250 5.8%	17,253 5.3%
Age 70-74	472 5.3%	4,525 4.2%	12,740 3.9%
Age 75-79	386 4.3%	3,405 3.2%	9,271 2.8%
Age 80-84	266 3.0%	2,575 2.4%	6,573 2.0%
Age 85 and Older	375 4.2%	3,559 3.3%	8,448 2.6%
2018 Median Age	47.80	41.40	38.70
2018 Females	4,651	55,538	165,620
Females Age 45-49	271 5.8%	3,224 5.8%	9,788 5.9%
Females Age 50-54	309 6.6%	3,606 6.5%	10,252 6.2%
Females Age 55-59	411 8.8%	4,081 7.4%	11,197 6.8%
Females Age 60-64	379 8.2%	3,847 6.9%	10,509 6.4%
Females Age 65-69	345 7.4%	3,366 6.1%	9,199 5.6%
Females Age 70-74	260 5.6%	2,553 4.6%	7,027 4.2%
Females Age 75-79	232 5.0%	2,033 3.7%	5,322 3.2%
Females Age 80-84	160 3.4%	1,608 2.9%	3,939 2.4%
Females Age 85+	231 5.0%	2,366 4.3%	5,629 3.4%
2018 Median Female Age	50.00	43.30	40.00
2018 Males	4,279	52,694	160,952
Males Age 45-49	263 6.2%	3,382 6.4%	10,152 6.3%
Males Age 50-54	280 6.5%	3,565 6.8%	10,259 6.4%
Males Age 55-59	376 8.8%	3,918 7.4%	10,858 6.8%
Males Age 60-64	330 7.7%	3,532 6.7%	9,754 6.1%
Males Age 65-69	298 7.0%	2,884 5.5%	8,053 5.0%
Males Age 70-74	212 5.0%	1,972 3.7%	5,713 3.6%
Males Age 75-79	154 3.6%	1,372 2.6%	3,949 2.5%
Males Age 80-84	106 2.5%	968 1.8%	2,633 1.6%
Males Age 85+	144 3.4%	1,192 2.3%	2,819 1.8%
2018 Median Male Age	45.50	39.70	37.60
2023 Population	9,266	115,741	349,179
Age 45-49	512 5.5%	6,744 5.8%	20,540 5.9%
Age 50-54	531 5.7%	6,950 6.0%	20,637 5.9%
Age 55-59	671 7.2%	7,295 6.3%	20,722 5.9%
Age 60-64	722 7.8%	7,910 6.8%	21,754 6.2%
Age 65-69	721 7.8%	7,345 6.4%	19,682 5.6%
Age 70-74	609 6.6%	5,962 5.2%	16,236 4.7%
Age 75-79	501 5.4%	4,417 3.8%	12,023 3.4%
Age 80-84	307 3.3%	3,011 2.6%	7,805 2.2%
85 and Older	381 4.1%	3,707 3.2%	8,907 2.6%
2023 Median Age	48.10	41.90	39.30
2023 Females	4,824	59,300	176,975
Females Age 45-49	256 5.3%	3,337 5.6%	10,113 5.7%
Females Age 50-54	271 5.6%	3,430 5.8%	10,143 5.7%
Females Age 55-59	351 7.3%	3,700 6.2%	10,405 5.9%
Females Age 60-64	387 8.0%	4,116 6.9%	11,218 6.3%
Females Age 65-69	390 8.1%	3,894 6.6%	10,397 5.9%
Females Age 70-74	330 6.8%	3,312 5.6%	8,908 5.0%
Females Age 75-79	295 6.1%	2,547 4.3%	6,776 3.8%
Females Age 80-84	188 3.9%	1,880 3.2%	4,677 2.6%
Females Age 85+	234 4.9%	2,463 4.2%	5,873 3.3%
2023 Median Female Age	50.60	43.70	40.50
2023 Males	4,443 48.0%	56,440 48.8%	172,204 49.3%
Males Age 45-49	255 5.7%	3,407 6.0%	10,427 6.1%
Males Age 50-54	261 5.9%	3,520 6.2%	10,494 6.1%
Males Age 55-59	320 7.2%	3,595 6.4%	10,317 6.0%
Males Age 60-64	335 7.5%	3,793 6.7%	10,536 6.1%
Males Age 65-69	331 7.5%	3,451 6.1%	9,285 5.4%
Males Age 70-74	279 6.3%	2,650 4.7%	7,327 4.3%
Males Age 75-79	206 4.6%	1,870 3.3%	5,246 3.1%

Males Age 80-84	119 2.7%	1,131 2.0%	3,128 1.8%
Males Age 85+	147 3.3%	1,244 2.2%	3,034 1.8%
2023 Median Male Age	45.60	40.20	38.20
2010 Population	8,472	99,990	293,275
Age 45-49	694 8.2%	7,645 7.7%	21,032 7.2%
Age 50-54	717 8.5%	8,035 8.0%	21,375 7.3%
Age 55-59	731 8.6%	7,053 7.1%	19,176 6.5%
Age 60-64	558 6.6%	5,508 5.5%	15,667 5.3%
Age 65-69	412 4.9%	3,910 3.9%	11,130 3.8%
Age 70-74	331 3.9%	3,165 3.2%	8,715 3.0%
Age 75-79	341 4.0%	2,873 2.9%	7,473 2.6%
Age 80-84	265 3.1%	2,507 2.5%	6,081 2.1%
85 and Older	315 3.7%	2,898 2.9%	6,563 2.2%
2010 Median Age	45.90	40.10	37.50
2010 Females	4,413	51,282	148,703
Females Age 45-49	365 8.3%	3,889 7.6%	10,687 7.2%
Females Age 50-54	372 8.4%	3,976 7.8%	10,692 7.2%
Females Age 55-59	380 8.6%	3,615 7.1%	9,758 6.6%
Females Age 60-64	290 6.6%	2,858 5.6%	8,088 5.4%
Females Age 65-69	239 5.4%	2,229 4.4%	6,075 4.1%
Females Age 70-74	181 4.1%	1,849 3.6%	4,947 3.3%
Females Age 75-79	204 4.6%	1,722 3.4%	4,318 2.9%
Females Age 80-84	160 3.6%	1,553 3.0%	3,670 2.5%
Females Age 85+	194 4.4%	1,950 3.8%	4,524 3.0%
2010 Median Female Age	47.40	41.80	38.90
2010 Males	4,059	48,708	144,572
Males Age 45-49	330 8.1%	3,756 7.7%	10,345 7.2%
Males Age 50-54	345 8.5%	4,059 8.3%	10,683 7.4%
Males Age 55-59	351 8.7%	3,439 7.1%	9,419 6.5%
Males Age 60-64	268 6.6%	2,649 5.4%	7,579 5.2%
Males Age 65-69	174 4.3%	1,681 3.5%	5,056 3.5%
Males Age 70-74	150 3.7%	1,316 2.7%	3,768 2.6%
Males Age 75-79	138 3.4%	1,151 2.4%	3,155 2.2%
Males Age 80-84	105 2.6%	954 2.0%	2,411 1.7%
Males Age 85+	121 3.0%	947 1.9%	2,039 1.4%
2010 Median Male Age	44.10	38.40	36.20
2018 Average Household Income	\$83,796	\$73,259	\$79,252
2023 Average Household Income	\$94,812	\$83,028	\$89,744
2018 Median Household Income	\$61,211	\$53,529	\$58,108
2023 Median Household Income	\$72,853	\$61,004	\$67,129
2018 Per Capita Income	\$37,944	\$33,640	\$33,927
2023 Per Capita Income	\$42,829	\$37,950	\$38,249
2018-2023 Annual Median Household Income Growth Rate	3.54%	2.65%	2.93%
2018-2023 Annual Per Capita Income Growth Rate	2.45%	2.44%	2.43%
Household Income			
2018 Households	4,080	48,770	137,674
Under \$15,000	333 8.2%	5,240 10.7%	14,047 10.2%
\$15,000-\$24,999	333 8.2%	5,005 10.3%	12,978 9.4%
\$25,000-\$34,999	378 9.3%	5,048 10.4%	12,176 8.8%
\$35,000-\$49,999	611 15.0%	7,204 14.8%	18,762 13.6%
\$50,000-\$74,999	711 17.4%	9,411 19.3%	26,050 18.9%
\$75,000-\$99,999	558 13.7%	6,103 12.5%	18,658 13.6%
\$100,000-\$149,999	654 16.0%	6,463 13.3%	20,285 14.7%
\$150,000-\$199,999	270 6.6%	2,282 4.7%	7,749 5.6%
\$200,000 and Over	233 5.7%	2,015 4.1%	6,970 5.1%
Household Income			
2023 Households	4,227	52,050	146,921
Under \$15,000	262 6.2%	4,419 8.5%	11,836 8.1%
\$15,000-\$24,999	270 6.4%	4,342 8.3%	11,226 7.6%
\$25,000-\$34,999	317 7.5%	4,588 8.8%	10,926 7.4%
\$35,000-\$49,999	558 13.2%	7,020 13.5%	17,886 12.2%
\$50,000-\$74,999	753 17.8%	10,462 20.1%	28,373 19.3%
\$75,000-\$99,999	646 15.3%	7,598 14.6%	22,546 15.4%
\$100,000-\$149,999	827 19.6%	8,352 16.1%	25,947 17.7%
\$150,000-\$199,999	333 7.9%	2,936 5.6%	10,051 6.8%
\$200,000 and Over	261 6.2%	2,332 4.5%	8,128 5.5%
Household Income			
2018 Householder Age 45-54	650	8,251	23,138
Age 45-54 Under \$15,000	36 5.5%	707 8.6%	1,847 8.0%
Age 45-54 \$15,000-\$24,999	23 3.5%	481 5.8%	1,258 5.4%
Age 45-54 \$25,000-\$34,999	37 5.7%	632 7.7%	1,518 6.6%

Age 45-54 \$35,000-\$49,999	85 13.1%	1,121 13.6%	2,808 12.1%
Age 45-54 \$50,000-\$74,999	110 16.9%	1,620 19.6%	4,273 18.5%
Age 45-54 \$75,000-\$99,999	99 15.2%	1,160 14.1%	3,466 15.0%
Age 45-54 \$100,000-\$149,999	135 20.8%	1,425 17.3%	4,319 18.7%
Age 45-54 \$150,000-\$199,999	67 10.3%	597 7.2%	1,958 8.5%
Age 45-54 \$200,000 and Over	59 9.1%	508 6.2%	1,689 7.3%
2018 Median Household Income: HHR 45-54	\$82,073	\$66,235	\$73,876
2018 Average Household Income: HHR 45-54	\$104,672	\$88,178	\$94,773
Household Income			
2018 Householder Age 55-64	907	9,584	25,527
Age 55-64 Under \$15,000	70 7.7%	1,046 10.9%	2,637 10.3%
Age 55-64 \$15,000-\$24,999	52 5.7%	810 8.5%	1,974 7.7%
Age 55-64 \$25,000-\$34,999	62 6.8%	810 8.5%	1,802 7.1%
Age 55-64 \$35,000-\$49,999	118 13.0%	1,275 13.3%	2,979 11.7%
Age 55-64 \$50,000-\$74,999	158 17.4%	1,895 19.8%	4,757 18.6%
Age 55-64 \$75,000-\$99,999	140 15.4%	1,281 13.4%	3,744 14.7%
Age 55-64 \$100,000-\$149,999	172 19.0%	1,422 14.8%	4,210 16.5%
Age 55-64 \$150,000-\$199,999	71 7.8%	520 5.4%	1,712 6.7%
Age 55-64 \$200,000 and Over	65 7.2%	524 5.5%	1,712 6.7%
2018 Median Household Income: HHR 55-64	\$73,673	\$58,785	\$65,635
2018 Average Household Income: HHR 55-64	\$93,429	\$80,527	\$87,898
Household Income			
2018 Householder Age 65-74	720	7,149	19,134
Age 65-74 Under \$15,000	82 11.4%	867 12.1%	2,189 11.4%
Age 65-74 \$15,000-\$24,999	74 10.3%	885 12.4%	2,141 11.2%
Age 65-74 \$25,000-\$34,999	72 10.0%	812 11.4%	1,805 9.4%
Age 65-74 \$35,000-\$49,999	117 16.3%	1,113 15.6%	2,757 14.4%
Age 65-74 \$50,000-\$74,999	128 17.8%	1,365 19.1%	3,709 19.4%
Age 65-74 \$75,000-\$99,999	89 12.4%	768 10.7%	2,415 12.6%
Age 65-74 \$100,000-\$149,999	87 12.1%	781 10.9%	2,418 12.6%
Age 65-74 \$150,000-\$199,999	36 5.0%	291 4.1%	878 4.6%
Age 65-74 \$200,000 and Over	34 4.7%	268 3.8%	822 4.3%
2018 Median Household Income: HHR 65-74	\$51,951	\$48,177	\$53,170
2018 Average Household Income: HHR 65-74	\$74,216	\$68,013	\$73,097
Household Income			
2018 Householder Age 75+	706	6,419	16,374
Age 75+ Under \$15,000	78 11.1%	979 15.3%	2,619 16.0%
Age 75+ \$15,000-\$24,999	121 17.1%	1,281 20.0%	3,230 19.7%
Age 75+ \$25,000-\$34,999	119 16.9%	958 14.9%	2,273 13.9%
Age 75+ \$35,000-\$49,999	125 17.7%	1,025 16.0%	2,562 15.7%
Age 75+ \$50,000-\$74,999	118 16.7%	1,022 15.9%	2,696 16.5%
Age 75+ \$75,000-\$99,999	59 8.4%	542 8.4%	1,391 8.5%
Age 75+ \$100,000-\$149,999	56 7.9%	371 5.8%	1,012 6.2%
Age 75+ \$150,000-\$199,999	19 2.7%	124 1.9%	336 2.1%
Age 75+ \$200,000 and Over	11 1.6%	118 1.8%	256 1.6%
2018 Median Household Income: HHR 75+	\$38,170	\$34,888	\$35,269
2018 Average Household Income: HHR 75+	\$54,572	\$50,929	\$50,511
Household Income			
2023 Householder Age 45-54	596	8,143	23,263
Age 45-54 Under \$15,000	22 3.7%	504 6.2%	1,351 5.8%
Age 45-54 \$15,000-\$24,999	14 2.4%	343 4.2%	921 4.0%
Age 45-54 \$25,000-\$34,999	22 3.7%	485 6.0%	1,187 5.1%
Age 45-54 \$35,000-\$49,999	63 10.6%	963 11.8%	2,428 10.4%
Age 45-54 \$50,000-\$74,999	97 16.3%	1,612 19.8%	4,228 18.2%
Age 45-54 \$75,000-\$99,999	97 16.3%	1,310 16.1%	3,856 16.6%
Age 45-54 \$100,000-\$149,999	149 25.0%	1,692 20.8%	5,144 22.1%
Age 45-54 \$150,000-\$199,999	75 12.6%	697 8.6%	2,307 9.9%
Age 45-54 \$200,000 and Over	57 9.6%	538 6.6%	1,841 7.9%
2023 Median Household Income: HHR 45-54	\$94,461	\$77,353	\$83,018
2023 Average Household Income: HHR 45-54	\$117,653	\$99,507	\$106,593
Household Income			
2023 Householder Age 55-64	834	9,400	25,303
Age 55-64 Under \$15,000	44 5.3%	769 8.2%	1,953 7.7%
Age 55-64 \$15,000-\$24,999	33 4.0%	628 6.7%	1,554 6.1%
Age 55-64 \$25,000-\$34,999	42 5.0%	643 6.8%	1,435 5.7%
Age 55-64 \$35,000-\$49,999	90 10.8%	1,104 11.7%	2,544 10.1%
Age 55-64 \$50,000-\$74,999	142 17.0%	1,914 20.4%	4,758 18.8%
Age 55-64 \$75,000-\$99,999	144 17.3%	1,455 15.5%	4,154 16.4%
Age 55-64 \$100,000-\$149,999	194 23.3%	1,708 18.2%	4,984 19.7%
Age 55-64 \$150,000-\$199,999	78 9.4%	627 6.7%	2,098 8.3%
Age 55-64 \$200,000 and Over	66 7.9%	552 5.9%	1,824 7.2%
2023 Median Household Income: HHR 55-64	\$84,427	\$68,685	\$76,810
2023 Average Household Income: HHR 55-64	\$106,973	\$91,592	\$99,529
Household Income			

2023 Householder Age 65-74	844	8,701	22,586
Age 65-74 Under \$15,000	68 8.1%	793 9.1%	1,964 8.7%
Age 65-74 \$15,000-\$24,999	64 7.6%	847 9.7%	2,023 9.0%
Age 65-74 \$25,000-\$34,999	68 8.1%	862 9.9%	1,877 8.3%
Age 65-74 \$35,000-\$49,999	124 14.7%	1,267 14.6%	2,992 13.3%
Age 65-74 \$50,000-\$74,999	162 19.2%	1,805 20.7%	4,559 20.2%
Age 65-74 \$75,000-\$99,999	123 14.6%	1,111 12.8%	3,246 14.4%
Age 65-74 \$100,000-\$149,999	134 15.9%	1,199 13.8%	3,515 15.6%
Age 65-74 \$150,000-\$199,999	53 6.3%	446 5.1%	1,296 5.7%
Age 65-74 \$200,000 and Over	48 5.7%	370 4.3%	1,114 4.9%
2023 Median Household Income: HHr 65-74	\$62,730	\$55,899	\$60,847
2023 Average Household Income: HHr 65-74	\$87,703	\$78,868	\$84,173
Household Income			
2023 Householder Age 75+	804	7,404	19,068
Age 75+ Under \$15,000	72 9.0%	938 12.7%	2,549 13.4%
Age 75+ \$15,000-\$24,999	111 13.8%	1,265 17.1%	3,245 17.0%
Age 75+ \$25,000-\$34,999	115 14.3%	979 13.2%	2,321 12.2%
Age 75+ \$35,000-\$49,999	136 16.9%	1,161 15.7%	2,910 15.3%
Age 75+ \$50,000-\$74,999	145 18.0%	1,303 17.6%	3,454 18.1%
Age 75+ \$75,000-\$99,999	88 11.0%	805 10.9%	2,031 10.7%
Age 75+ \$100,000-\$149,999	93 11.6%	593 8.0%	1,626 8.5%
Age 75+ \$150,000-\$199,999	30 3.7%	197 2.7%	559 2.9%
Age 75+ \$200,000 and Over	15 1.9%	163 2.2%	373 2.0%
2023 Median Household Income: HHr 75+	\$45,556	\$40,493	\$41,083
2023 Average Household Income: HHr 75+	\$65,004	\$59,979	\$59,756
Housing Value			
2018 Owner Occupied Housing Units	2,477	24,903	77,259
Under \$50,000	10 0.4%	308 1.2%	1,241 1.6%
\$50,000-\$99,999	9 0.4%	213 0.9%	761 1.0%
\$100,000-\$149,999	19 0.8%	411 1.7%	2,193 2.8%
\$150,000-\$199,999	90 3.6%	2,042 8.2%	5,939 7.7%
\$200,000-\$249,999	155 6.3%	3,554 14.3%	11,324 14.7%
\$250,000-\$299,999	250 10.1%	3,366 13.5%	11,659 15.1%
\$300,000-\$399,999	1,056 42.6%	7,715 31.0%	21,808 28.2%
\$400,000-\$499,999	415 16.8%	4,079 16.4%	11,825 15.3%
\$500,000-\$749,999	250 10.1%	2,503 10.1%	7,775 10.1%
\$750,000-\$999,999	198 8.0%	525 2.1%	1,897 2.5%
\$1,000,000-\$1,499,999	25 1.0%	152 0.6%	604 0.8%
\$1,500,000-\$1,999,999	0 0.0%	7 0.0%	87 0.1%
\$2,000,000 and Over	0 0.0%	27 0.1%	145 0.2%
2018 Median Value of Owner Occ. Housing Units	\$366,809	\$333,143	\$325,275
2018 Average Value of Owner Occ. Housing Units	\$419,772	\$360,624	\$360,642
Housing Value			
2023 Owner Occupied Housing Units	2,659 62.9%	27,152 52.2%	84,435 57.5%
Under \$50,000	0 0.0%	118 0.4%	704 0.8%
\$50,000-\$99,999	0 0.0%	63 0.2%	371 0.4%
\$100,000-\$149,999	1 0.0%	218 0.8%	991 1.2%
\$150,000-\$199,999	9 0.3%	490 1.8%	2,976 3.5%
\$200,000-\$249,999	82 3.1%	1,904 7.0%	5,953 7.1%
\$250,000-\$299,999	139 5.2%	3,436 12.7%	10,988 13.0%
\$300,000-\$399,999	933 35.1%	8,958 33.0%	25,962 30.8%
\$400,000-\$499,999	573 21.6%	6,309 23.2%	18,077 21.4%
\$500,000-\$749,999	443 16.7%	4,450 16.4%	13,478 16.0%
\$750,000-\$999,999	443 16.7%	950 3.5%	3,629 4.3%
\$1,000,000-\$1,499,999	37 1.4%	215 0.8%	976 1.2%
\$1,500,000-\$1,999,999	0 0.0%	9 0.0%	138 0.2%
\$2,000,000 and Over	0 0.0%	33 0.1%	191 0.2%
2023 Median Value of Owner Occ. Housing Units	\$428,970	\$382,022	\$377,937
2023 Average Value of Owner Occ. Housing Units	\$508,844	\$421,301	\$423,561
Group Quarters			
2018 Group Quarters Population	65	1,678	4,809
2023 Group Quarters Population	65	1,678	4,809
2010 Group Quarters Population	60	1,555	4,529
Institutional Group Quarters	28 46.7%	1,330 85.5%	2,584 57.1%
Adult Correctional	0 0.0%	254 16.3%	442 9.8%
Juvenile Facilities	3 5.0%	40 2.6%	169 3.7%
Nursing Facilities	21 35.0%	962 61.9%	1,899 41.9%
Other Institutional	5 8.3%	74 4.8%	74 1.6%
Non-Institutional Group Quarters	32 53.3%	225 14.5%	1,945 43.0%
College Student Housing	0 0.0%	0 0.0%	1,030 22.7%
Military Quarters	0 0.0%	0 0.0%	0 0.0%
Other Non-Institutional	32 53.3%	225 14.5%	915 20.2%

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ADDENDUM D

Client Contract Information

Engagement Letter

6/29/2018

To: Ronald Albert Neyhart
3280 Peachtree Rd
Atlanta, GA 30305

From: Heather Hicks

Re: Loretta Chang
3510 Holland St
Wheat Ridge, CO 80033

To return the completed Engagement Letter, [click here](#).

Live Oak Bank
1741 Tiburon Drive
Wilmington NC 28403

6/29/2018

File #:18018756

VMG Registration Number: AMC.200000296

Ronald Albert Neyhart
CBRE - Atlanta
3280 Peachtree Rd
Atlanta, GA 30305

Property Address: 3510 Holland St Wheat Ridge, CO 80033 Jefferson

Dear Ronald Albert Neyhart:

Valuation Management Group, LLC (VMG), on behalf of Live Oak Bank, hereby requests your services in providing an appraisal (the "Appraisal") on the above referenced real estate (the "Property"), including all applicable approaches to value. Live Oak Bank, requires the Appraisal to be signed by the Appraiser to whom this engagement letter (this "Engagement Letter") is addressed. As the Appraiser engaged to complete this appraisal assignment, you are agreeing to the terms and conditions of this Engagement Letter personally, and on behalf of the associates that you may employ or contract with for completion of this assignment (collectively referred to in this Engagement Letter as "Appraiser").

The **purpose** of the Appraisal is to estimate the Market Value (as defined below) of the existing estate (leased fee/fee simple/leasehold) for the Property in "as is" condition. Federal financial institutions' regulations and guidelines require an "as is" value consisting of "the current market value of the property in its actual physical condition and subject to the zoning in effect as of the date of the appraisal (a current date of value)." For proposed renovations, new construction, and/or non-stabilized properties a prospective value upon completion and upon stabilization will also be required, including appropriate extraordinary assumptions and a future date of value.

The Appraisal is to be addressed to Live Oak Bank who is the **client/intended user** and the **intended use** of the Appraisal is as an aid in underwriting a loan, classification of a loan, and/or the disposition of assets. The name of the client should appear on the cover page, letter of transmittal, and body of the Appraisal. No individuals' names should appear in the Appraisal. Live Oak Bank may, without Appraiser's prior authorization or a notice to Appraiser, provide the Appraisal to other parties for their use in lending-related activities, *however, it does not make the recipient an intended user of this engagement*. If Live Oak Bank sells all or a portion of this credit to another bank(s), said bank(s) shall be considered a part of the client(s)/intended user(s) of the Appraisal.

An electronic copy of the Appraisal delivered in portable document format ("PDF") is to be delivered on or before 1:00 pm on **7/27/2018** (the "Due Date"), with a total fee, including expenses, not to exceed **\$3,250.00** (the "Fee"). Failure to deliver the Appraisal by the Due Date will be considered a breach of terms of this Engagement Letter. The date of valuation must be within thirty (30) days of this Engagement Letter, unless instructed otherwise. The above referenced, agreed upon Fee is a gross fee, inclusive of all expenses, and will be paid per the agreed upon semi-monthly payment schedule based on the Appraisal Report being acceptable, credible, complete, USPAP compliant, and deliverable to the client. If the Appraisal is not delivered on or before the Due Date, Live Oak Bank reserves the right to discount or reduce the Fee at its discretion or to terminate this Engagement Letter entirely, as a breach of this Engagement Letter for failure to deliver the Appraisal by the Due Date.

Appraiser agrees that the maximum fee to be allowed if a new effective date (often referred to as an "update") is required by Live Oak Bank is to be: within 2 months of the effective date of the original appraisal, not to exceed 25% of the Fee; within 3-6 months, not to exceed 50% of the Fee; and within 7-9 months, not to exceed 75% of the Fee. If the scope of work has increased materially, a new Fee may be negotiated.

The Property contact information and other salient facts regarding the Appraisal are:

Your Client:	Live Oak Bank
Live Oak Bank Customer:	Loretta Chang
Additional Users/Addressee:	Client name should read "Live Oak Bank and/or Small Business Administration"
Legal Name of Property Owner:	
Property Owner Contact Name:	Dr Loretta Chang
Property Owner Contact Phone:	650-847-7287
Property Address:	3510 Holland St Wheat Ridge, CO 80033 Jefferson
Property Description:	SBA LOAN - 300 month term- SFR constructed in 1960 and was remodeled to an assisted living facility in 2006. Total sf is 5,121 with 10 bedrooms and 16 beds (4 private bedrooms and 6 bedrooms with 2 beds). Value of the going concern-The main floor also includes a kitchen (non commercial), common dining area, common living room, community family room and a small staff office area. A lower level walk-out basement includes a private room and one shared room and two 3/4 baths. The basement space includes a storage room, laundry and family room area. Stairs provide access to the main floor and there is also a single seat stair guide too. The location is on a secondary street in a residential area of Wheat Ridge CO Client name should read "Live Oak Bank and/or Small Business Administration". The client requires an INSURABLE VALUE on any improvements. Please include the remaining economic life of the improvements in your report. The report will need to note whether or not the subject is 100% owner occupied.
Scope of Report:	<i>Appraisal Report</i>
Additional Values Requested	

The engagement for this assignment is being handled by Valuation Management Group, LLC ("VMG") on behalf of Live Oak Bank, as Live Oak Bank's engaged appraisal management company. All communications about this appraisal assignment shall be directed to VMG. Contact information for VMG is by phone at (678) 483-4420, or email to info@vmgappraisals.com. The Appraisal is to be prepared for the sole use and benefit of Live Oak Bank. Appraiser's fiduciary appraiser/client relationship related to the Confidentiality requirements in USPAP (as defined below) is only with Live Oak Bank, as VMG is only acting in an adjunct agent role.

Intangible/Business Value and SBA Loans: For assignments that potentially contain a component of intangible (going concern) value, and the SBA is indicated as a client and intended user, the appraisal must be completed by a Certified General Real Property Appraiser with experience appraising the specific business/property type (4 appraisal reports within the last 36 months). By signing this engagement letter you are certifying that you possess the aforementioned experience with the property type, and are eligible for this assignment. The Appraiser certification must include the following statement: I have appraised a minimum of 4 properties of equivalent type within the last 36 months.

Under the Gramm-Leach-Bliley Act of 1999, the various regulations thereunder by the state and federal regulators of financial institutions and the Interagency Appraisal and Evaluation Guidelines Establishing Standards for Safeguarding Customer Information adopted by the federal regulators of depository institutions (collectively, the "GLBA"), all provided information concerning the subject Property and borrower, as well as the opinions and results of the Appraisal, are confidential and cannot be distributed/discussed with any other user/client without prior written approval from Live Oak Bank. All original documents are to be returned to Live Oak Bank upon completion of the assignment. Appraiser agrees to treat all information received as a part of this assignment as strictly confidential, not to disclose said information or permit it to be disclosed, in whole or in part, to any third party without the prior written consent of Live Oak Bank in each instance, and not to use any said information for any purpose except as required in the performance of its obligations under this Engagement Letter and the production of the Appraisal. Appraiser shall notify Live Oak Bank immediately in the event it becomes aware of any loss or disclosure of any of said information.

You are authorized to commence with the Appraisal upon acceptance of this Engagement Letter. The Live Oak Bank reserves the right, at its option or in accordance with state and federal law, rules and regulations, to provide a copy of the Appraisal or to disclose information contained in the Appraisal to the borrower or other entities.

In order to comply with state and federal laws, rules and regulations, the Appraisal is required to conform to the following minimum standards:

- (1) **Compliance:** The Appraisal must conform to generally accepted appraisal standards as evidenced by the Uniform Standards of Professional Appraisal Practice (USPAP), Title XI of FIRREA, Interagency Appraisal and Evaluation Guidelines, federal and state appraisal laws, rules and regulations, and general appraisal guidelines.
- (2) **Format:** The Appraisal Report must be in writing and contain sufficient information and analysis to support the Live Oak Bank's decision to engage in the transaction.
- (3) **Deductions:** The Appraisal must analyze and report appropriate deductions and discounts for proposed construction or renovation, partially leased buildings, non-market lease terms, and tract developments with unsold units.
- (4) **Market Value:** Your opinion must be based on market value. Per 12C.F.R. § 323.2-(g) of Rules and Regulations of the FDIC, "Market Value" is defined as "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 are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:
 - (a) Buyer and seller are typically motivated.
 - (b) Both parties are well informed or well advised, and acting in what they consider their own best interest.
 - (c) A reasonable time is allowed for exposure in the open market.
 - (d) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
 - (e) 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.
- (5) The signatories of the Appraisal must hold a Certified General license in the state where the property is located.

The Bank's Appraisal Requirements are highlighted below:

- 1) **As Is:** "As Is" market value means the value of the Property in its current physical condition and subject to current zoning restrictions. The "As Is" market value for tract developments (5 or more units, lots, or land parcels), must be based on the bulk discounted value reflecting deductions for selling expenses, holding costs, and entrepreneurial profit over the projected absorption period.

- 2) **Prospective Market Value Upon Completion:** "Prospective Market Value Upon Completion" is an indication of the future value of the Property after the proposed improvements are completed to the specs provided as of the future date of completion and including appropriate extraordinary assumptions. (See USPAP Statement 4).
- 3) **Prospective Market Value Upon Stabilization:** "Prospective Market Value Upon Stabilization" is an indication of the future value of the Property after all improvements to the Property are fully completed and the building is fully leased, as of the future date of stabilization and including appropriate extraordinary assumptions. (See USPAP Statement 4).
- 4) **Property Description:** The appraisal should adequately describe the Property including: tax parcel number, legal description, zoning (current zoning and whether the current use is legal and conforming), availability of utilities, and condition of the improvements/deferred maintenance (if applicable). The Appraisal must state whether or not the National Flood Insurance Program indicates the subject property to be in a flood plain. A FEMA flood plain map for the subject Property is required, if available.
- 5) **Inspection:** Unless otherwise agreed upon with Live Oak Bank, both an interior and exterior inspection of the subject improvements must be made by the Appraiser signing the Appraisal. The inspecting Appraiser must be certified in the state where the appraised Property is located. The subject improvements must also be physically measured at the time of inspection, and an indication provided in the Appraisal that this has been done. Floor plan sketches/drawings that depict measurements should also be included in the Appraisal. Architectural floor plans are acceptable, but buildings must still be measured to verify that sizes reported on floor plans are reasonably accurate. The inspecting appraiser must hold a Certified General appraisal license.
- 6) **Personal Property, Fixtures, and Intangible Items:** The Appraisal must state that no personal property, fixtures or intangible items are included in the opinion of market value or it must identify and separately value any personal property, fixtures, or intangible items.
- 7) **Sales History:** The Appraisal must present a three-year sales history of the subject Property, and analysis of current listing/offers or contracts affecting the subject Property. Also, the Appraiser must (1) identify and state in the Appraisal, any list prices of the subject Property, if listed in the preceding year by reliable sources; and (2) comment on the impact of foreclosure activity in the market area on the market value of the subject Property.
- 8) **Exposure & Marketing Period:** The Appraisal must report an estimate of how long the Property is assumed to have been (exposure time) and will be (marketing time) on the market at the indicated market value.
- 9) **Highest and Best Use:** The Appraisal must analyze each of the four tests (legally permissible, physically possible, financially feasible, and maximally productive) in sufficient detail to support the concluded opinion of a specific highest and best use both "as vacant" and "as improved" and a summary of the analysis and findings should be included in the Appraisal.
- 10) **Methods of Valuation:** The Appraisal must value the Property using each of three common approaches to value (the cost, sales comparison, and income approaches), or explain the omission of any approach that is not considered applicable. The reconciliation should explain reliance on the approaches included. Even if the cost approach is not applicable, an allocation of land value is often necessary for an accurate highest and best use analysis. If the subject Property contains fully depreciated improvements and market value is based solely upon the value of the land, the demolition and/or removal cost should be accounted for in some manner with supported cost figures.
- 11) **Documentation of Adjustments and Verification of Closed Sales and Cap Rates:** Adjustments to the land, sale, and rent comparables, if applicable, should be arrayed in a quantitative adjustment grid. Every effort should be made to verify closed sales and cap rates utilized within the Appraisal with a party to the transaction. Verification contact information should be contained within the Appraisal for these transactions. If the Appraiser receives confirmation from a source that is confidential (such as an attorney or banker), it is acceptable to use that data, noting the confirmation was made by a confidential source. An analysis of current, competitive listings is also expected.
- 12) **Trend Analysis / Feasibility:** All relevant market trends and conditions affecting the subject property are to be reported and analyzed, including market vacancies, changes in rental rates, and changes in values of properties similar to the subject. The appraisal must also report and analyze government, economic, social, and environmental influences and trends that will affect projected income. An analysis of current listed, competitive properties should be included and reconciled as support to opinions of value.

- 13) **Revenues, Vacancies, Expenses and Capitalization Rates:** If the Property is income producing, current and historical (2-3 years) income and expenses should be requested, analyzed, and reported, if available. Projected income and expenses should be supported by market data. Expenses must be individually itemized and explained. Vacancy and absorption assumptions should be supported by market data cited within the Appraisal. Capitalization rates should be based upon comparable market transactions, if available, and efforts should be made to verify this data if at all possible.
- 14) **Photographs and Maps:** The Appraisal must include photographs of the subject site, interior and exterior of any improvements, and the surrounding area. Photographs are also required for each of the rent and sale comparable properties (aerial photographs may be acceptable for vacant land sales). Maps depicting the location of the subject within the region, immediate area, and neighborhood as well as the location of comparable sales and rents are also required. If the subject Property is vacant land, a survey plat map, or site map is required.
- 15) **Invoice:** Do not include the invoice with the Appraisal. The invoice is to be submitted to VMG separately, unless otherwise directed by state or federal laws, rules or regulations. The Fee will be the engaged amount unless additional fees are approved in writing by VMG.
- 16) **Limitations of Liability:** Live Oak Bank and VMG reserve the right not to accept the Appraisal and will not be responsible for any expenses incurred by the engagement if disclaimers are included limiting Appraiser's professional liability to Live Oak Bank (limitations of liability to unintended third party users of the Appraisal are permissible).
- 17) **Other Requirements:** Qualifications of the Appraiser, a copy of a valid appraiser's license in the applicable state, and a signed copy of this engagement letter should be included in the Appraisal.
- 18) **Additional Value Requested:** Live Oak Bank may also request additional values that consider the discount from Market Value necessary due to a specified limited marketing period. If the normal marketing exceeds this time, please provide an analysis and support, detailed market evidence, and the discounting required to limit the marketing period. Should the normal marketing period not exceed the specified time period and there is no need to discount the market value to sell within this period of time, please make a statement in the Appraisal acknowledging the requested value and clarifying why it is not appropriate to discount.

OTHER CONSIDERATIONS:

Appraisal Independence: Dodd-Frank Wall Street Reform and Consumer Protection Act, the Interagency Appraisal and Evaluation Guidelines, USPAP and federal and state laws, rules and regulations require that appraisals be completed without influence. These sources outline that it is unlawful for any party with an interest in the underlying transaction to compensate, coerce, extort, collude, instruct, induce, bribe, or intimidate such a person for the purpose of causing an appraisal value assigned to be based on any factor other than the independent judgment of the appraiser. The Appraiser should contact VMG should he or she believe appraiser/appraisal independence has been compromised in any way at 877-836-7163 or Email: hotline@vmgappraisals.com.

Conflict of Interest: The Appraiser, and by agreement, all members and/or appraisal sub-contractors of Appraiser's organization, certify that they have no personal, business or other relationship (either direct, indirect, financial or otherwise) in the property appraised or with regard to the parties involved in the assignment (Live Oak Bank, Live Oak Bank's Customer, the Property owner(s), the Property broker(s), the Leasing Agent(s) etc.).

Independent Contractor: In the performance of services under the terms of this Engagement Letter, Appraiser shall act solely as an independent contractor, and nothing herein contained or implied shall at any time be construed as to create the relationship of employer and employee, partnership, principal and agent or joint venture partner as between Live Oak Bank, Appraiser and/or Live Oak Bank's customer.

Termination of Agreement and Obligations: Notwithstanding anything contained herein to the contrary, Live Oak Bank may, at its sole option and for any reason, terminate this Engagement Letter without responsibility for payment of the Fee or costs, except for any actual staff time and out-of-pocket costs, incurred by the Appraiser in connection with the Appraiser's performance of this agreement as of the date of termination, not to exceed the Fee amount stated above.

By accepting this assignment, Appraiser is asserting that Appraiser has geographical competence, has appropriate reliable data sources, and has experience with the property type. Appraiser will fully comply with USPAP's Competency Clause and all applicable state and federal appraisal laws, rules and regulations

VMG, at its sole discretion, will perform a technical review of the Appraisal for completeness and appropriateness of methodology, accuracy of calculations, and reasonableness of market support provided and conclusions made based on the market evidence provided in the Appraisal. If the review process results in a request for further clarification, analysis, or correction, Appraiser agrees to provide said further clarification, analysis, or correction within twenty-four (24) hours of said request. Failure to respond shall also be considered a breach of the terms of this Engagement Letter.

By signing this Engagement Letter below, Appraiser confirms acceptance of its obligations and the terms and conditions contained in this Engagement Letter and acknowledges that Live Oak Bank will own the Appraisal provided and will be under no restrictions regarding redistribution of the Appraisal.

Any changes to this Engagement Letter must be agreed to in writing by Live Oak Bank and VMG. This Engagement Letter maybe executed in multiple counterparts and by facsimile signature, each of which shall be deemed an original and all of which together shall constitute one instrument.

Sincerely,

Shannon Reymore

Vice President

Valuation Management Group, LLC

Engaging on behalf of Live Oak Bank

The Appraiser agrees by affixing his or her signature, that if the Appraiser, or any associates that Appraiser may employ or contract with for completion of this assignment, fails to comply with the terms and conditions of this agreement, Appraiser will not be entitled to compensation.

Agreed to and Accepted this 29 day of June, 2018.

BY: 

Ronald A. Neyhart, MAI
Senior Managing Director
Acting as agent for CBRE, Inc.

Ronald Albert Neyhart

CBRE - Atlanta

rev01102017

ADDENDUM E

Qualifications

Arnold Vieyra, MAI

Seniors Housing & Healthcare | National Practice



Vice President

☎ +01 949.809.3739
arnold.vieyra@cbre.com

3501 Jamboree Road
 Suite 100
 Newport Beach, CA 92660

Experience

Arnold Vieyra is a Vice President for CBRE Valuation & Advisory Services and a member of CBRE's Seniors Housing & Healthcare specialty practice group. Specializing in the seniors housing and healthcare sector for over 18 years, Arnold's experience includes valuation, due diligence, asset management, and market feasibility assignments in the senior housing and healthcare industry.

Property types included senior apartments, independent living, assisted living, memory care, skilled nursing, rehabilitation hospitals, transitional care facilities, psychiatric hospitals, long-term acute care hospitals, specialty hospitals and short-term acute care hospitals. Assignments have been conducted on a nationwide basis. Arnold has performed valuation assignments of proposed, vacant and existing income-producing properties

Arnold's expertise has been used by clients for conventional and HUD lending, market studies for proposed projects, litigation support, asset allocation, due diligence and bankruptcy proceedings.

Mr. Vieyra's expertise has been used by a broad base of lenders, investment firms, developers, and operating companies, commercial banks and REITs.

Professional Affiliations / Accreditations

- Designated Member, Appraisal Institute (MAI #14810). As of the current date, Arnold Vieyra, MAI has completed the requirements of the continuing education program of the Appraisal Institute.
- Certified General Real Estate Appraiser in the following states:
- Arizona – 31438
- California – AG028932
- Colorado – CG100004662
- Nevada – A.0006877-CG
- Texas – TX-1336171-G

Education

University of California – Los Angeles, B.A.

- Major: Political Science

Appraisal Institute

- Member of the Appraisal Institute (MAI)
- Multiple Advanced Level Courses



COLORADO

Department of
Regulatory Agencies

Division of Real Estate

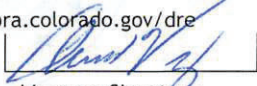
1560 Broadway, Suite 925
Denver, CO 80202-5111

Dear Arnold Michael Vieyra

Congratulations! Below are your electronic wallet cards and a larger wall license to use as proof of your licensure. You may also print your license any time through your Online E-Services account by visiting our homepage at dora.colorado.gov/dre and selecting "Online E-Services" from our "Quick Links".

If you have any questions about your credential, or if you require any additional assistance, please contact our Customer Support Team at (303) 894-2166 or by email at dora_realestate_website@state.co.us.

Arnold Michael Vieyra 8472 Slater Avenue #b Huntington Beach, CA 92647	State of Colorado Department of Regulatory Agencies Division of Real Estate Board of Real Estate Appraisers Arnold Michael Vieyra Certified General Appraiser	 License #: CG.100004662 Status: Active Expires: 12/31/2019
 Director: Marcia Waters		
For the most up to date information regarding this credential, visit http://dora.colorado.gov/dre		

Colorado Department of Regulatory Agencies Division of Real Estate Arnold Michael Vieyra Certified General Appraiser	
CG.100004662	01/01/2018
License Number	Issue Date
Active	12/31/2019
License Status	Expiration
Verify this license at http://dora.colorado.gov/dre	
 Director: Marcia Waters	 Licensee Signature



VALUATION AND ADVISORY SERVICES

Healthcare & Seniors Housing Capabilities



Waterstone at Wellesley
Photography by Peter Vanderwerker.
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The CBRE Healthcare & Seniors Housing Group is dedicated to assisting our clients to better understand the dynamics of a thriving seniors housing and healthcare market. Our group offers a platform of integrated healthcare and seniors housing real estate services that is leveraged by the vast resources of CBRE. This platform includes a network of over 400 appraisers with local presence in more than 60 major metro markets across the United States. CBRE offers corporate-wide access to the most advanced information systems and analytical tools in the real estate industry. This allows for accurate and reliable valuations that are critical to the health of every real estate investment and loan.

The core group of healthcare and seniors housing professionals contains over 65 years of combined experience in this space. Our professionals regularly attend educational seminars and conferences, such as those sponsored by or affiliated with the Appraisal Institute, the National Investment Center for the Seniors Housing and Care Industry (NIC), the Assisted Living Federation of America (ALFA), the American Seniors Housing Association (ASHA), and the Urban Land Institute (ULI). These resources, coupled with a single point of contact and standardized reporting templates, allow for the consistency, depth of knowledge, accuracy, and timing that our clients expect.



www.cbre.com/shvas

SPECIALTY AREAS OF OUR PLATFORM

TYPICAL CLIENTS SERVED

- Traditional Debt Lenders
- Fannie Mae and Freddie Mac
- HUD and HUD Syndicates (Section 232 & 242)
- Public and Private Corporations
- Private Equity Firms
- Developers and Operators
- Litigation and Accounting Firms
- REITs

PROPERTY TYPES

- Independent Living Communities
- Assisted Living and Memory Care Residences
- Skilled Nursing Facilities
- Continuing Care Retirement Communities
- Age-Restricted Apartments
- Medical Office Buildings
- Surgical and Sub-Acute Centers
- Hospice Facilities
- Hospitals

SCOPE OF SERVICES PROVIDED

Appraisal. Led by a highly qualified group of MAI designated appraisers, our experience within the healthcare and seniors housing market-place has provided us with the ability to understand relevant property types, specific market behavior, ownership structure, various regulatory requirements and management platforms across all property types within this sector. Team members have proven experience in single- and multiple-asset portfolio valuations.

We invest time and resources in educating our staff and continuously improving our technologies to better serve our clients. No other valuation company in the industry parallels this level of dedication to this basic, yet crucial business concept. All appraisals are prepared in conformity with state regulatory requirements, FIRREA, and are subject to the Uniform Standards of Professional Appraisal Practice (USPAP) as developed by the Appraisal Foundation, as well as the Standards of Conduct and Code of Ethics of the Appraisal Institute.

Consulting. Advisory services include market studies, feasibility analysis, HUD fair market rent studies, site selection, operational benchmarking, development/construction trends and portfolio management.

Litigation Support. Our professionals have provided valuation counseling and advisory services in connection with bankruptcies, financial restructuring, claims of lender liability, partnership disputes, divorce settlements, breaches of contract, tenant-landlord disputes and claims of lost profits, among others. Our experts have testified in local, state and federal courts for a number of landmark cases.

Property Tax Assessment Services. By understanding the operational intricacies of the healthcare and seniors housing space, we are able to assist our clients in obtaining fair property assessments. Whether part of an acquisition or due to a changing economic climate, our group is best suited to provide the support required to achieve an accurate ad valorem tax assessment of your property.

	Shelter	Activities	Transportation, Laundry	Meals	Basic Care Services	ADL Care Services	Specialized MC	Long-term Chronic Care
55+	Real Estate Component							
IL	Real Estate Component		Services Component					
AL	Real Estate Component		Services Component					
MC	Real Estate Component		Services Component					
NC	Real Estate Component		Services Component					

Source: NIC Investment Guide

Management Review & Operational Due Diligence. We utilize first-hand market intelligence and actual operating data to bridge the gap between an investor and their operator. Our focus is maximizing your asset's ability to drive value and profit by identifying specific market and operational opportunities that may be overlooked or not fully understood.

We provide a third-party clinical assessment of an operation's macro and micro functions. Our findings can be delivered in the form of in person presentations and or tailored reports designed to meet the specific needs of our client.

Financial & Tax Reporting. By aligning with the CBRE Financial & Tax Reporting Services Practice, we are able to complete valuations that follow the guidance set forth by the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB). These requirements include personal property where the fair values of the identified asset and liability components are valued and allocated to the purchase price subject to ASC Topic 820 and IFRS 3.

Transaction Support. The CBRE Healthcare & Seniors Housing Group is often engaged to opine on various strategies throughout the transaction process. Our exposure to a multitude of operational platforms, various market characteristics, and relationships with the nation's leading seniors housing investment brokerage and debt & equity platforms allows us to provide unmatched insight into your investment.

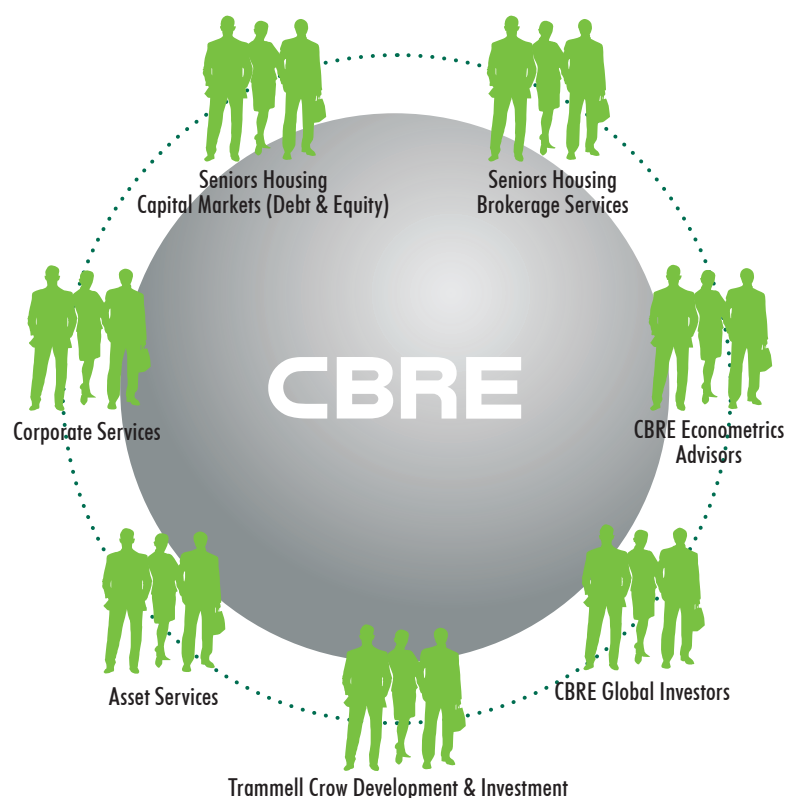
KNOWLEDGE IS POWER

Our Research Supports Your Continued Success.

The VAS Platform system includes our proprietary web-based database that tracks detailed information about comparable sales, rentals, and operational information specific to seniors housing and various other healthcare property types. By actively managing our comprehensive and proprietary seniors housing database, we are able to convert relevant market information into timely market intelligence and develop sound underwriting perspectives and conclusions. By integrating market research with proprietary investor databases, we are able to analyze market cycles, anticipate trends, and identify various risks and opportunities. Our clients also benefit from leading-edge commentary and statistical data, provided by CBRE Global Research, on topics across every facet of investment real estate.

Our knowledge is organic, meaning our teams do not have to wait on third-party vendors for market data essential to underwriting and closing a deal. We set the industry standard for market intelligence by utilizing our integrated network of professionals and our vast commercial real estate database. With extensive market resources, our professionals formulate accurate and reliable valuations that are critical to the success of every real estate transaction.

Our staff has access to the entire CBRE real estate services platform, an invaluable tool for market research and insight. This network includes:



MARKET OVERVIEW

Demand for seniors housing is primarily driven by people over the age 75. According to the United States Census Bureau, the population age 65 and older is expected to more than double by 2030. As for more immediate demand, improvements in employment and housing markets suggest personal income and liquidity restrictions will play a less-influential role in a potential resident's decision to move. Meanwhile the performance of seniors housing properties against other commercial real estate classes continues to be strong.

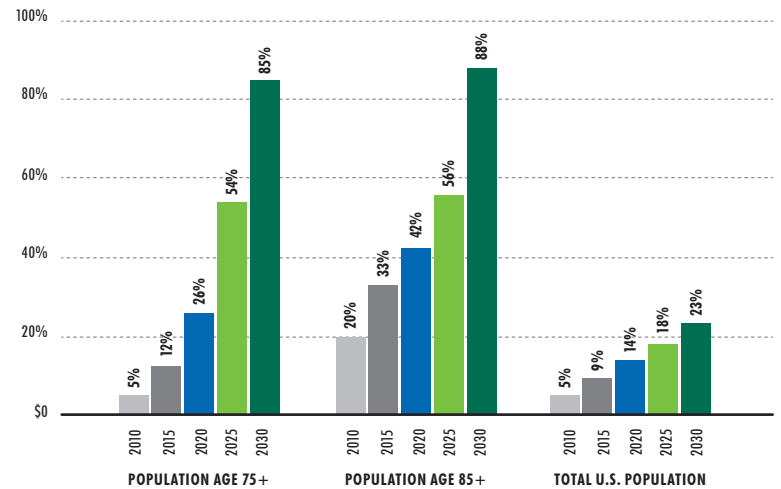
The senior housing niche is well positioned to attract more investment due primarily to these demographics and performance trends. An attractive spread between borrowing rates and cap rates further fuel demand. Providing financing for these projects has heightened interest from life insurance companies, other traditional balance sheet lenders and several new debt providers. These lenders find the sector compelling for the reasons discussed, plus the sector has one of the lowest default rates. As such, lenders have become more comfortable with the nuances of the operating component of these properties.

With Class A trades for stabilized seniors housing deals ranging from 6.00% to 7.5% and 12.5% to 13.5% for NC, Class A stabilized multi-housing assets are coming in below 4.0% in the major markets covered by CBRE. These low levels relative to the 10-Year Treasury do not suggest that these assets are overpriced so much as they indicate that investors expect the favorable fundamentals realized by the sector will continue.

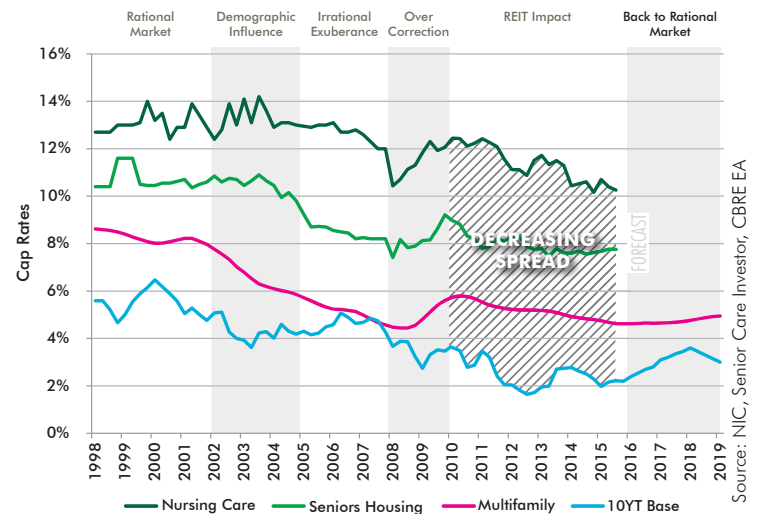
Facing the rising interest rate environment, the market is asking how this will impact capitalization rates and asset values. CBRE Econometric Advisors analyzes two distinct macroeconomic scenarios to forecast expectations; one that considers moderate economic growth with a tempered upward adjustment in interest rates and one that considers robust economic growth with more aggressive increases in inflation and interest rates. CBRE economists expect a short-to-medium term rise in interest rates under both scenarios with the benchmark 10-year Treasury yield projected to settle around 3.4% and 3.5% respectively by the beginning of 2018. While this increase is relevant, interest rate increases do not produce a one-to-one adjustment with capitalization rates.

In an ever changing market environment it is our job to best understand the operating complexities of this sector in relation to the various valuation trends that impact long term underwriting.

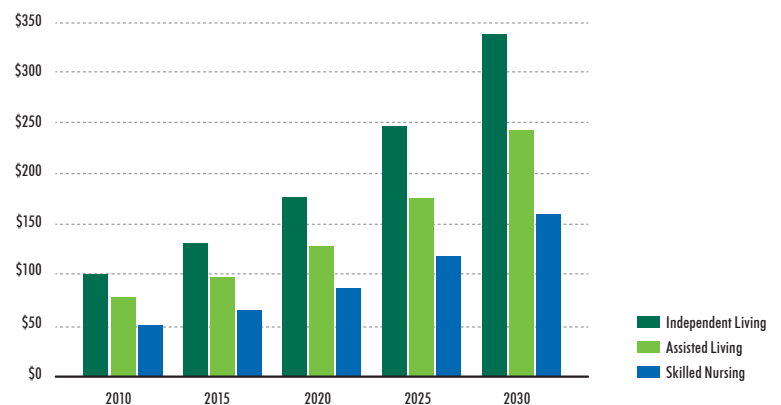
PROJECTED POPULATION GROWTH BETWEEN 2010–2030 WILL FUEL DEMAND FOR SENIOR HOUSING



CAP RATE TRENDS vs. APARTMENT CAPS & 10-YEAR TREASURY



POTENTIAL CAPITAL SIZE OF THE SENIOR HOUSING MARKETPLACE 2010–2030 FOR PRIVATE-PAY DEMAND, \$ IN BILLIONS



PRIMARY TEAM MEMBERS



Zach T. Bowyer, MAI is Senior Managing Director and National Practice Leader for CBRE's Seniors Housing & Healthcare specialty practice. Specializing in the seniors housing sector for over fourteen years, Zach has completed over \$50 billion in aggregate healthcare valuation and consulting assignments throughout the United States and has provided expert testimony in state judicial courts. Zach is a regular panel contributor at industry events such as NIC, NCREIF, ULI, Assisted Living Association and the Appraisal Institute. He is the Vice Chair of ULI's Seniors Housing Council and on the Advisory Committee for the American Seniors Housing Association. He has published a number of articles and authors the CBRE Seniors Housing Investor Survey & Market Outlook. Zach has served on the Board of Directors and has Chaired Government Relations Committee for the MA Chapter of the Appraisal Institute. He volunteers on the Advisory Committee for the Hope Funds for Cancer Research; a foundation committed to the investigation of innovative cancer treatment and detection for the most difficult-to-treat and understudied cancers.



Bennett Johnson is a Vice President and a Practice Leader for the Seniors Housing & Care specialty group within Valuation and Advisory Services. Based in Los Angeles, he is involved in the strategic growth of both the local and national team. He is responsible for the ongoing development of the platform and works collaboratively across product groups to broaden the depth of information used for analytic application. Mr. Johnson joined CBRE in August 2014 bringing nearly ten years focused on valuation and market study work within the seniors housing and healthcare sector throughout the US, with exposure to a wide range of properties, operators and markets. Clients served include local and national investment firms, owners, development and operating companies, commercial and investment banks, insurance companies and REITs. Bennett received his Bachelor's degree in Business Administration from Northeastern University, with a triple concentration in finance, marketing and entrepreneurship.



Michael R. Rowland, MAI, FRICS is Executive Managing Director providing leadership of Americas operations including quality and risk management, business support group and specialty practices. Mr. Rowland has over 20 years of appraisal and consulting experience involving a wide variety of property types. He has extensive experience in all core asset classes, HUD, net leased investments, partial interests, tax appeal, properties encumbered by bond financing, and special purpose properties. Mr. Rowland provides executive oversight of the Seniors Housing & Healthcare specialty practice. As a member of the Investment Program Association (IPA), Mr. Rowland leads CBRE's Net Asset Valuations and services some of the industry's largest non-traded REITs, and serves on IPA's Due Diligence and Operations committees. Mr. Rowland co-authors the CBRE Cap Rate Survey which provides cap rates and trends for stabilized and value add Class A, B and C core asset classes and hotel properties in the top 40 markets of the United States.

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Steve Hiscox, AACI and **Sean McCrorie, CFA, CBV, MRICS** are Directors for the Canadian Seniors Housing & Healthcare Valuation Group and coordinate with our U.S. Seniors Housing & Healthcare Group in order to provide integrated, North American valuation coverage. Mr. Hiscox has specialized in the seniors housing industry since 1997 and since then has personally completed more than 800 appraisals and/or feasibility studies. He has led several large portfolio appraisal assignments including IPOs for Chartwell Seniors Housing REIT and Sunrise REIT (Canada). Steve is a trusted expert and frequent guest speaker at industry conferences and seminars.

Sean McCrorie has provided valuation and advisory services to a broad array of public and private market clients in Canada and the U.S. Prior to joining a national real estate consultancy, Sean served in a variety of increasingly senior roles at Leisure-world Senior Care where he developed corporate finance experience in the areas of M&A, planning, analysis and treasury. Sean earned a Bachelor in Business Administration with distinction from Wilfrid Laurier University and is a CFA Charterholder and Chartered Business Valuator.

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Thomas B. McDonnell, MAI, FRICS, CCIM
President, Americas Valuation & Advisory Services
321 North Clark Street, 34th Floor
Chicago, IL 60654

ZACH T. BOWYER, MAI | Senior Managing Director/Practice Leader | Boston, MA | +1 617 217 6032 | zach.bowyer@cbre.com

BENNETT C. JOHNSON | Vice President | Los Angeles, CA | +1 213 613 3081 | bennett.johnson@cbre.com

MICHAEL R. ROWLAND, MAI, FRICS | Executive Managing Director | Phoenix, AZ | +1 602 735 5508 | michael.rowland@cbre.com

STEPHEN HISCOX | Vice President | Toronto, ON, Canada | +1 416 815 2356 | steve.hiscox@cbre.com

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