Appraisal Report

Titusville Assisted Living and Memory Care Facility Development

3550 South Washington Avenue
Titusville, Florida 32780

Horwath HTL Job ID:
25-39572622211

Prepared for:
J. W. Senior LLC
22939 Hawthorne Blvd.
Torrance, CA 60505

Horwath HTL

Horwath HTL Valuation Advisory
203 N LaSalle St, Suite 2100
Chicago, IL 60601
www.horwathhtl.com

July 16, 2025

Mr. Jesse Wright
CEO
J. W. Senior LLC
22939 Hawthorne Blvd.
Torrance, CA 60505

Reference: Appraisal Report
Titusville Assisted Living and Memory Care Facility Property
3550 South Washington Avenue, Titusville, Florida 32780

Horwath HTL File No: 25-39572622211

Dear Mr. Wright:

Horwath HTL is pleased to present the appraisal that satisfies the agreed-upon scope of work with J. W. Senior LLC.

The Titusville Assisted Living and Memory Care Facility is a four-story, 100-unit high-end senior housing community that represents the third and final phase of a planned mixed-use development along South Washington Avenue in Titusville, Florida. This phase benefits significantly from the earlier completion of a 240-unit luxury multifamily complex and a 153-key Cambria Suites hotel—each of which contributes critical infrastructure, destination appeal, and site activation. The multifamily component ensures a steady presence of residents and a future pipeline of prospective downsizers, while the hotel brings tourism, brand visibility, and accommodations for visiting families. The subject property also includes an outparcel slated for a leased restaurant, generating fixed rental income and enhancing on-site amenities. Collectively, these synergistic uses support the success of the senior living community by driving traffic, increasing accessibility, and enabling an integrated, lifestyle-focused environment tailored to active older adults and their families.

The following table conveys the final opinions that are developed in this appraisal:

Final Reconciled Values			
Horwath HTL Category	**As Is (WIP) July 1, 2025**	**Upon Completion September 1, 2027**	**Upon Stabilization September 1, 2029**
Market Value Conclusion	**$6,300,000**	**$53,500,000**	**$59,600,000**
Per Unit	-	$504.48	$562.00
Value Allocation	**As Is (WIP)**	**Upon Completion**	**Upon Stabilization**
Real and Business Personal Property	$6,300,000	$51,000,000	$57,706,000
Furniture, Fixtures and Equipment	-	$2,500,000	$1,894,000
Business Value	-	$0	$0
Total	**$6,300,000**	**$53,500,000**	**$59,600,000**

Our appraisal considers the assisted living and memory care facility as a going concern, integrating the value of the real estate with the contributory worth of its furniture, fixtures and equipment (FF&E), as well as the business enterprise itself, if any. This approach reflects the reality that an assisted living and memory care facility's true value is derived from both its physical assets and its ongoing operational capacity. In accordance with USPAP, we have provided a detailed analysis of each of these value components and their respective allocations within the total value conclusion.

Extraordinary Assumptions

The following extraordinary assumptions underlie our projections for the subject assisted-living and memory-care facility and must hold true for the results of this analysis to be valid:

- We assume the subject facility will be completed as designed—fully entitled, constructed without material delays, and delivered on schedule by September 1, 2027. Should there be any modifications to the unit mix (75 assisted-living, 25 memory-care), amenity package (salon, theater, rooftop deck, etc.), or common-area layout, the projected lease-up velocity and stabilized occupancy may differ materially from our forecast.
- We assume that senior-housing market fundamentals in Titusville and the broader Space Coast remain broadly in line with our national and regional outlooks: demographic demand drivers will continue to support absorption, no significant new competing assisted-living or memory-care communities will enter the market beyond the identified pipeline, and interest rates and lending practices will not tighten beyond current levels. Any substantial shifts—such as an economic downturn, unanticipated oversupply, or a spike in capitalization rates—would alter our projected fee growth and occupancy curves.
- We assume that comparable Class A assisted-living and memory-care communities in the region continue to achieve near–100% stabilized occupancy and annual fee escalations in the ranges we've observed, with concession packages and net-effective fees remaining stable. Should operators of those benchmark properties materially change their pricing strategies or concession policies, our average fee and growth assumptions would require recalibration.
- We assume full and timely lease-up in line with the subject's premium positioning, with no material operational or legal impediments (e.g., construction liens, permitting disputes, or adverse environmental findings). If any unusual circumstances arise—such as zoning changes, utility delays, or force-majeure events—our pro forma occupancy and revenue projections may not be achievable.

Hypothetical Conditions

This appraisal does not employ any hypothetical conditions.

Compliance

The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to non-client, non-intended users does not extend reliance to any other party, and Horwath HTL and affiliates will not be responsible for unauthorized use of the report, its conclusions, or its contents used partially or in their entirety.

This appraisal was developed, and the accompanying report prepared, in conformance with the agreed-upon requirements of the Client, the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and the Interagency Appraisal and Evaluation Guidelines (December 2, 2010).

Reliance Language

Per the engagement contract, there is no reliance language specific to the client's intended use.

If there are any specific questions or concerns regarding the attached appraisal report, or if Horwath HTL can be of additional assistance, please contact the individuals listed below.

Respectfully Submitted,

Horwath HTL

Bryan Younge

Bryan Younge, MAI, ASA, FRICS
Managing Partner
Tel: +1 773 263 4544
Email: byounge@horwathhtl.com

Table of Contents

Horwath HTL

Certification

We certify that, 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 of the signers are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. The signers of this report have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
4. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
5. We have 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.
6. As of the date of this report, Bryan Younge, MAI, ASA, FRICS completed the continuing education program for Designated Members of the Appraisal Institute. All signatories have completed more than 20 going concern appraisals of properties similar to the subject.
7. The signers are not biased with respect to the property that is the subject of this report or to the parties involved with this assignment.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the licensing requirements of the State of Florida.
9. The engagement in this assignment was not contingent upon developing or reporting predetermined results.
10. The compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors 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.
11. This appraisal was developed, and the accompanying report prepared, in conformance with the agreed-upon requirements of the Client, the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and the Interagency Appraisal and Evaluation Guidelines (December 2, 2010).
12. No one made a personal inspection of the property that is the subject of this report.
13. No one provided significant professional assistance to the signatories of this report.
14. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

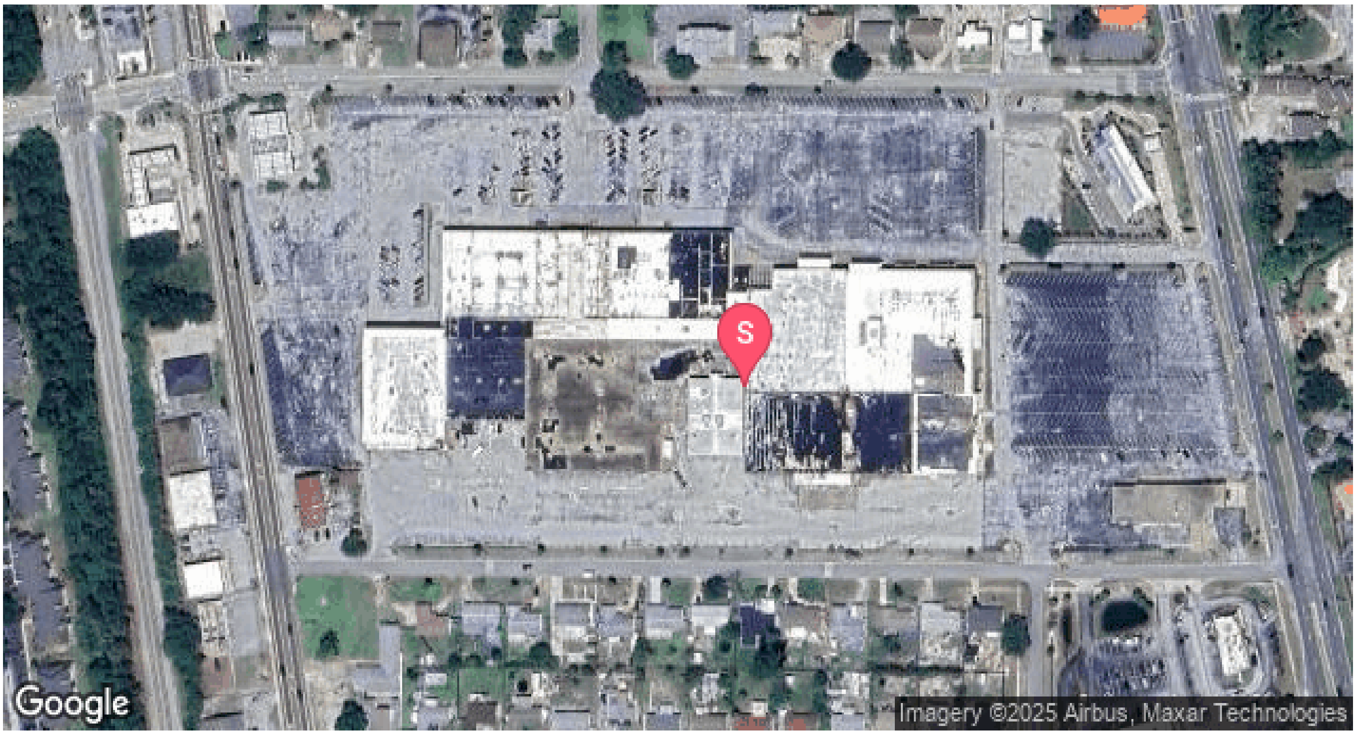
Bryan Younge

Bryan Younge, MAI, ASA, FRICS
Managing Partner
Horwath HTL Valuation Advisory

Email: byounge@horwathhtl.com
Tel: +1 773 263 4544
State of Florida Certified General Appraisal License
No. 11297 (Temporary), expires 9/25/2025

Photographs of the Subject Property

Aerial Photograph



View of subject site as of June 17, 2025

View of subject site as of June 17, 2025

Executive Summary

Description of the Property	The Titusville Assisted Living and Memory Care Facility is a four-story, 100-unit high-end senior housing community that represents the third and final phase of a planned mixed-use development along South Washington Avenue in Titusville, Florida. This phase benefits significantly from the earlier completion of a 240-unit luxury multifamily complex and a 153-key Cambria Suites hotel—each of which contributes critical infrastructure, destination appeal, and site activation. The multifamily component ensures a steady presence of residents and a future pipeline of prospective downsizers, while the hotel brings tourism, brand visibility, and accommodations for visiting families. The subject property also includes an outparcel slated for a leased restaurant, generating fixed rental income and enhancing on-site amenities. Collectively, these synergistic uses support the success of the senior living community by driving traffic, increasing accessibility, and enabling an integrated, lifestyle-focused environment tailored to active older adults and their families.
Assessor Parcel ID	22-35-15-00-763
Address	3550 South Washington Avenue, Titusville, Florida 32780

Site

Size	2.185 acres, or 95,179 square feet
Topography	Level at street grade
Zoning	UV - Urban Village
Flood Zone	Flood Zone B - areas of moderate flood hazard, usually the area between the limits of the 100-year and 500-year floods. B Zones are also used to designate base floodplains of lesser hazards, such as areas protected by levees from 100-year flood, or shallow flooding areas with average depths of less than one foot or drainage areas less than one square mile.

Improvements

Overview	The project envisions a four-story, Class A assisted-living and memory-care facility totaling 106,625 GSF on a 29,209 SF first-floor plate, with 100 units and 137 beds. Its reinforced-concrete frame and cast-in-place roof-deck slabs will support roof-mounted HVAC and an emergency generator, while a central concrete core houses two ADA-compliant elevators, adjacent electrical and mechanical closets on each level, and three enclosed stairwells for code-compliant egress. Dedicated vertical shafts route plumbing and electrical risers to a below-grade sump and lift station. Corridors maintain an eight-foot clear width with continuous handrails and emergency lighting, and all doorways, toilet rooms, and finishes comply with AHCA licensure and ADA accessibility standards, including nurse-call conduit and medical-gas outlet rough-ins. The first floor contains 11 ALF units and a full suite of amenities—commercial kitchen; main and private dining rooms; laundry; gym; salon; bar; theatre; chapel; conference and activity

	rooms; administrative, marketing, and security offices; two elevators; generator, janitorial, and electrical rooms; plus a nurse station—while the upper floors comprise 25 memory-care and 14 ALF units on level 2, 26 ALF units on level 3, and 24 ALF units on level 4, each with its own nurse station. Thermal aluminum-frame windows and precast concrete balcony planks with aluminum railings complete the exterior envelope.
Date of Completion	On or about September 1, 2027
Number of Apartments	100
Expected Quality	Generally excellent
Expected Condition	Generally excellent
Economic Life	40 years
Effective Age (Upon Completion)	0 years
Remaining Useful Life	40 years

Operational Observations

Strengths	The market in Titusville, Florida, is characterized by a blend of low-density residential neighborhoods and commercial establishments, creating a vibrant environment conducive to development. The subject property along South Washington Avenue benefits from its strategic location near US-1, the primary commercial corridor, which enhances visibility and accessibility. The surrounding area features a mix of local eateries, retail businesses, and community facilities, indicating a supportive demographic for the proposed luxury-class assisted living and memory care center. Additionally, the site's level topography and moderate flood hazard classification further enhance its suitability for development, while the presence of established businesses and residential enclaves suggests a strong potential for foot traffic and community engagement.
Weaknesses	Conversely, the market does present certain risk factors that could impact the subject property. The local economy's reliance on a few key industries, particularly aerospace, exposes it to fluctuations in government contracts and private sector investments, which could affect demand for services like assisted living. Additionally, the irregular shape of the site may pose challenges in maximizing its use, potentially complicating the development process. While the presence of diverse corporate demand generators offers some economic stability, the overall vulnerability to economic volatility necessitates careful planning and strategic positioning to mitigate risks associated with market fluctuations.

Highest and Best Use

As Vacant	As of the specified date of value, the highest and best use, as vacant, is to develop into a high-end assisted living and memory care facility, multifamily facility, or mixed use structure.
As Improved	As of the specified date of value, the highest and best use, as vacant, is a high-end assisted living and memory care facility as part of a larger mixed-use project as it is currently proposed.

Operations, Franchising, and Management

Management Agreement	For purposes of this appraisal, we assume that the subject could be sold free and clear of any and all management contracts following inception, and that future management expenses will be market-oriented. Specifically, management fees are projected to equate to 3.00% percent of total revenue following completion and throughout the holding period.
Franchising	The subject currently is not responsible for franchise or royalty payments. For purposes of this analysis, we assume the subject will continue to enjoy relief from franchise and/or royalty payments throughout the holding period.
Ground Lease	The subject is not encumbered with any ground lease.

Ownership History

Current Owner	J. W. Senior LLC
Sale History	To the best of our knowledge, the subject has not sold within the three-year period prior to transmittal of this report.

Exposure & Marketing Time

Definition	Marketing time and exposure time are both influenced by price. That is, a prudent buyer could be enticed to acquire the property in less time if the price were less. Hence, the time span cited below coincides with the value opinion(s) formed herein.
Exposure Time	Considering these factors, a reasonable estimate of exposure time for the subject Upon Completion Market Value is 12 months or less.
Marketing Time	A marketing time estimate is a forecast of a future occurrence. History should be considered as a guide, but anticipation of future events & market circumstances should be the prime determinant. A marketing time of 12 months or less is predicted for the subject.

Definitions and Format

Market Value

The definition of Market Value used for this appraisal is:

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.*

Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[h]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472.

Interest Appraised

The property rights appraised reflect the Fee Simple interest of the subject property.

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

Leased Fee Interest - *The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.*

Leasehold Interest - *The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.*

Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 7th ed., 2022.

Prospective Opinion of Value A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 7th ed., 2022.

Purpose of the Appraisal

The estimate of the market value of real property in its current physical condition, use, and zoning as of the following appraisal date(s):

Pertinent Dates

Premise	Date
Date of Inspection	None
Market Value As Is (WIP)	July 1, 2025
Prospective Market Value Upon Completion	September 1, 2027
Prospective Market Value Upon Stabilization	September 1, 2029

Scope of Work and Extent

The scope of work for this assisted living and memory care appraisal assignment is outlined below:

Regional and Local Market Analysis:
- Assess regional and submarket economic indicators, including employment trends, population growth, household incomes, and real estate activity.
- Conduct an on-site inspection to evaluate neighborhood character, access, and external influences on the subject parcel.

Legal and Physical Property Review:
- Document site characteristics (acreage, zoning, topography, flood/seismic designations, easements, encumbrances, access).
- Measure existing improvements (if any) and verify utility availability and exposure.

Assisted Living and Memory Care Market Research:
- Compile and analyze sale and rental comparables for similar assisted living and memory care assets.
- Gather income and expense data from industry surveys and local market participants.

Highest and Best Use Analysis:
- Evaluate the subject as vacant and as improved, considering legal permissibility, market demand, physical feasibility, and financial viability for assisted living and memory care development.

Valuation Methodology:
- Apply the Sales Comparison Approach using sale prices of comparable assisted living and memory care sites.
- Develop the Cost Approach by estimating replacement cost new less depreciation of any existing improvements, plus land value.
- Employ the Income Capitalization Approach, projecting stabilized net operating income in accordance with the Uniform System of Accounts for Apartments and converting to value via direct capitalization and/or discounted cash flow.

Demand and Competitive Analysis:
- Segment housing demand by renter demographics (household size, income levels, lifecycle stage) and analyze occupancy trends, rent growth, and pipeline supply.
- Assess current and planned competing developments to gauge market penetration and rent sensitivity.

Report Preparation:
- Prepare this assignment as an Appraisal Report in compliance with USPAP Standards Rule 2, presenting a fully described level of analysis.
- Confirm that the appraisers meet USPAP's Competency Rule for assisted living and memory care valuation.

Valuation

Value Conclusions			
Premise	**As Is (WIP)**	**Upon Completion**	**Upon Stabilization**
As Of:	**July 1, 2025**	**September 1, 2027**	**September 1, 2029**
Land Value	**$3,300,000**		
Plus: Improvements To Date	$3,000,000	-	-
Cost Approach	**$6,300,000**	**$52,000,000**	**-**
Sales Comparison Approach	**-**	**$53,000,000**	**-**
Income Approach			
Discounted Cash Flow	-	$53,500,000	$59,600,000
Direct Capitalization Approach	-	$52,800,000	$59,000,000
Reconciled Value via Income Approach	**-**	**$53,500,000**	**$59,600,000**
Reconciled Value Conclusion	**$6,300,000**	**$53,500,000**	**$59,600,000**
PSF	**-**	**$504.48**	**$562.00**

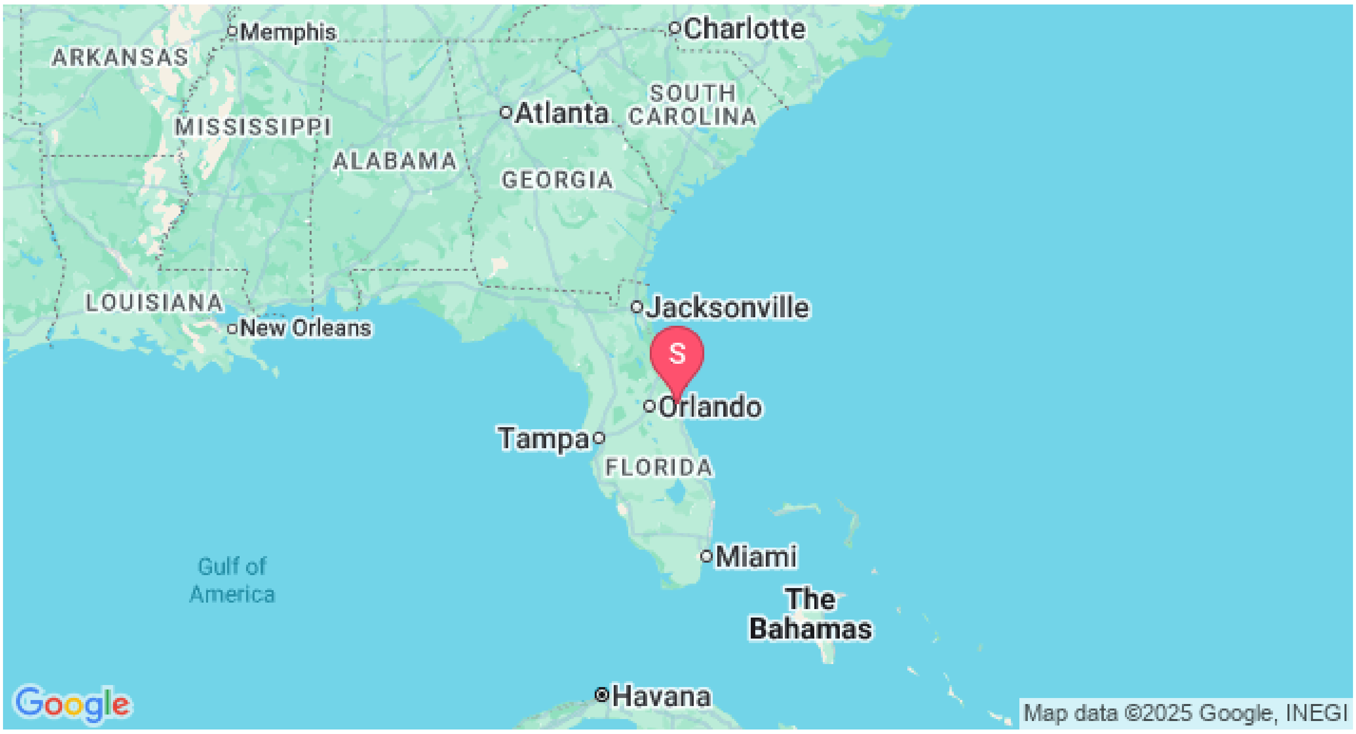
Final Reconciled Values			
	As Is (WIP)	**Upon Completion**	**Upon Stabilization**
Horwath HTL Category	**July 1, 2025**	**September 1, 2027**	**September 1, 2029**
Market Value Conclusion	**$6,300,000**	**$53,500,000**	**$59,600,000**
Per Unit	-	$504.48	$562.00
Value Allocation	**As Is (WIP)**	**Upon Completion**	**Upon Stabilization**
Real and Business Personal Property	$6,300,000	$51,000,000	$57,706,000
Furniture, Fixtures and Equipment	-	$2,500,000	$1,894,000
Business Value	-	$0	$0
Total	**$6,300,000**	**$53,500,000**	**$59,600,000**

Regional Analysis

Perspective of Analysis

In order to understand the subject's position in the area or region, we have undertaken a brief analysis in order to determine how trends—both historical and projected—in population, employment, personal income, consumer spending, and housing impact supply and demand and influence the subject's area directly and indirectly. This analysis first begins on a broader spectrum, and without respect to the subject itself, and is highlighted in the Regional Area Analysis. Secondly, we undertake a more narrowly focused study of the aforementioned attributes as they relate directly to the subject and the subject's neighborhood. This discussion is presented in the forthcoming Local Area Analysis.

Regional Map



Overview

The regional market area of Titusville, Florida, is characterized by a diverse array of corporate demand generators that significantly contribute to the local economy. The presence of aerospace and defense industries is particularly notable, with major companies such as SpaceX, Blue Origin, and Lockheed Martin serving as key players. These companies are involved in cutting-edge technological advancements and space exploration, which not only drive economic growth but also attract a skilled workforce to the area. The strength of these industries lies in their innovation and global reach, providing a stable economic foundation. However, the market faces challenges such as dependency on government contracts and the cyclical nature of the aerospace sector. Despite these challenges, the presence of these major corporations helps insulate the local hotel demand against economic fluctuations, as business travel remains consistent. Additionally, the healthcare sector, represented by Health First and Parrish Medical Center, contributes to the economic landscape by providing essential services and employment opportunities. The educational sector, with institutions like Eastern Florida State College, further supports the local economy by fostering a skilled workforce. Overall, the corporate demand generators in Titusville present a robust economic environment with both strengths and challenges.

Top Employers

Titusville's economic landscape is significantly influenced by its top employers, which span various industries. The aerospace and defense sector is prominently represented by companies such as

Northrop Grumman, Boeing, and L3Harris Technologies. These companies are involved in high-tech manufacturing and research, contributing to the region's reputation as a hub for innovation. The presence of these employers attracts a highly skilled workforce, which in turn supports local businesses and services. Additionally, the healthcare sector plays a crucial role, with Health First and Parrish Medical Center being major employers. These institutions not only provide healthcare services but also offer numerous employment opportunities, contributing to the region's economic stability. The education sector, represented by Brevard Public Schools and Eastern Florida State College, further bolsters the local economy by providing education and training to the workforce. Retail giants like Walmart and Publix Super Markets also contribute to the employment landscape, offering a range of job opportunities. The diversity of top employers in Titusville ensures a balanced economic environment, although challenges such as reliance on specific industries remain. Overall, the presence of these major employers supports the region's economic health and resilience.

Major Employers and Corporate Demand Generators	
Kennedy Space Center	SpaceX
Blue Origin	Lockheed Martin
Boeing	Northrop Grumman
L3Harris Technologies	Health First
Parrish Medical Center	Brevard Public Schools
Eastern Florida State College	Walmart
Publix Super Markets	Brevard County Government
City of Titusville	Rockwell Collins
Embraer	Space Coast Regional Airport
Port Canaveral	Holiday Inn Titusville

Source: Horwath HTL

Leisure Attractions

Titusville's leisure demand generators are diverse and contribute significantly to the local economy. The Kennedy Space Center Visitor Complex is a nationally renowned attraction that draws visitors from across the globe, offering educational and interactive experiences related to space exploration. This attraction not only boosts tourism but also supports local businesses such as hotels and restaurants. The Canaveral National Seashore and Merritt Island National Wildlife Refuge provide opportunities for outdoor recreation and attract nature enthusiasts year-round. These attractions help mitigate seasonality by offering activities that are not weather-dependent. The American Space Museum & Walk of Fame and the Valiant Air Command Warbird Museum further enhance the region's appeal by showcasing the area's rich aerospace history. Cultural attractions such as the Titusville Playhouse and the Brevard Museum of History and Natural Science offer additional leisure options, contributing to the region's cultural vibrancy. Parks like Chain of Lakes Park and Fox Lake Park provide recreational spaces for both residents and visitors. Overall, Titusville's leisure attractions offer a diverse range of activities that support the local economy and enhance the region's appeal as a tourist destination.

Leisure and Attractions Demand Generators	
Kennedy Space Center Visitor Complex	Canaveral National Seashore
Merritt Island National Wildlife Refuge	American Space Museum & Walk of Fame
Valiant Air Command Warbird Museum	Enchanted Forest Sanctuary
Space View Park	Titusville Playhouse
Chain of Lakes Park	Fox Lake Park
Parrish Park	Sand Point Park
Manatee Hammock Campground	Rotary Riverfront Park
Pritchard House	Brevard Museum of History and Natural Science
Harry T. & Harriette V. Moore Memorial Park	Playalinda Beach
Astronaut Memorial Planetarium and Observatory	Brevard Zoo

Source: Horwath HTL

Economic Health and Trends

The economic health of Titusville is characterized by steady growth and diversification across various sectors. The aerospace and defense industries continue to be major contributors, with ongoing investments and projects driving economic activity. The healthcare sector also shows positive trends, with expansions and improvements in medical facilities enhancing service delivery and employment opportunities. Retail and education sectors remain stable, providing consistent economic contributions. However, the region faces challenges such as potential fluctuations in government funding for aerospace projects and the need for infrastructure improvements to support growth. Despite these challenges, the overall economic outlook for Titusville is positive, with continued investments in key industries and infrastructure projects. The region's economic resilience is further supported by its diverse employment base and the presence of major corporations. Additionally, the tourism sector shows promising trends, with increasing visitor numbers and new attractions enhancing the region's appeal. Overall, Titusville's economic health is characterized by growth and resilience, supported by a diverse range of industries and ongoing investments.

Infrastructure

Titusville's infrastructure plays a crucial role in supporting its economic activities and growth. The region benefits from a well-developed transportation network, including major highways and proximity to the Space Coast Regional Airport. These transportation links facilitate the movement of goods and people, supporting both business and tourism activities. The presence of Port Canaveral further enhances the region's connectivity, providing opportunities for trade and commerce. However, the region faces challenges such as the need for infrastructure upgrades to accommodate growth and improve efficiency. Ongoing infrastructure projects aim to address these challenges, with investments in road improvements and public transportation enhancements. The region's infrastructure also supports its key industries, with facilities and services tailored to the needs of the aerospace and defense sectors. Additionally, the presence of educational institutions and healthcare facilities contributes to the region's infrastructure, supporting workforce development and community well-being. Overall, Titusville's infrastructure is a critical component of its economic landscape, supporting growth and development across various sectors.

Government

The government plays a significant role in shaping the economic environment of Titusville. Local government initiatives focus on supporting economic development and attracting investments to the region. The Brevard County Government and the City of Titusville work collaboratively to create a business-friendly environment, offering incentives and support for businesses. These efforts are complemented by state and federal government initiatives, which provide funding and support for key industries such as aerospace and defense. However, the region faces challenges such as regulatory complexities and the need for streamlined processes to support business growth. Despite these challenges, government efforts continue to focus on enhancing the region's economic competitiveness and supporting key industries. Additionally, government initiatives aim to improve infrastructure and public services, contributing to the region's overall economic health. The presence of government institutions also provides employment opportunities and supports the local economy. Overall, the government's role in Titusville is characterized by efforts to support economic growth and development, with a focus on key industries and infrastructure improvements.

Transportation

Transportation is a key component of Titusville's economic landscape, supporting both business and tourism activities. The region benefits from a well-developed transportation network, including major highways such as Interstate 95 and U.S. Route 1. These highways provide critical links to other parts of Florida and beyond, facilitating the movement of goods and people. The Space Coast Regional Airport offers additional connectivity, supporting both passenger and cargo services. The presence of Port Canaveral further enhances the region's transportation capabilities, providing opportunities for trade and commerce. However, the region faces challenges such as the need for transportation infrastructure upgrades to accommodate growth and improve efficiency. Ongoing projects aim to address these challenges, with investments in road improvements and public transportation enhancements. The region's transportation network also supports its key industries, with facilities and services tailored to the needs of the aerospace and defense sectors. Overall, transportation is a critical component of Titusville's economic landscape, supporting growth and development across various sectors.

Employment and Unemployment

The employment landscape in Titusville is characterized by a diverse range of industries and opportunities. The aerospace and defense sectors are major employers, providing high-skilled jobs and contributing to the region's economic stability. The healthcare sector also plays a significant role, with institutions like Health First and Parrish Medical Center offering numerous employment opportunities.

The education sector, represented by Brevard Public Schools and Eastern Florida State College, further supports the local economy by providing education and training to the workforce. Retail and service industries also contribute to employment, offering a range of job opportunities. However, the region faces challenges such as potential fluctuations in employment levels due to economic cycles and industry-specific factors. Despite these challenges, the overall employment outlook for Titusville is positive, with continued growth and diversification across various sectors. The region's unemployment rate remains relatively low compared to national averages, supported by a diverse employment base and ongoing investments in key industries. Overall, the employment landscape in Titusville is characterized by growth and resilience, supported by a diverse range of industries and opportunities.

Recent Economic Development

Recent economic development in Titusville is characterized by ongoing investments and projects across various sectors. The aerospace and defense industries continue to be major contributors, with new projects and expansions driving economic activity. The healthcare sector also shows positive developments, with improvements in medical facilities and services enhancing the region's healthcare capabilities. Retail and education sectors remain stable, providing consistent economic contributions. However, the region faces challenges such as the need for infrastructure improvements to support growth and enhance efficiency. Despite these challenges, recent economic development efforts focus on enhancing the region's competitiveness and supporting key industries. The tourism sector also shows promising developments, with new attractions and increasing visitor numbers enhancing the region's appeal. Overall, recent economic development in Titusville is characterized by growth and resilience, supported by ongoing investments and projects across various sectors.

Conclusion

In conclusion, the regional market area of Titusville, Florida, presents a diverse and dynamic economic landscape. The presence of major corporate demand generators, such as aerospace and defense companies, healthcare institutions, and educational facilities, supports the region's economic health and resilience. Leisure attractions, including the Kennedy Space Center Visitor Complex and various parks and museums, contribute to the region's appeal as a tourist destination. The economic health of Titusville is characterized by steady growth and diversification, supported by a well-developed infrastructure and government initiatives. Transportation plays a critical role in supporting both business and tourism activities, with ongoing projects aimed at improving efficiency and connectivity. The employment landscape is diverse, with opportunities across various sectors, contributing to the region's economic stability. Recent economic development efforts focus on enhancing the region's competitiveness and supporting key industries. Overall, Titusville's economic landscape is characterized by growth and resilience, supported by a diverse range of industries and ongoing investments.

Local Area Analysis

Local Area Map

Introduction

The regional market area of Titusville, Florida, is characterized by a diverse array of corporate demand generators that significantly contribute to the local economy. The presence of aerospace and defense industries is particularly notable, with major companies such as SpaceX, Blue Origin, and Lockheed Martin serving as key players. These companies are involved in cutting-edge technological advancements and space exploration, which not only drive economic growth but also attract a skilled workforce to the area. The strength of these industries lies in their innovation and global reach, providing a stable economic foundation. However, the market faces challenges such as dependency on government contracts and the cyclical nature of the aerospace sector. Despite these challenges, the presence of these major corporations helps insulate the local hotel demand against economic fluctuations, as business travel remains consistent. Additionally, the healthcare sector, represented by Health First and Parrish Medical Center, contributes to the economic landscape by providing essential services and employment opportunities. The educational sector, with institutions like Eastern Florida State College, further supports the local economy by fostering a skilled workforce. Overall, the corporate demand generators in Titusville present a robust economic environment with both strengths and challenges.

Description of the Neighborhood

The subject property is situated along South Washington Avenue in Titusville, Florida, an area characterized by a mix of low-density residential neighborhoods and commercial establishments. To the north, single-family homes dominate the landscape, interspersed with local eateries such as El Heredero Mexican Food and Vine & Olive, as well as a Verizon Business Services outlet. The primary commercial corridor, US-1, located to the east, features a variety of retail and service businesses, including Village Inn Breakfast and Ace Hardware, which cater to the local population. The surrounding roadways, including Narvaez Drive and Avilez Boulevard, facilitate access to adjacent residential subdivisions, while community facilities such as A Gold Star Academy contribute to the neighborhood's demographic profile.

Titusville is known for its proximity to the Kennedy Space Center and its historical significance in the space exploration industry. The area south of Narvaez Drive transitions into additional single-family homes and community amenities, with the Solamere Grand condominium complex located further southwest. To the west, the site is adjacent to the Villas at La Cita Condominium and a man-made canal that separates it from the La Cita Golf & Country Club. The presence of Integrity Construction & Home Renovations and additional residential enclaves, including Facebook's Hummingbird Pantry, further define the neighborhood's character, indicating a blend of residential and commercial uses that may influence the proposed luxury-class assisted living and memory care center.

Demographics

The following table summarizes demographic levels and trends in the local market:

DEMOGRAPHIC SNAPSHOT			
Radius	**1 mile**	**3 miles**	**5 miles**
Population			
2020 Population	5,795	36,357	49,635
2024 Population	6,341	38,073	51,661
2029 Population Projection	6,999	41,731	56,569
Annual Growth 2020-2024	2.4%	1.2%	1.0%
Annual Growth 2024-2029	2.1%	1.9%	1.9%
Households			
2020 Households	2,708	15,888	21,482
2024 Households	2,962	16,582	22,266
2029 Household Projection	3,266	18,148	24,341
Annual Growth 2020-2024	0.8%	0.8%	0.7%
Annual Growth 2024-2029	2.1%	1.9%	1.9%
Avg Household Size	2.10	2.20	2.20
Avg Household Vehicles	2.00	2.00	2.00
Housing			
Median Home Value	$242,452	$222,597	$225,128
Median Year Built	1980	1983	1982
Owner Occupied Households	1,732	11,354	15,849
Renter Occupied Households	1,533	6,794	8,492
Household Income			
< $25,000	553	3,396	4,602
$25,000 - 50,000	1,129	4,772	6,183
$50,000 - 75,000	561	2,442	3,429
$75,000 - 100,000	184	1,820	2,484
$100,000 - 125,000	170	1,556	2,041
$125,000 - 150,000	48	802	1,077
$150,000 - 200,000	193	1,142	1,609
$200,000+	121	652	839
Avg Household Income	$66,626	$73,787	$73,870
Median Household Income	$44,966	$51,515	$52,911

Source: CoStar

The area within a one-mile radius of the subject property on South Washington Avenue in Titusville, Florida, has a population that is smaller compared to the three-mile and five-mile radii. The population in this smallest radius is projected to grow at a faster rate than the larger radii, with a notable increase in population from 2020 to 2024. The number of households in this radius is also less than in the larger radii, but it is expected to grow at a similar rate to the three-mile radius and slightly faster than the five-mile radius from 2024 to 2029.

In terms of housing, the median home value within the one-mile radius is higher than in the three-mile and five-mile radii. The average household size is slightly smaller in the one-mile radius compared to the other two radii, while the average number of household vehicles remains consistent across all radii. The proportion of owner-occupied households is lower in the one-mile radius compared to the three-mile and five-mile radii, indicating a higher prevalence of renter-occupied households in the immediate vicinity of the subject property.

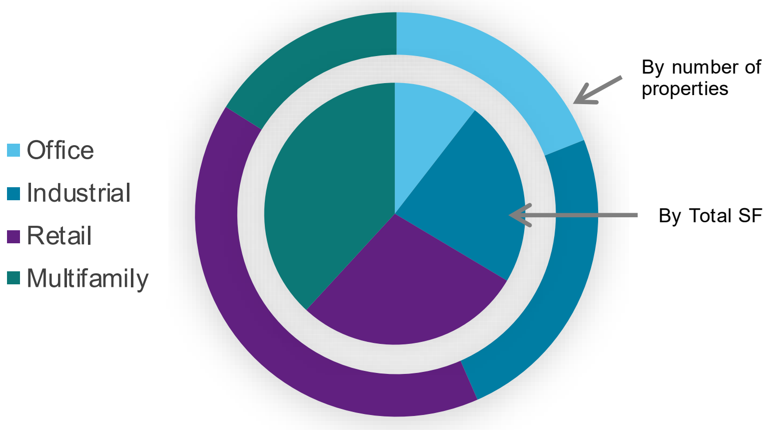
Household income levels within the one-mile radius show a lower average and median income compared to the larger radii. The distribution of income brackets indicates a higher concentration of lower-income households in the one-mile radius, with fewer households earning above $100,000 compared to the three-mile and five-mile radii. This suggests a more economically diverse population in the immediate area surrounding the subject property.

Surrounding Development Characteristics

Surrounding Uses

This section analyzes local property uses and development trends that directly influence the subject property's market performance and attractiveness. Utilizing CoStar, we identified all office, industrial/flex, retail, and multi-family properties. The distribution of these properties is presented in the chart below.

Local Property Type Mix



In the vicinity of the subject property, the general mix of properties within a 7.5-mile radius is composed of 19% office, 24% industrial, 40% retail, and 16% multifamily properties by number. By square footage, the distribution is approximately 11% office, 23% industrial, 28% retail, and 38% multifamily. The area is characterized by a fairly moderate presence of industrial, retail, and multifamily properties, with a very moderate presence of office properties.

Retail Market Analysis

A strong correlation often exists between assisted living and memory care demand and local retail market performance. Consequently, we have analyzed the local retail market to estimate plausible assisted living and memory care demand growth rates for both the subject property and the competitive landscape. The following analysis utilizes operating data for nearby retail properties, sourced from CoStar, a reputable provider of market statistics. The table below presents historical data for key market indicators.

Retail Data: Properties Within 7.5 Miles of Subject

Period	Retail Supply	Buildings U/C	Retail Direct Rent ($/SF)	Vacancy	New Supply	Net Absorption
2016 Q1	5,035,137	2	$10.45	6.0%	7,075	14,059
2017 Q1	5,108,823	5	$10.17	4.9%	29,620	-30,885
2018 Q1	5,136,043	8	$10.21	4.4%	169,699	154
2019 Q1	5,311,747	2	$9.90	5.2%	14,746	22,260
2020 Q1	5,391,806	3	$12.36	3.5%	82,025	53,902
2021 Q1	5,511,143	1	$20.24	3.5%	24,364	8,232
2022 Q1	5,550,683	3	$18.41	2.8%	25,505	22,820
2023 Q1	5,580,100	3	$17.82	2.5%	32,039	19,412
2024 Q1	5,612,139	1	$17.11	3.4%	45,520	-18,900
2025 Q1	5,612,139	1	$18.20	2.4%	45,520	6,016
CAGR	**1.2%**		**6.4%**	**-9.7%**		

Source: Costar

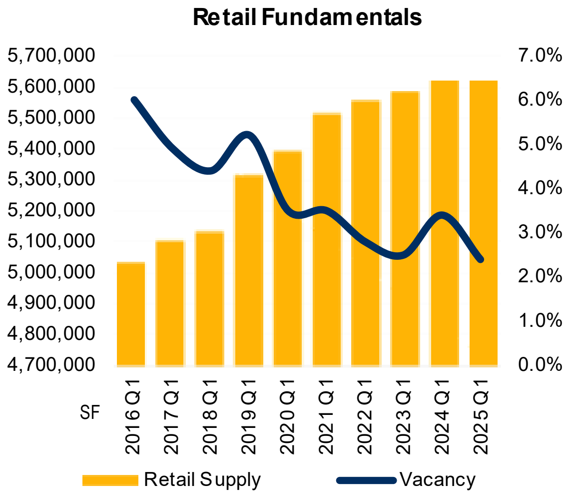
Nearby Retail Development

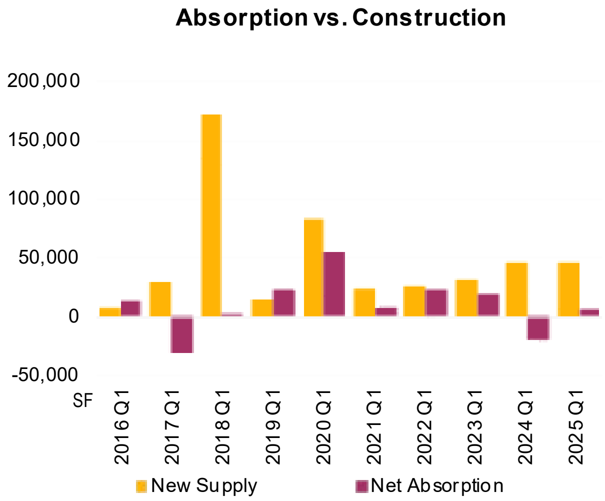
The following table shows a summary of retail data by class in the immediate area, as published by CoStar.

Submarket - Retail Developments					
Property Type	**Number of Properties**	**NRA (SF)**	**Average Year Built**	**Reported Occupancy**	**Reported Rent (Ask)**
Auto Dealership	6	100,645	1990	100%	$16.84
Convenience Store	4	32,140	2012	100%	$16.15
Freestanding	59	1,291,938	1986	98%	$16.52
Restaurant	14	139,011	1991	92%	$18.31
General Retail	28	549,540	1984	95%	$17.73
Storefront	18	472,838	1993	91%	$19.59
Supermarket	65	1,600,878	1988	97%	$17.01
TOTAL/AVERAGE	**194**	**4,186,990**	**2142**	**104%**	**$18.50**

Source: CoStar

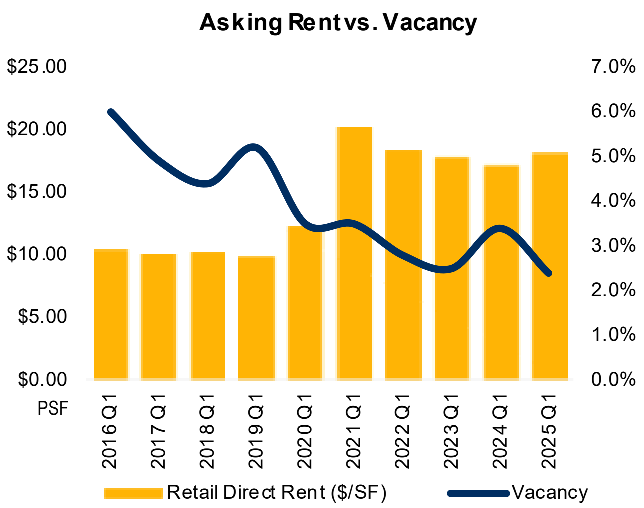
The following graphic summarizes office fundamentals in the area:





The retail market data for the area within 7.5 miles of the subject property shows a steady increase in inventory from approximately 5,030,000 square feet in 2016 to about 5,610,000 square feet in 2025, with a compound annual growth rate of around 1%. Notably, the vacancy rate has generally decreased from 6% in 2016 to 2% in 2025, indicating a tightening market. However, there is an outlier in 2024, where the vacancy rate temporarily rises to 3%, coinciding with a negative net absorption of approximately -19,000 square feet, suggesting a temporary oversupply or reduced demand. The retail direct rent has fluctuated, peaking at around $20 per square foot in 2021 before stabilizing to approximately $18 in 2025. The number of buildings under construction has varied, with a peak of 8 in 2018, but has since stabilized to 1 or 3 in recent years. Overall, the data reflects a resilient retail market with occasional fluctuations in vacancy and rent, likely influenced by broader economic conditions.

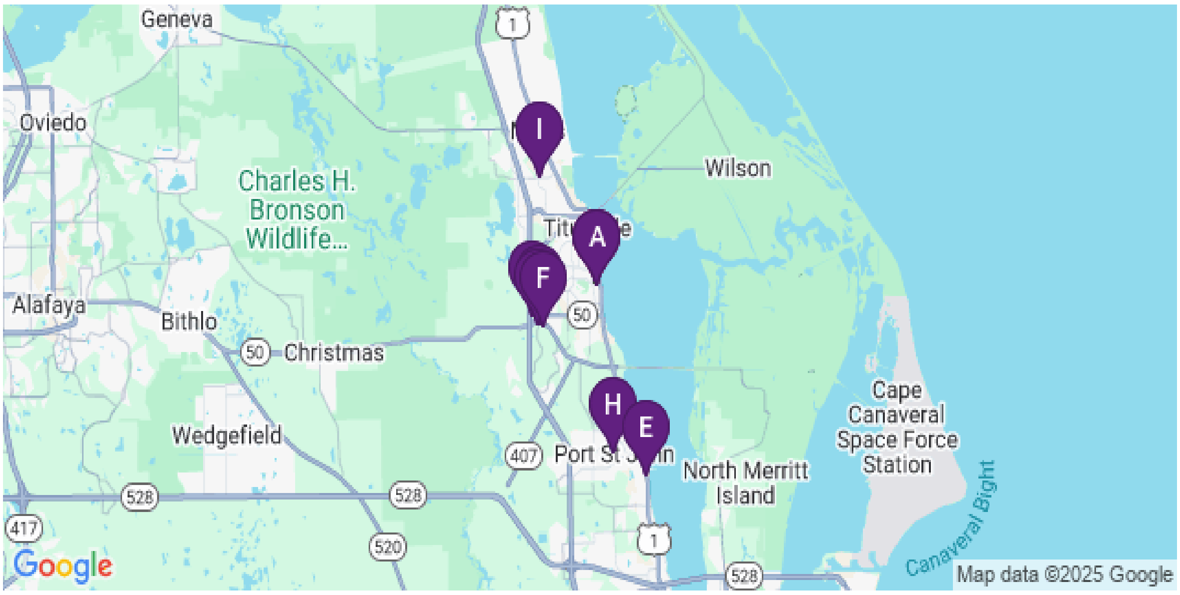
The following graphic summarizes asking rent and vacancy trends in the market:



The subject is located in an area that has a considerable density of retail structures. The following table shows the largest tracked retail properties in the immediate area, as published by CoStar.

Largest Retail Developments						
Pin	**Name**	**Type**	**NRA (SF)**	**Year Built**	**Reported Occupancy**	**Reported Rent (Ask)**
A	Retail Property	General Retail	280,000	1966	100%	$16.61
B	Titusville Redevelopment Resort & Destination	Retail Building	260,000	1968	98%	$21.00
C	Retail Property	Freestanding	193,713	1994	100%	$16.39
D	Retail Property	General Retail*	146,428	1997	100%	$15.94
E	Retail Property	Freestanding	131,589	1989	100%	$16.84
F	Crossroads Marketplace	Freestanding	129,984	2007	100%	$20.19
G	Retail Property	Freestanding	104,686	2007	100%	$42.33
H	Port St John Plaza	Storefront	89,772	1986	86%	$18.76
I	The Dairy Plaza Shopping Center	Freestanding	88,082	1986	100%	$14.31
J	Retail Property	General Retail	83,991	2007	100%	$15.51

Source: CoStar



Retail Market Conclusion

The retail market analysis indicates a generally stable environment with consistent consumer demand, though certain outliers such as the unexpected rise in e-commerce and shifts in consumer preferences have impacted traditional retail spaces. Notably, areas with strong foot traffic and adaptable retail strategies continue to thrive. The health of the retail market is a bellwether for the multifamily segment, as robust retail performance often correlates with vibrant community engagement and economic vitality, suggesting a positive long-term outlook for multifamily developments.

Other Property Types

Assisted living and memory care Development

The following graph illustrates assisted living and memory care residential data by type in the immediate area, as published by CoStar.

Submarket - Multifamily Developments					
CLASS	**Number of Properties**	**NRA (SF)**	**Average Year Built**	**Reported Occupancy**	**Monthly Rent (Ask)**
A	4	977,797	2013	96%	$1,445
B	20	2,587,332	2001	98%	$1,470
C	53	2,072,890	1976	93%	$976
TOTAL	**77**	**5,638,019**	**1985**	**94%**	**$1,129**

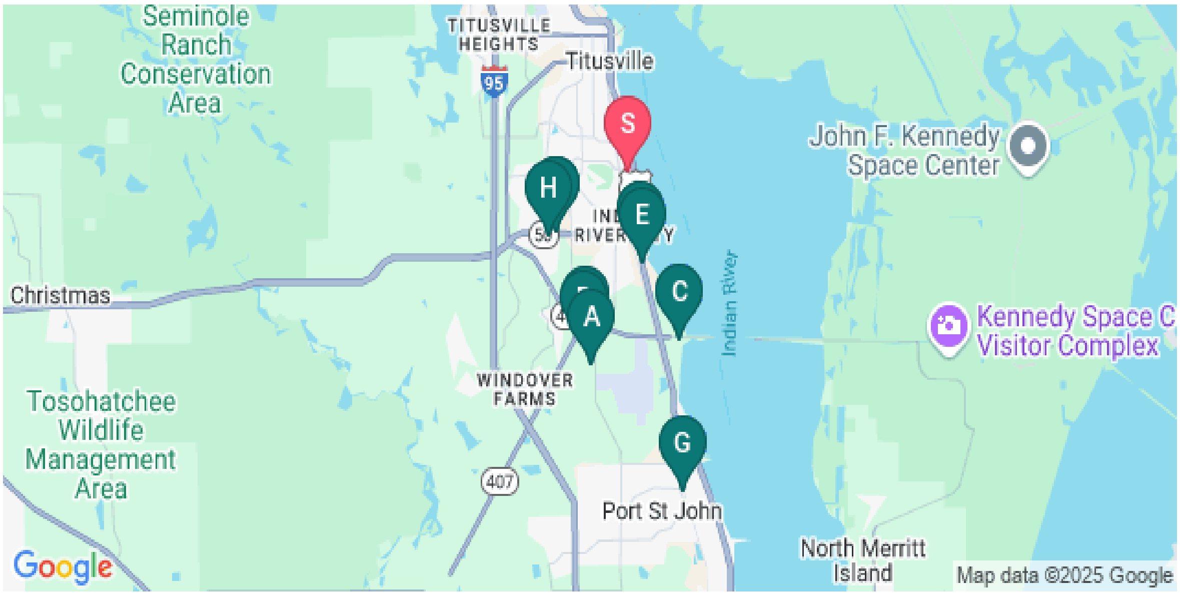
Source: CoStar

The largest multifamily properties range in NRA from approximately 180,000 to 430,000 square feet, with the majority built between 2006 and 2024. The average vacancy rate is around 5%, with Timber

Trace and Palmetto Ridge Estates having higher vacancy rates of about 11% and 10%, respectively, marking them as outliers. Most properties are three stories tall, except for Harbor Pointe, which is notably taller at 12 stories, and Royal Oak Condominiums, which is only one story. The following table shows these assisted living and memory care properties in the immediate area:

Largest Multifamily Properties						
Pin	Name	Property Class	NRA (SF)	Year Built	Vacancy	Stories
A	Harbor Pointe	B	430,955	2006	0.0%	12
B	Summerhill Apartments	A	429,073	2006	0.0%	3
C	Timber Trace	A	242,724	2008	10.8%	3
D	Windover Oaks	B	235,584	1985	4.2%	2
E	Palmetto Ridge Estates	B	221,773	2008	9.9%	3
F	Solamere Grand	A	220,000	2017	6.5%	3
G	Riverwalk Grand	B	210,000	2024	5.2%	3
H	Villas at LaCita Condominiums	B	180,369	1986	0.0%	2
I	River Palms Riverfront	B	179,064	2022	0.0%	6
J	Royal Oak Condominiums	C	175,124	1968	0.0%	1

Source: CoStar



Office Development

The following table shows a summary of office data by type in the immediate area.

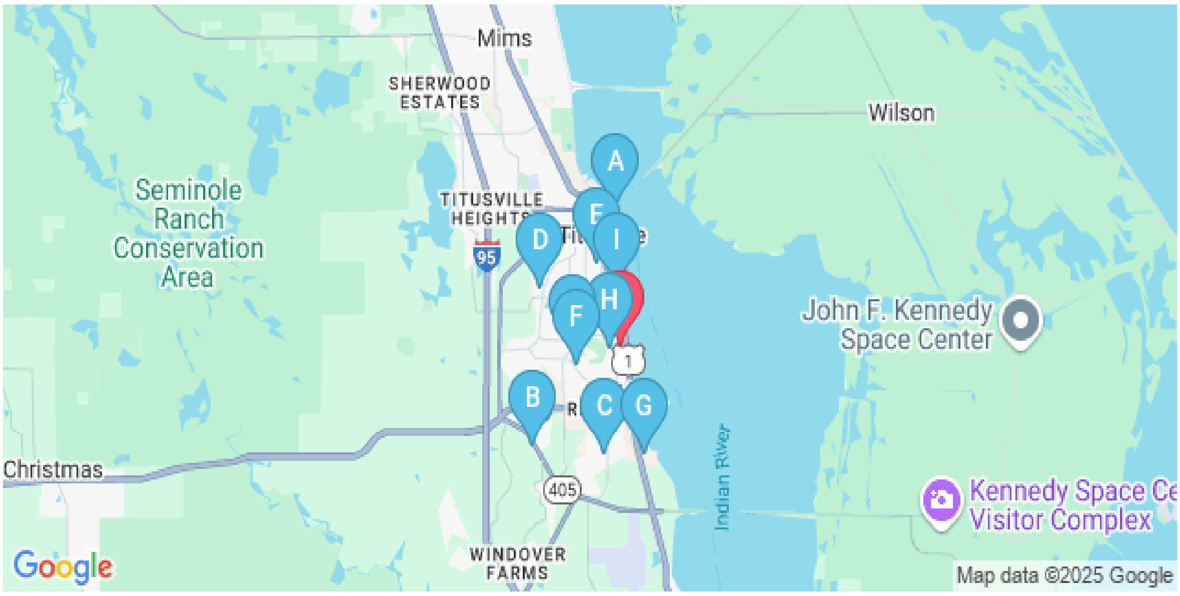
Submarket - Office Developments					
Office Class	Number of Properties	NRA (SF)	Average Year Built	Reported Occupancy	Reported Rent (Ask)
A	1	87,072	1989	100%	$20.33
B	34	741,505	1985	96%	$19.13
C	56	725,040	1971	99%	$18.29
TOTAL/AVERAGE	**91**	**1,553,617**	**1977**	**98%**	**$18.62**

Source: CoStar

The following table shows the largest tracked office properties in the immediate area:

Largest Office Buildings						
Pin	**Name**	**Property Class**	**NRA (SF)**	**Year Built**	**Reported Occupancy**	**Reported Rent (Ask)**
A	Office Building	B	187,335	1968	100%	$20.36
B	Office Building	A	87,072	1989	100%	$20.33
C	Technology Centre	B	82,500	1990	100%	-
D	Office Building	C	56,822	1979	100%	$18.96
E	Titus Landing	B	55,000	2018	100%	$19.41
F	Buena Vista Building	B	48,652	1965	86%	$16.50
G	Building #3	C	46,143	1979	100%	$18.36
H	Office Building	B	45,241	2008	100%	$17.98
I	Office Building	C	41,222	1988	100%	$20.03
J	The Washington Plaza Bldg.	B	39,100	1960	91%	$18.00

Source: CoStar



Industrial Development

The following table summarizes the industrial mix in the area, as published by CoStar.

Submarket - Industrial Developments					
Type	**Number of Properties**	**NRA (SF)**	**Average Year Built**	**Reported Occupancy**	**Reported Rent (Ask)**
Industrial	100	2,993,889	1981	97%	$11.92
Flex	17	410,525	1987	100%	$13.33
TOTAL/AVERAGE	**117**	**3,404,414**	**-**	**97%**	**$12.13**

Source: CoStar

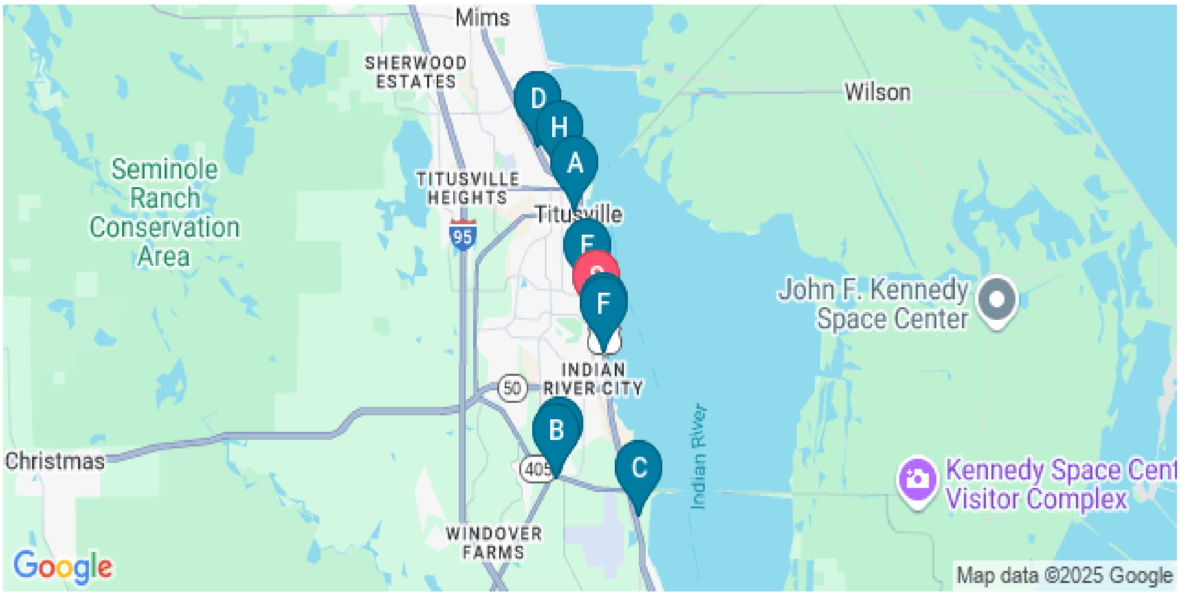
The largest industrial properties listed range in size from approximately 15,000 to 70,000 square feet, with the majority being flex spaces built between 1975 and 1990. Occupancy rates are high, with most properties fully occupied, except for two with slightly lower rates. Reported asking rents vary, with most properties around $13 to $15 per square foot, except for one outlier, an office space at The Hammocks, with a significantly higher rent of approximately $22 per square foot. This suggests a premium for office space within the same location.

The following table shows the largest tracked industrial properties in the immediate area, as published by CoStar.

Largest Industrial Properties

Pin	Name	Property Type	NRA (SF)	Year Built	Reported Occupancy	Reported Rent (Ask)
A	Spaceport Industrial Park	Flex	70,062	1985	100%	$12.54
B	Intertech Business Park	Flex	60,118	1987	100%	$14.66
C	Flex/ Office/ Space Support	Flex	56,500	1990	100%	$13.70
D	Inter-Tech Business Park	Flex	48,000	1986	100%	$15.40
E	Industrial Facility	Flex	34,852	1983	0%	$12.11
F	Industrial Facility	Flex	20,489	-	100%	$11.78
G	Horizon Business Park	Office	20,000	1975	96%	$13.00
H	The Hammocks	Flex	15,099	1986	100%	$14.11
I	The Hammocks	Office	15,000	1986	100%	$22.26
J	The Hammocks	Office	15,000	1986	100%	$22.26

Source: CoStar



Hazards and Adverse Influences

Properties within the subject neighborhood are well-suited for their current uses, exhibiting good physical condition with high occupancy levels. No significant detrimental conditions or external hazards were observed that would negatively impact local property values.

Local Area Outlook

In conclusion, the local area market for the proposed luxury-class assisted living and memory care facility in Titusville, Florida, is well-positioned due to its strategic location and the abundance of demand generators that attract both residents and tourists. The proximity to major attractions such as the Kennedy Space Center, Canaveral National Seashore, and various cultural and recreational venues enhances the area's appeal, providing a steady influx of visitors year-round. The site's accessibility and visibility along South Washington Avenue, coupled with the surrounding mix of residential neighborhoods and commercial establishments, create a supportive environment for the facility. Additionally, the development of seasonal events and the promotion of indoor attractions can help mitigate potential seasonality in demand, ensuring a consistent flow of clientele. Overall, the combination of these locational attributes and community amenities positions the facility to thrive in a vibrant and dynamic market.

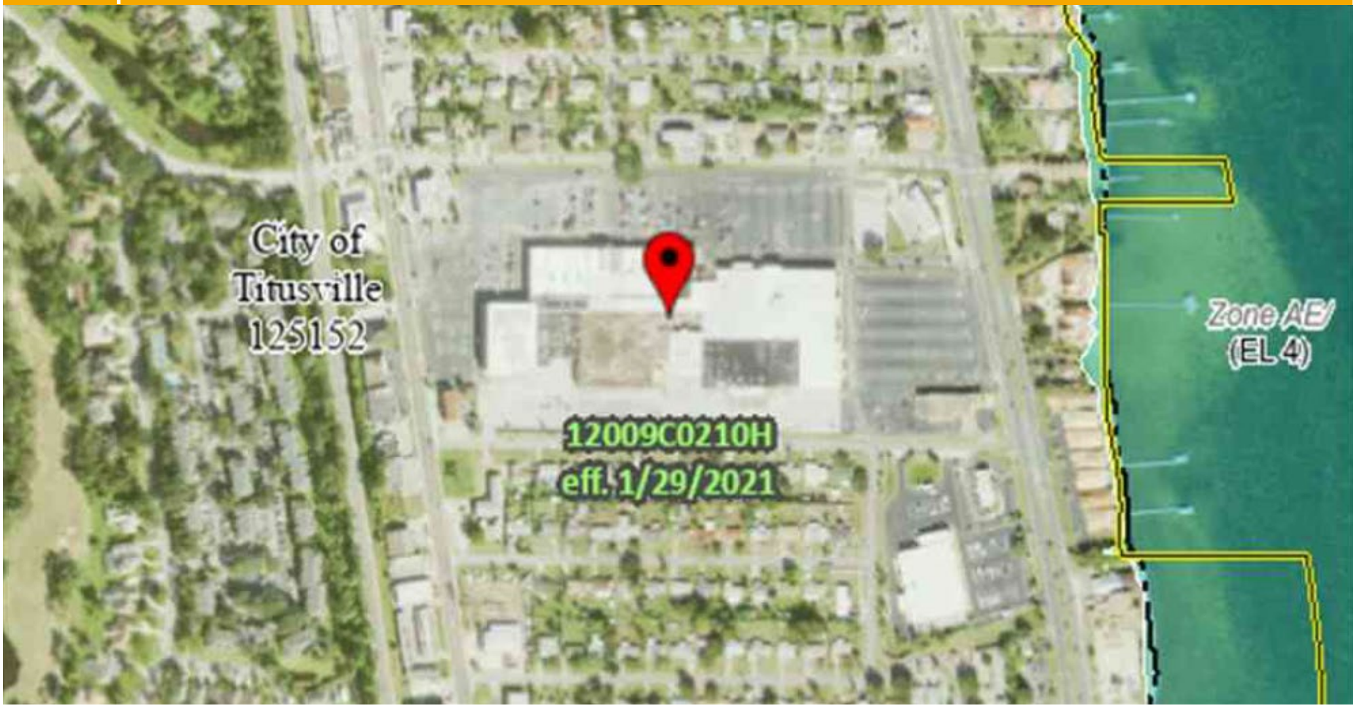
Description of the Land

Address	3550 South Washington Avenue, Titusville, Brevard County, Florida 32780
Size	The subject site measures 2.185 acres, or 95,179 square feet.
Tax Parcel Identification	22-35-15-00-763

Tax Parcel Map

Flood Zone	According to FEMA flood panel 12009C0210H dated 1/29/2021 the subject site is located in area B, described as areas of moderate flood hazard, usually the area between the limits of the 100-year and 500-year floods. B Zones are also used to designate base floodplains of lesser hazards, such as areas protected by levees from 100-year flood, or shallow flooding areas with average depths of less than one foot or drainage areas less than one square mile.

Flood Map



Access and Visibility

The proposed property along South Washington Avenue in Titusville, Florida, is positioned within a well-connected area that offers good visibility and access. The site benefits from its proximity to US-1, the primary commercial corridor, which features a variety of retail and service businesses catering to the local community. Surrounding roadways, including Narvaez Drive and Avilez Boulevard, facilitate easy access to adjacent residential neighborhoods, enhancing the potential for foot traffic and visibility. The mix of low-density residential areas and commercial establishments creates a dynamic environment, while nearby community facilities and amenities further contribute to the overall accessibility of the site. The presence of established businesses and residential enclaves indicates a vibrant neighborhood that may support the proposed luxury-class assisted living and memory care center.

Environmental Hazards

An environmental assessment report was not provided for our review, and during our inspection, we did not observe any obvious signs of contamination on or near the subject property. However, as environmental issues fall outside the scope of our expertise, we must rely on the assumption that the property is not adversely affected by any environmental hazards.

A soils report was not made available for our review. However, based on our site inspection and a general observation of surrounding developments, no visible indications of ground instability were noted. It is important to note that soils analysis falls outside the scope of our expertise. Therefore, we proceed with the assumption that the soil bearing capacity is adequate to support the proposed improvements. Additionally, based on available information, we understand that the subject property is not situated within a seismic hazard zone.

Site Utility

The overall utility of the subject site is characterized by its level topography at street grade, which facilitates ease of access and development. The site is irregularly shaped, which may present some challenges in maximizing the use of space, but does not significantly detract from its overall utility. The location is not within a high-risk flood zone, being classified in areas of moderate flood hazard, which suggests a lower likelihood of significant flooding issues. This classification indicates that the site is in a B Zone, where flood risks are mitigated by existing levees or are minimal due to shallow flooding potential. The zoning information, which should be reviewed for specific development guidelines, will ultimately determine the types of structures and uses permissible on the site. Overall, the site's characteristics make it suitable for development, provided that the irregular shape is taken into account in the planning and design phases.

Parking	Surface. Adequate spaces.
Easements and Restrictions	Based on the available information and our inspection, there do not appear to be any easements, encroachments, or restrictions that would negatively impact the value of the property. However, due to the lack of comprehensive documentation and as this analysis falls outside the scope of our expertise, we cannot confirm the absence of such issues. Our valuation assumes that there are no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject property has a clear and marketable title.
Subsurface Improvements	Over and above the underlying raw land value, the subject parcel has incurred approximately **$1.0 million** in site preparation and entitlement expenditures, reflecting substantial investment in design, demolition, environmental remediation, and infrastructure planning. These costs effectively convert the property from a raw tract into a development-ready assisted living and memory care site, and are therefore capitalized as part of the vacant-land valuation. A detailed analysis of how these expenditures enhance the land’s value—along with a breakdown of unit-embedded land costs—will be presented in a subsequent section of this report.
Conclusion	In conclusion, the subject site presents as a clean, developable site with no atypical physical or regulatory constraints. No signs of contamination or ground instability have been reported—though we recommend formal environmental and geotechnical reports to fully validate these findings. There were no observable easements, encroachments, or title restrictions that would impair value or use, and the site lies outside any seismic hazard zones. Subject to the satisfactory completion of specialized environmental, soils, and title due diligence, the property appears well suited to support the proposed improvements without significant unexpected costs or delays.

Description of the Improvements

Property Overview and Development Context
The Titusville Assisted Living and Memory Care Facility is a six-story, 100-unit high-end senior housing community currently in the pre-development stage. Located along South Washington Avenue in Titusville, Florida, the subject is positioned within a transforming corridor that blends mature residential enclaves with commercial services. It benefits from strong neighborhood connectivity and scenic appeal, enhanced by proximity to the La Cita Golf & Country Club, the Intracoastal Waterway, and the US-1 commercial corridor. This unique combination makes it highly suited for a lifestyle-oriented senior living product.

The subject is part of a broader master-planned, mixed-use development that spans three distinct phases. Each phase contributes a critical component to the site's overall activation and economic sustainability:

Phase I: Multifamily Apartments

This component comprises a 240-unit, mid-rise multifamily complex. The units are spread across four stories with elevators and structured parking, offering luxury-level finishes and amenities such as a pool, fitness center, and rooftop lounge. This residential density ensures a consistent base of nearby working-age adults and retirees who contribute to the vitality of the overall development. Notably, this phase introduces critical infrastructure, landscaping, and circulation patterns that support the subsequent phases.

Phase II: Cambria Suites Hotel

As described in Titusville Hotel, this phase includes an upscale, 153-key Cambria Suites hotel situated on the most prominent parcel of the site. It is envisioned to capture Space Coast tourism related to the Kennedy Space Center and Cape Canaveral, offering rooftop event space, waterfront views, and an on-site restaurant. The hotel complements the senior living community by enhancing visibility, increasing foot traffic, and providing on-site hospitality services that can potentially be leveraged for visiting families of residents.

Phase III: Assisted Living and Memory Care (Subject Property)

The subject represents the final and perhaps most enduring phase of the development. It will feature 100 luxury suites across six stories, a rooftop deck with panoramic views, multiple dining venues, specialized wellness spaces, and a resident-focused activity program. In addition to these in-house amenities, an outparcel adjacent to the main building is planned for a leased restaurant . This outparcel will generate non-operating rental income and contribute to the community's lifestyle programming. Importantly, this third phase benefits directly from the brand equity, shared infrastructure, and built-in audience created by the two earlier phases.

The success of the subject is intrinsically tied to the timely execution of Phases I and II. The multifamily apartments provide local workforce housing and a pipeline of prospective downsizers who may transition to assisted living over time. Meanwhile, the hotel attracts tourism and offers accommodations for out-of-town family members, bolstering visitation frequency.

Together, these components form a mixed-use ecosystem that amplifies visibility, activates the site seven days a week, and supports the elevated service offering that the high-end assisted living and memory care facility aspires to deliver.

In sum, the subject's positioning within this larger development enhances its absorption potential, operating stability, and long-term marketability. The mixed-use phasing strategy ensures the community is not only integrated into the fabric of Titusville but also benefits from shared amenities, infrastructure, and destination-driven foot traffic.

The following illustrates the parcel map:

Tax Parcel Map

Overall Building Layout and Structure

The proposed facility comprises four stories totaling 106,049 square feet of gross building area. The structure is designed to accommodate 100 high-end assisted living and memory care units, configured across varying floorplans that reflect both clinical considerations and resident lifestyle preferences. The design incorporates generous unit sizes, expansive amenity areas, and circulation space to create a luxurious and operationally efficient environment. Structural systems and layouts support accessibility and modern building code compliance, with elevator cores, vertical circulation shafts, and service corridors appropriately distributed.

Unit Mix and Layout

The unit mix reflects a thoughtful allocation between assisted living and memory care, with five distinct unit types ranging from 339 to 867 square feet. The final layout includes:

- 30 units (30%) of Type 1 (339 SF) and Type 1 MC
- 28 units (28%) of Type 2 (412 SF) and Type 2 MC
- 5 units (5%) of Type 2E (416 SF) and Type 2 MC-E
- 26 units (26%) of Type 3 (678 SF)
- 11 units (11%) of Type 4 (867 SF)

Of the total, 25 units are designated for memory care residents (located on the second floor), with the balance allocated to assisted living residents across the second through fourth floors. Notably, the second floor is bifurcated into a dedicated 20-unit memory care wing and a smaller assisted living section. This separation enables secure care delivery for higher-acuity residents while maintaining operational integration across the building.

Amenity and Common Areas

Resident quality of life is prioritized through an expansive amenity package distributed across all levels. Amenity spaces include multiple indoor lounges and social rooms, dining venues, fitness and wellness spaces, and a 5,000-square-foot rooftop observation deck that capitalizes on the site's location near the Kennedy Space Center. Outdoor features such as covered patios and landscaped seating zones offer residents fresh-air environments. The first floor also includes a porte-cochère and covered outdoor dining space, contributing to both aesthetic and functional appeal.

These offerings exceed typical standards in assisted living and memory care design, enabling the subject to command premium rents while enhancing resident satisfaction and family engagement.

Circulation, Mechanical, and Service Areas
Supporting infrastructure includes hallways, vertical cores (elevator and stair), mechanical/electrical rooms, and back-of-house service areas. While exact allocations for these spaces are still being finalized, the floor plate breakdown clearly allows for efficient staff workflows, privacy in service delivery, and compliance with Florida's AL/MC licensing standards.

Site Integration and Phasing Context
The subject represents Phase I of a three-phase master-planned development that will ultimately include a multifamily component and a hotel—both of which will provide critical foot traffic, complementary amenities, and shared infrastructure. An outparcel is also planned to include a restaurant, which is anticipated to be leased out on a triple-net basis, producing a fixed income stream and enhancing the overall draw of the site.

The integration with the future hotel and multifamily components is expected to generate operating synergies and bolster market positioning. For instance, family members visiting from out of town will benefit from on-site lodging, while the restaurant and shared programming can foster community interaction. The subject's successful lease-up and long-term competitiveness will be materially supported by the full realization of this destination-style development.

Management
The proposed Titusville Assisted Living and Memory Care facility will benefit significantly from the seasoned operational expertise backing its development and planned operations. The leadership team behind this project includes senior living professionals with decades of experience managing and optimizing high-end senior housing assets across Florida and the broader U.S. Their combined backgrounds encompass executive-level roles at regional and national operators, overseeing properties ranging from 81 to over 350 units and spanning Independent Living, Assisted Living, Memory Care, and Active Adult communities. Specific accomplishments include launching new communities from predevelopment through stabilized lease-up, managing full-service campuses with diverse care levels, and implementing operational initiatives to increase occupancy, profitability, and resident satisfaction.

This leadership has successfully guided the opening and stabilization of numerous senior living communities, often exceeding 90% occupancy within the first year and achieving above-average margins, even in competitive markets. Their experience spans both for-profit and mission-driven organizations and includes roles such as Vice President of Operations, Executive Director, and Campus Administrator. They have repeatedly demonstrated success in integrating hospitality-focused services with healthcare compliance, building and retaining high-performing teams, and ensuring strong financial outcomes. This operational foundation ensures that the subject facility will not only launch with best practices in place but will also have the leadership resilience to adapt and excel as market conditions evolve.

Special Property Considerations

ADA
Based on the information provided, we are not aware of any areas of non-compliance with the Americans with Disabilities Act (ADA) for the subject property. However, our review is limited to the general condition of the property and does not include a detailed compliance assessment. ADA compliance requires specialized knowledge and may involve areas not immediately visible or accessible during a standard inspection. As such, we recommend that a qualified professional conduct a thorough review to assess the property's compliance with ADA requirements. Please note that any potential ADA non-compliance issues have not been considered in forming our opinion of value for the property. We disclaim any responsibility for identifying or evaluating ADA compliance beyond the scope of this assignment.

Hazardous Substances
An environmental assessment report was not provided for review, and addressing potential environmental concerns is beyond the scope of our expertise. During our inspection of the property, no

hazardous substances or conditions were observed; however, we are not qualified to detect or identify such substances. We make no representations or warranties regarding the presence of hazardous materials, including but not limited to asbestos, lead, mold, or other environmental hazards, on or near the subject property. Unless otherwise stated, we assume that no hazardous conditions exist. Should there be any concerns regarding environmental hazards, we recommend that a qualified environmental professional be consulted for further investigation.

Concealed Faults

We assume that no concealed faults or structural defects will exist on the subject property. All structural components are considered to be in working order unless otherwise noted in this report. However, our inspection was visual in nature and not intended to uncover hidden or latent structural issues. We are not qualified structural or mechanical engineers, and as such, any potential concerns regarding the structural integrity of the property fall outside the scope of our assignment. If there are concerns related to the property's structural or mechanical systems, we strongly recommend that a licensed engineer or specialist be consulted for a more detailed assessment. We disclaim responsibility for any defects or issues not apparent during our inspection.

Taxes and Assessments

Brevard County Taxation

Commercial parcels in Titusville are appraised annually by the Brevard County Property Appraiser's Office, which determines each site's just (or market) value as of January 1 and then applies the constitutional assessment differential—limited to a maximum 10% annual increase for non-homestead property—to establish the assessed value. No homestead exemption applies to commercial uses, so taxable value generally equals assessed value less any specific classifications (e.g., historic, agricultural) or statutory exemptions granted by March 1 of the assessment year.

Each spring and summer, the appraiser certifies estimated taxable values to local taxing authorities (cities, county, school board, water management districts, special districts) by June 1, and then formally certifies the final tax roll by July 1 to begin the Truth in Millage (TRIM) process. TRIM notices are mailed by August 25, providing property owners with their taxable value, proposed budgets, rolled-back and proposed millage rates, and public-hearing schedules. Owners may request informal conferences or file petitions with the Value Adjustment Board within 25 days of the notice if they wish to contest their assessment.

In early fall, each taxing authority holds public hearings to adopt final millage rates, capped by the rates published on the TRIM notice. The Tax Collector then applies those final millage rates to the taxable value to calculate the ad valorem tax owed. Brevard County's Board of County Commissioners levied an operating rate of 2.9207 mills for FY 2024-25, and the City of Titusville adopted a municipal rate of 6.5817 mills for the same period. Non-ad valorem assessments (e.g., fire control MSTUs, stormwater, solid waste) appear on the same bill.

Tax notices are mailed on or about November 1, with a 4% discount for payments postmarked within 30 days, 3% in December, 2% in January, 1% in February, and no discount in March; payments become delinquent on April 1 with a mandatory 3% penalty. If taxes remain unpaid by the Tax Certificate Sale, interest and fees accrue and a tax certificate lien may be sold against the property. This framework ensures commercial property in Titusville is assessed and taxed in a transparent, standardized manner, with clear opportunities for appeal and early-payment incentives.

Tax Projection

Our estimate of the subject's opening-year property tax expense begins with a review of recent commercial assessments for similarly situated assisted living and memory care projects within Brevard County. We compiled the certified assessed values and corresponding millage rates for three Class A apartment communities, deriving an average effective tax rate as a%age of total market value. Applying this blended rate to our subject's estimated as-complete market value yields a first-order tax liability that aligns with the county's assessment practices and ensures consistency with local precedents.

In parallel, we refined that high-level projection by analyzing actual tax bills on a "per available unit" basis for the same comparables. By dividing each community's annual tax cost by its number of rentable units, we obtained a unit-level tax metric (e.g., ~$4,000 per unit). Multiplying this figure by the subject's 100 units captures the nuances of local assessment differentials, special district levies, and common-area load factors in a manner that fully reflects the property's assisted living and memory care character. This per-unit methodology provides a granular perspective on tax exposure—particularly useful for investors focused on stabilized cash flow.

A full reconciliation of these two approaches—and the final adopted tax expense assumption—appears in the Income Capitalization section of this report, where we incorporate the selected tax liability into our net operating income forecast and overall valuation conclusion.

U.S. Seniors Housing Market Analysis

Executive Summary

This section provides a comprehensive overview of the U.S. senior housing market over the past decade, with a focus on assisted living and the broader senior living sector. It is written in a narrative format appropriate for a formal appraisal report. National trends are examined alongside regional insights for the Southeast U.S. and Titusville, Florida (Brevard County). The analysis covers independent living (IL), assisted living (AL), memory care, and skilled nursing facilities (SNFs) as relevant to the senior housing continuum. It discusses occupancy patterns, rental rates, development pipelines, investment activity, capitalization rates, demographics, investor sentiment, regulatory factors, and other economic drivers from 2015 through 2025, incorporating the latest available data and projections. Tables and figures are included to summarize key metrics over time for clarity and reference.

Demographic Drivers of Demand

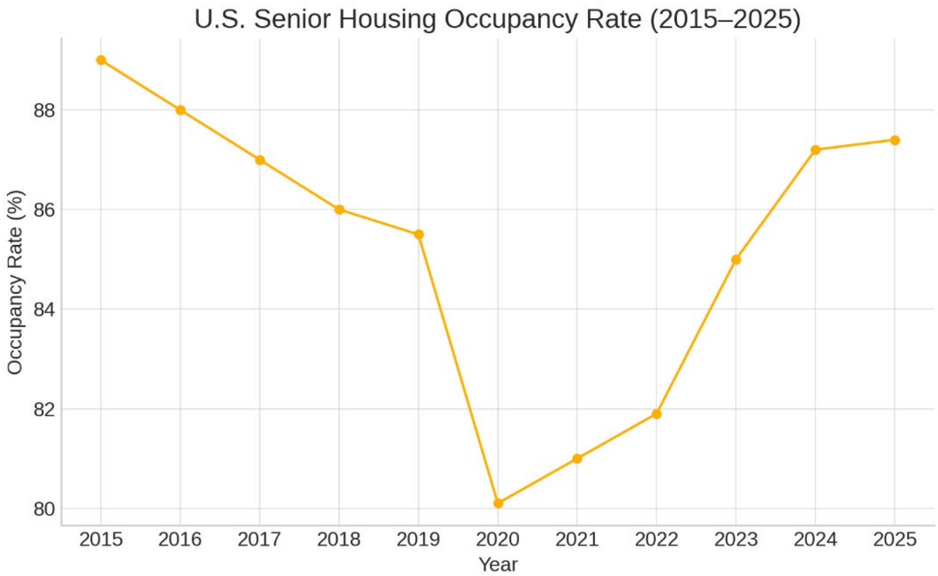
A powerful demographic "age wave" underpins the senior housing market. The U.S. population of older adults has grown significantly in the past decade and is poised to accelerate as the baby boomer generation ages. Notably, the 80+ age cohort – the primary age group driving demand for assisted living and higher-acuity senior housing – is entering a period of rapid growth. The first baby boomers turn 80 in 2025, marking the start of a steep expansion in this age segment. By some estimates, the 80-plus population will grow roughly 36% over the next ten years, translating to an additional ~1.75 million Americans age 80+ by 2025 and over 6 million by 2030. This equates to annual growth rates for the 80+ cohort accelerating to around 3.5–4.0% later this decade, more than double the ~1.8% annual growth seen in the 2010s.

Such demographic trends create a significant tailwind for senior housing demand. An aging population, longer life expectancies, and a rise in "solo agers" (older adults without nearby family caregivers) are expected to continue driving seniors to seek housing with care services. Indeed, industry analysts note that "older adults are moving into senior housing in record numbers" as the large baby boomer cohort ages into typical senior living residency years. The 65+ population now comprises about 17% of the U.S. population, and in retiree destination states like Florida it is over 20%. Florida's demographics are especially notable: the state's median age (42.4) and high senior share (about 21% aged 65 or older) reflect a strong base of potential residents for senior housing. Brevard County (Titusville), in particular, has long been a popular retirement area and continues to see growth in its senior population, mirroring Florida's broader trends. This growing pool of elderly residents underpins robust demand for all types of senior housing – from independent living apartments for active retirees, to assisted living and memory care for those needing daily support, and skilled nursing facilities for those requiring 24-hour medical care.

National Occupancy Trends (2015–2025)

Pre-Pandemic Cycle (2015–2019)

In the mid-2010s, U.S. senior housing enjoyed strong occupancy rates around historic highs. Occupancy in professionally managed senior housing (including IL and AL) hovered near 90% in 2014–2015, a peak for that cycle. However, as new development picked up, occupancy trended down modestly in the latter half of the decade. From 2016 through 2019, the industry added an average of ~29,000 units of senior housing inventory per year, while absorption (net move-ins) averaged only ~19,000 units – a supply-demand imbalance that gradually eroded occupancy rates. As a result, the all-sector senior housing occupancy fell from roughly 89% in 2015 to just under 86% by the end of 2019. By mid-2019, occupancy in the primary 31 markets had dipped to an eight-year low of about 87.8% (and assisted living occupancy specifically had declined more steeply to ~85% by late 2019, reflecting heavier new supply in AL). In short, the late 2010s saw occupancy softening a few%age points off cycle highs due to robust construction outpacing demand growth. Importantly, despite these occupancy headwinds, rent revenues still grew steadily pre-2020 (as discussed in a later section), and the sector was considered fundamentally stable entering 2020.



Pandemic Impact (2020–2021)
The COVID-19 pandemic delivered an unprecedented shock to senior housing performance. Occupancy plummeted in 2020 as move-ins slowed and many communities saw elevated move-outs due to health concerns and mortality. National senior housing occupancy dropped from around 87% in early 2020 to a low of approximately 80% by late 2020, the lowest level on record. The NIC reported an overall occupancy trough of 80.1% in 2020 – roughly 10%age points below pre-pandemic levels. Assisted living and memory care properties, which care for frailer residents, were particularly hard-hit initially, as families deferred moves and communities restricted admissions during COVID outbreaks. Skilled nursing facilities experienced an even sharper decline, with nationwide SNF occupancy dropping from roughly 85% pre-COVID to around 74–75% at the 2020 trough as hospitals halted elective surgeries and regulators paused SNF admissions. This period marked the most significant occupancy decline in the sector's history.

By early 2021, occupancy bottomed out and the market began a slow recovery. The senior housing all-occupancy rate hit its nadir around 1Q 2021 at ~75–78% in primary markets. Thereafter, as vaccines became available and move-in moratoriums lifted, demand rebounded. Occupancy started rising in mid-2021 and continued a consistent upward climb through 2022 and 2023. Over the 11 quarters from 2Q 2021 to 4Q 2023, occupancy increased every quarter. By 1Q 2022, senior housing occupancy had recovered to about 79–80%, and by 4Q 2022 it reached 81.9%, the highest since early 2020. Notably, needs-driven segments led the recovery: assisted living and memory care communities saw the strongest absorption gains in late 2021 and 2022, as many older adults who had deferred care during the pandemic finally moved in.

In 4Q 2022 alone, AL and memory care combined net leased roughly 6,400 units, accounting for 59% of all senior housing absorption that quarter. Memory care occupancy rose particularly fast – jumping 1.8%age points in late 2022 – reflecting renewed demand for specialized dementia care. Independent living (which serves a more independent, amenity-seeking senior) recovered more gradually, with IL occupancy improving at a steadier pace (IL residents were somewhat more able to delay moves during COVID). Still, by late 2022 IL occupancy was on an upward trajectory alongside AL. Meanwhile, skilled nursing occupancy also bounced back from its lows. By the end of 2022, SNF census had recovered to roughly 79.8% (up from ~74% in 2020). This represented the largest quarterly SNF census increase since 2021, though SNF occupancy remained a few points below its pre-COVID norm (mid-80s) and continued to face unique pandemic-related challenges.

Recovery and Expansion (2022–2025)
The period 2022 through 2024 saw sustained demand momentum and an accelerated recovery in occupancy. Pent-up demand – especially for assisted living and memory care, which are often needs-driven – resulted in record absorption levels. Indeed, NIC data show that 10 of the 12 quarters through mid-2024 saw all-time high absorption volumes as communities refilled units vacated during the pandemic. By mid-2023, roughly 78% of the units that had been vacated during the pandemic were re-occupied. The all-sector occupancy rate pushed upward into the mid-80s by 2023. According to NIC,

overall senior housing occupancy (primary markets) reached 85.9% in 2Q 2024, marking the 12th consecutive quarter of gains. By 4Q 2024, occupancy hit 87.2%, finally surpassing pre-pandemic levels and setting a new high in the number of occupied units (618,000 units occupied in primary markets). Industry observers noted that the sector could effectively “put the ‘pandemic recovery’ language behind us and move on” as occupancy neared full recovery by late 2024.

The table below summarizes the national occupancy trend over the past ten years, illustrating the cycle peak in the mid-2010s, the pandemic trough in 2020–2021, and the rebound through 2025.

Year (End)	Occupancy Rate (All Senior Housing)	Notable Context
2015	~89%	Cycle peak; strong post-recession demand, limited new supply.
2019	~85–86%	Pre-pandemic late-cycle dip due to heavy new construction (occupancy down from 2015 peak).
2020	80.10%	Pandemic impact – occupancy falls to record low (move-in moratoriums, high move-outs).
2021	~81% (est.)	Stabilizing after Q1 2021 trough (~75–78%); modest recovery begins in 2H 2021.
2022	81.90%	Recovery underway – highest occupancy since early 2020 by Q4 2022. Strong needs-based demand (AL/MC leading).
2023	~85% (est.)	Accelerated recovery – occupancy mid-80s by late 2023 as move-ins surge (nearly 12 quarters of gains).
2024	87.20%	Full recovery – Q4 2024 occupancy surpasses pre-COVID level (87.2% in primary markets). Record-high occupied units.
2025 (*Q1*)	87.40%	Continued growth – occupancy up to 87.4% in Q1 2025. Forecasts project ~88–89% by end of 2025.

Sources: NIC MAP Vision, NIC press releases, and industry reports

As shown above, the national senior housing occupancy average is now back in the upper-80s (%) range after falling into the 70s at the height of the pandemic. By early 2025, occupancy in primary markets stood at 87.4% and rising. This is slightly above the 15-year historical average occupancy of ~87.1% and on track to meet or exceed the last cycle’s highs in the coming years. In fact, industry analysts forecast occupancy to reach around 88% in 2025 and about 88.5% in 2026, which would put it above long-term averages and close to the 2014 peak (~90%). NIC anticipates occupancy will surpass 90% by the end of 2026, a level achieved only a handful of times in the past. If these projections hold, the sector will enter a new expansionary phase characterized by very high occupancy – a sharp turnaround from the oversupply-driven dip of the late 2010s and the pandemic downturn of 2020.

Product Type Performance

Within the senior housing sector, independent living (IL) generally maintained higher occupancy than assisted living (AL) through the cycle, though both followed similar directional trends. Pre-2020, IL occupancy was typically a few points higher than AL as IL faced slightly less intense new supply in some markets. During the pandemic, IL occupancy initially held up better than AL (since IL residents are more independent, some delayed moves voluntarily), but AL’s needs-based demand led to a faster rebound post-2020. By late 2024, NIC data showed AL occupancy at 85.7% and IL at 88.6%. Notably, by 4Q 2024 assisted living had fully recovered its pandemic losses (AL occupancy then slightly exceeded its pre-COVID level), whereas IL remained just one%age point below its pre-pandemic rate. In other words, AL overtook IL in terms of recovery progress by late 2024, reflecting the urgency of care-driven move-ins. Both segments are now very close to their prior occupancy norms.

Meanwhile, memory care, often operated as a component of AL communities or as standalone facilities, experienced a volatile ride: memory care occupancy was especially hard-hit in 2020 (many memory care units went vacant as families avoided moving loved ones with dementia during lockdowns), but it saw outsized growth during the recovery. For instance, in 2022 memory care occupancy jumped ~180 basis points in one quarter – the largest gain of any segment – ending 2022 just over 81% occupied on average. By 2024, memory care occupancy has continued to improve alongside AL.

It is likely approaching mid-80s in many markets, although it can vary widely market-to-market due to the small sample sizes and historically higher development activity in this segment. Finally, skilled nursing facilities (SNFs) remain a tale of partial recovery. After the steep pandemic census losses, SNF occupancy has inched back upward, hovering around 81–84% by late 2024 (up from ~75% lows). According to Medicare data, national SNF occupancy hit 84% by October 2024. This is close to the pre-COVID SNF average of ~85%, but staffing constraints in many regions have prevented some nursing homes from filling all beds. In Florida, for example, regulatory filings indicated Brevard County’s SNF occupancy was around 88.7% in late 2020 (though this may partly reflect licensed-bed math and temporary closures). Overall, SNF occupancy is on a positive trajectory, but the sector still faces unique challenges (elaborated in a later section) that have kept occupancy slightly below potential in some areas.

Regional Occupancy Variations

National occupancy figures mask regional and metro-level differences. Generally, the Sun Belt and Southeast markets have seen strong demand but also significant new supply, leading to some variation within the region. Florida markets are illustrative: By the end of 2024, Tampa, FL posted one of the highest occupancies in the nation at 89.8% (nearly 90% full). Tampa's high occupancy reflects robust retiree in-migration and fairly disciplined development in that market. In contrast, Miami, FL's occupancy was 84.7% as of early 2025 – among the lower tiers of the primary markets. Miami's relatively lower occupancy (despite strong demand demographics) suggests that higher recent construction and perhaps pandemic after-effects (e.g. international travel restrictions delaying some moves, or competition from new active adult communities) have created a more competitive environment there. Likewise, Atlanta, GA had one of the lowest occupancies at ~83–84%, a result of aggressive development in the late 2010s that overshot demand, combined with pandemic disruptions. Houston, TX and Las Vegas, NV have also consistently ranked among the bottom occupancy markets (around 83–84%). On the flip side, Boston and Baltimore – markets with high barriers to new development – were above 90% occupied by Q4 2024, topping the nation. These examples underscore that markets with limited new supply (often due to regulatory or cost barriers) have maintained very high occupancies, whereas markets that saw a lot of new construction (e.g. certain Sun Belt metros) tend to show lower current occupancy, though even these have improved significantly from pandemic lows. It is worth noting that as of Q1 2025, all of NIC's 31 primary markets were above 80% occupied – even the lowest markets improved and none are in the severe distress range. In fact, for the first time since 2019, four primary markets surpassed the 90% occupancy threshold in early 2025. In summary, while regional differences exist (with Florida's markets generally performing well, aside from pockets like Miami, and the Southeast overall seeing rapid occupancy growth), the recovery has been broad-based across the country. The Southeast region as a whole actually led in occupancy growth in late 2022, buoyed by strong absorption in Florida communities. By 2025, many Southeast markets are nearing full occupancy, which bodes well for properties in Brevard County and surrounding areas as they can benefit from the overall high demand in Florida.

Rent and Revenue Trends

Rental rate growth in the senior housing sector has been another critical trend, particularly as operators balance occupancy recovery with rising costs. Over the past decade, annual rent growth for senior housing averaged roughly 2.5–3.0%, but it has fluctuated with economic conditions. In the mid-2010s, rent increases were modest (industry-wide rent growth hit a low of 1.6% in 2013 during a period of slow inflation). As the economy strengthened, rent growth ticked up to around 3% annually from 2015 through 2019. During that pre-pandemic span, despite occupancy softening, operators were still able to implement steady rent bumps – rent growth averaged about 3.0% per year even as occupancy dipped a few points from 2015 to 2019. This indicates that demand was sufficient to support inflationary rent increases, and perhaps operators were pushing rents to offset rising labor and operating costs in those years.

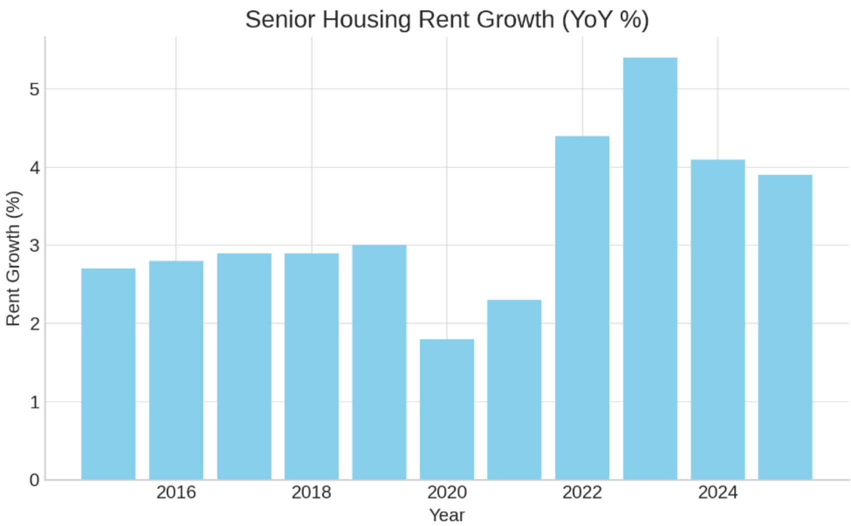
Pandemic Period

In 2020, many senior living providers limited rent increases or offered concessions in an effort to attract hesitant residents and stabilize occupancies. Consequently, rent growth decelerated sharply in 2020 to around 1.8% – one of the lowest on record (the second-lowest since 2012). Some operators froze rents temporarily during the height of COVID-19 to avoid additional move-outs. However, this trend reversed quickly by 2021–2022. As occupancy began recovering and inflation in the broader economy surged, senior housing operators found they had to increase rates more aggressively to cover rising expenses (especially labor, PPE, and insurance costs). By late 2021 into 2022, annual rent growth accelerated to multi-year highs. NIC data show that 2022 saw the fastest rent growth in over a decade: asking rents increased about 4.4–5.2% year-over-year in 2022 depending on segment. Assisted living led with a 5.2% annual rent increase in 2022, followed by memory care at 4.5% and independent living at 4.4%. These gains in 2022 represented the highest annual rent growth recorded in NIC's data series (which spans 13+ years) at that time. The combination of rebounding occupancy and a high-inflation environment (recall U.S. CPI was over 7% in 2021–2022) enabled operators to implement larger rent hikes than historically seen.

Recent Rent Growth and 2023–2024 Trends

Rent growth peaked in 2023. Industry surveys indicate 2023 saw an average rent increase of roughly 5.4%, the highest in at least 15 years. By mid-2023, many operators had passed through substantial rate hikes to counteract higher wage and utility costs. In fact, asking rates hit their all-time high growth rates around mid-2023, before beginning to moderate slightly. In the second half of 2023 and into 2024, rent growth decelerated, though remained above historical norms.

By 4Q 2024, year-over-year rent growth was 4.1% overall (4.0% for IL and 4.3% for AL). This was a step down from the mid-5% growth seen earlier in 2023, but still higher than the pre-pandemic average growth rate. Moving into 2025, Q1 2025 rent growth measured 3.9% year-over-year, marking the first time since early 2022 that rent growth dipped below 4%. This suggests rent increases are normalizing as occupancy approaches equilibrium and general inflation cools. Industry experts note that while rent growth has come off the peak, it "remains above historical averages" and is expected to stay somewhat elevated in the near term. The consensus forecast (Urban Land Institute survey) calls for annual rental rate growth around 5.0% in 2024 and 2025, then ~5.3% in 2026, all of which are well above the 15-year average of 2.9%. In other words, the investment community anticipates that strong pricing power will persist in the next couple of years, given the combination of high demand and rising operating costs. Notably, none of the investors in a recent survey expect rents to decline in the coming year; over half expect continued rent increases in the 3–7% range annually.



The ability to raise rents has been crucial for senior housing operators' financial performance, especially in light of significant expense inflation (addressed further below). Many communities have implemented mid-year rate adjustments and higher annual lease renewal increases than in the past. Even so, rent growth has not fully kept pace with expense growth in some cases (e.g. labor costs up ~8–10% in some years versus rents up ~5%), putting pressure on margins. This dynamic underscores why sustaining above-average rent increases has been a focus for operators and investors.

Rent Levels

In absolute terms, senior housing is an expensive housing option, reflecting the bundled hospitality and care services. Nationally, as of 2025, the median monthly cost for a private one-bedroom assisted living unit is about $5,700 (roughly $68,000 per year). Independent living units (which offer less care) typically have lower monthly rents, while memory care (specialized dementia care) often commands a premium due to higher staffing ratios. For instance, memory care monthly rates can be 20%+ above standard AL in many markets. Skilled nursing facilities, which are often paid via Medicaid/Medicare, have even higher costs – a private SNF room averages around $9,000 per month nationally. In Florida, assisted living tends to be slightly more affordable than the national median, despite the high demand, due in part to a lower cost of living and lack of state income tax. Genworth's annual Cost of Care survey reported in 2024 that the average cost of assisted living in Florida is about $4,750 per month. Other sources similarly put Florida's 2023 AL average around $4,500 per month. Thus, Florida's assisted living rates are perhaps 10–15% below the U.S. median. Brevard County (Space Coast) falls in line with Florida norms; assisted living communities in the Titusville/Melbourne area typically charge in the mid-$4,000s per month for a one-bedroom, although newer upscale communities or memory care units can be higher. Independent living rents in Brevard might average in the $3,000–$4,000 range monthly, depending on amenities. Of course, rates can vary widely even within the county (waterfront Viera or Melbourne communities command more than older properties in inland areas).

Revenue per Available Room (RevPAR)
A key metric that combines occupancy and rate is RevPAR (or REVPOR – revenue per occupied room). This metric plunged in 2020–2021 as occupancy fell and many operators limited rent increases. But with the double tailwind of rising occupancy and robust rent growth post-2021, RevPAR has strongly improved. By late 2024, senior housing revenue per available unit had essentially recovered to pre-pandemic levels, if not exceeded them in many markets, given the higher rates. According to NIC, as of Q4 2024, the combination of ~87% occupancy and 4%+ rent growth produced very healthy top-line growth for operators. While detailed RevPAR figures are proprietary, one can infer that RevPAR growth in 2022–2023 was on the order of 8–10% annually (roughly 4–5% occupancy gain plus 4–5% rent growth), an exceptionally rapid rebound. This bodes well for property revenues heading into 2025, although some of that growth is tapering as occupancy gains moderate and rent growth trends back toward normal.

In summary, the past decade saw senior housing rents rise modestly in mid-2010s, slow in 2020, then surge to record growth in 2022–2023, and finally temper to a still-above-inflation pace by 2024–2025. Rent increases have been slightly higher for assisted living and memory care of late (as these segments face higher service costs), but independent living and active adult communities (age-restricted apartments) have also enjoyed strong rent growth in the current high-demand environment. Looking forward, investors generally expect the sector to maintain solid rent growth (~3–5% annually) over the next few years, especially if occupancy remains on an upswing and new supply stays limited.

Supply and Development Pipeline

Trends in new construction are critical in understanding the senior housing market balance. The past 10 years have seen swings in development activity, from a construction boom in the late 2010s to a significant pullback by the mid-2020s.

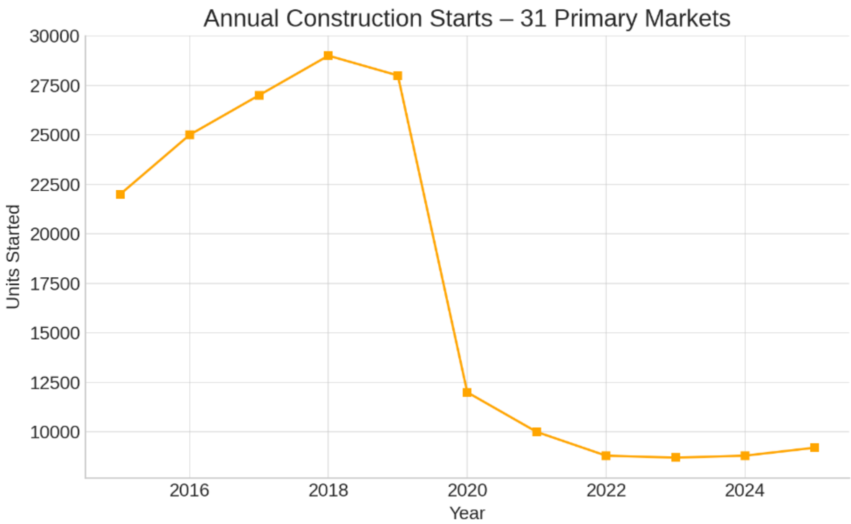
2015–2019 Construction Boom
Following the Great Recession, developers responded to improving market fundamentals and favorable financing by ramping up senior housing construction. By the mid-2010s, construction starts hit their highest levels in over a decade. As noted, from 2016–2019 the industry was adding nearly 30,000 units per year nationally (across IL, AL, and memory care). In 2019, senior housing inventory growth reached about 3.8% year-over-year in primary markets – well above the growth of the target senior population, meaning new supply was outpacing demand. Many markets in the Southeast experienced a wave of development during this time. For example, NIC's Construction Trends report in 2018–2019 showed substantial pipelines in metro areas like Atlanta, Dallas, Miami, and Orlando. This surge led to the occupancy softening discussed earlier. By 2019, concerns of "oversupply" were prevalent in the industry press, particularly for assisted living and memory care. Developers targeted Sun Belt states (Florida, Texas, Arizona, Georgia, etc.) where demographic growth and land availability made new projects attractive, as well as urban infill projects in high-income Northeast and West Coast markets. Florida saw numerous new communities built in the second half of the 2010s – including large campus-style senior living communities and stand-alone memory care facilities. Indeed, Florida's senior housing inventory grew rapidly pre-2020, with metros like Orlando and Miami each adding thousands of units. This increased competition likely contributed to Miami's occupancy challenges noted above. In Brevard County, a handful of new assisted living/memory care communities opened around 2016–2019 (for instance, facilities in Melbourne and Viera), expanding local supply.

Pandemic Disruption
The onset of COVID-19 in 2020 abruptly disrupted construction. Projects under way in early 2020 faced delays due to lockdowns, labor shortages, and materials cost spikes. More significantly, the uncertainty and occupancy decline caused many planned projects to be put on hold or canceled. Construction starts fell sharply in 2020 and 2021 compared to prior years. By 2021, annual new unit deliveries had dropped substantially – in 4Q 2021, completions were at their lowest quarterly level in roughly a decade. Many developers shifted focus from new ground-up projects to acquiring distressed properties or reinvesting in existing assets during this period.

NIC data illustrates this downturn: seniors housing deliveries fell to about 3,663 units in 4Q 2022, the lowest quarterly additions since 2011. Annual inventory growth in 2022 was only 2.4%, an eight-year low. Completions in 2023 were even lower – NIC reported just under 8,800 units added in all of 2023 across primary markets, which was slightly below 2022's additions. This is a stark contrast to the ~20k+ units added annually pre-2020. The slowdown in new supply was attributed to several factors: the drop in occupancy (making financing harder), skyrocketing construction costs (materials and labor inflation reaching double digits), and more expensive capital (interest rates began rising in 2022). Developers found it difficult to "pencil out" new projects given higher costs of capital and construction, as well as uncertainty about lease-up pace post-pandemic. As NIC's CEO Arick Morton noted in late 2024, "new construction deals are difficult to pencil today because of the volatility of the cost of capital… and skyrocketing development costs." Until financing conditions improve, "we will not see the needle move on development activity" despite the obvious long-term need for more supply.

Current Pipeline (2024–2025)

By the end of 2024, the construction pipeline had contracted to historically low levels. In 4Q 2024, there were fewer than 22,000 units under construction in primary markets, the smallest pipeline since 2013. For perspective, back in late 2017 the number of units in construction in primary markets was often 30,000–35,000 or more. Additionally, new construction starts in Q1 2025 fell to just 1,076 units (across the 31 primary markets), which NIC noted is the lowest quarterly start figure since at least 2Q 2009. These data points underscore how dramatically development has pulled back – effectively a construction trough is occurring now. Figure 1 illustrates the collapse in new supply: according to NIC, only ~8.8k units were delivered in 2024 and a similar ~8k in 2023, versus ~16k in 2019 and ~20k in 2018 (for primary markets).

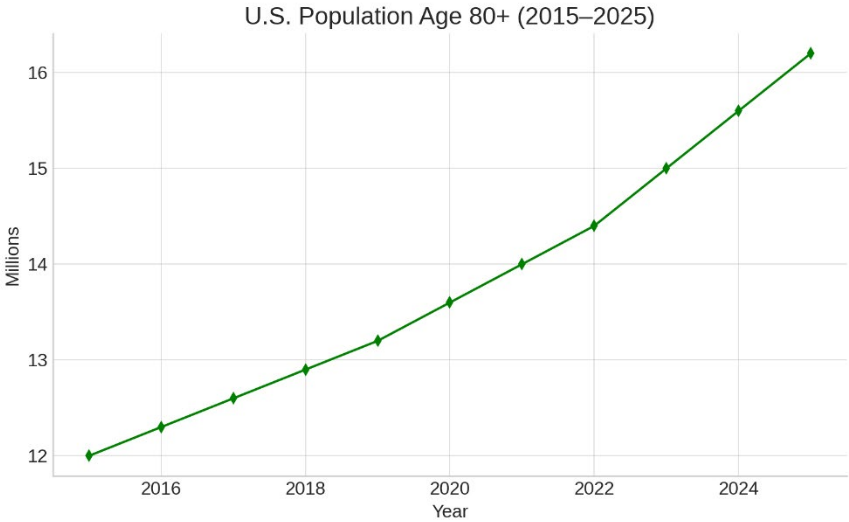


Developers and investors are very cognizant of this diminished pipeline. On one hand, it raises concern that too little new supply is being built to meet the coming wave of demand. CBRE analysts project the sector will need to add roughly 250,000 units by 2026 to meet rising demand from the aging population. At the current construction pace (barely ~10k units/year nationally), supply will fall far short of that target. This suggests that if capital becomes more available, a new building boom could eventually occur to catch up. On the other hand, the near-term limited supply is contributing to the rapid occupancy gains and rent growth the industry is now enjoying – essentially a tight supply situation. In economics terms, demand is outstripping new supply, driving up occupancy. NIC expects that with "limited new supply combined with strong demand," occupancy will continue to rise in coming quarters.

Outlook for Development

Most experts foresee new construction remaining muted through 2025 due to high interest rates and construction costs. However, by 2026–2027, if debt costs stabilize or decline, there could be a resurgence of development activity. The demographic imperative (the aging boomers) virtually guarantees a need for more senior housing capacity in the medium term. In Florida and the Southeast, in particular, one can expect developers will ramp up projects in high-growth retiree markets as soon as financial conditions allow. Florida has historically been a very active development market (no Certificate of Need required for assisted living, relatively business-friendly regulations, and strong demand). We may well see a new wave of senior living communities planned for Florida's Space Coast, Treasure Coast, and other high-growth corridors later in the decade. Indeed, local comprehensive plans in Brevard County already emphasize the need for senior housing to accommodate the growing older population. In the meantime, the current dearth of new supply means existing properties face less competitive pressure, which is beneficial for occupancy and rent growth in the short run.

It is also worth noting a shift in product focus among developers: while traditional IL/AL projects slowed, some development capital pivoted to niche segments like Active Adult (55+ communities) during the 2021–2023 period. Active adult apartments (which are essentially amenity-rich, age-restricted assisted living and memory care without care services) have been a hot sector as they are cheaper to build and operate. Several active adult projects have broken ground in Florida recently, including along the Space Coast, potentially absorbing some younger-senior demand. However, these do not provide care and thus are a different product than assisted living. In the care-oriented space, developers have also looked at middle-market assisted living (more cost-effective, smaller properties) and expansions of existing campuses rather than big new stand-alone developments. Additionally, memory care saw a mini-boom of its own last cycle (with many stand-alone memory care centers built around 2016–2018, sometimes leading to oversupply of memory care in certain cities). Currently, memory care construction has picked up again slightly – NIC noted a near 800-unit surge in memory care units under construction at the end of 2022 – likely anticipating the growing incidence of Alzheimer's as the population ages. Overall, though, the volume of projects under construction remains historically low across all subtypes as of 2025.



In summary, the U.S. senior housing sector is emerging from a period of very low new supply, which followed a period of excess supply in the late 2010s. This cycle has swung from one extreme to the other. For the near term, tight supply conditions favor owners/operators, as reflected in rising occupancies. Over the longer term, a significant uptick in construction will be necessary to house the surging elderly population; the question is not if, but when, capital will begin flowing to new development at scale again.

Investment Market and Transaction Activity

Investment activity in senior housing has evolved over the past decade in tandem with the sector's performance and broader capital market conditions. Seniors housing is now regarded as a mainstream asset class by many institutional investors, but transaction volumes have fluctuated with economic cycles and, most recently, interest rate movements.

2015–2019

In the second half of the 2010s, senior housing attracted growing interest from private equity firms, real estate investment trusts (REITs), and institutional investors seeking diversification and higher yields than traditional property types. Annual transaction volume (sales of senior housing and nursing care properties) peaked around 2019 at roughly $12–13 billion nationwide. According to Real Capital Analytics data cited by Freddie Mac, total seniors housing and care sales were about $12.4 billion in 2019. The composition of buyers included large REIT acquisitions (the "big 3" healthcare REITs were very active pre-2018, though less so afterward), cross-border capital (some foreign investors, though limited), and a lot of private buyers (including private equity and regional owner-operators). By 2019, private capital accounted for the majority of acquisitions – a trend that has continued. Cap rates compressed through this period (more on cap rates in the next section), reflecting increased competition for deals and low interest rates. The average stabilized senior housing cap rate fell into the low-7% range by 2019 (Class A assets in top markets traded even below 6% in a few cases), which was historically low.

2020–2021
The pandemic caused a brief but sharp disruption in investment activity. Transaction volume fell in 2020 as many deals were put on hold; investors adopted a “wait and see” approach given operational uncertainties. Total volume in 2020 dropped to roughly half of 2019’s level (around $6 billion, per MSCI/Real Capital Analytics data). However, by late 2020 and into 2021, M&A activity picked up significantly, driven by opportunistic acquisitions and the expectation of post-pandemic recovery. 2021 was a record-setting year in many respects: low interest rates and abundant liquidity led to a surge in deal-making. In fact, Senior Housing News reported that 2021 had a record number of publicly announced acquisitions, and dollar volume nearly doubled from 2020. RCA data show around $12.3 billion in seniors housing transactions in the four quarters ending Q1 2022 – almost matching the 2019 peak. This was fueled by some large portfolio sales and joint venture transactions as well as the entrance of new investors betting on a rebound. Cap rates during 2021 remained low (despite weak trailing financials at properties) because buyers were underwriting significant NOI recovery. Many viewed 2021 deals as a chance to acquire properties below replacement cost and ride the recovery upside. For example, occupancy hit bottom in early 2021, so buyers in late 2021 were essentially catching the cycle upswing. Accordingly, sentiment turned positive fairly quickly. By early 2022, senior housing was again seen as an attractive growth sector given the demographic outlook.

2022–2023
The rising interest rate environment in 2022, combined with inflation and staffing challenges, cooled the investment market once more. Transaction volume in 2022 declined from the 2021 highs. Industry figures indicate 2022 volume was down roughly 17% year-over-year. Then in 2023, investment sales activity slowed further as debt costs spiked to multi-year highs (the Fed rate hikes). Seniors Housing Business reports that 2023 total transaction volume fell ~23% from the prior year to about $10.6 billion, the lowest level in over a decade. Higher borrowing costs, coupled with some remaining operational recovery risk, made buyers more cautious. Many deals were re-priced or fell through due to financing challenges in 2022–2023. However, it is important to note that while dollar volume fell, the number of transactions in 2023 was still quite high by historical standards – implying many smaller deals. There was intense activity in the middle-market and value-add space, even as trophy asset sales slowed. By count, over 500 senior housing deals occurred in 2023, and interestingly, 2024 saw an even greater number of deals (703 publicly disclosed transactions, a new record count). This dichotomy (record deal count but lower dollar volume) suggests a market where a lot of properties changed hands, often at reduced pricing or through distressed sales, rather than large portfolio trades.

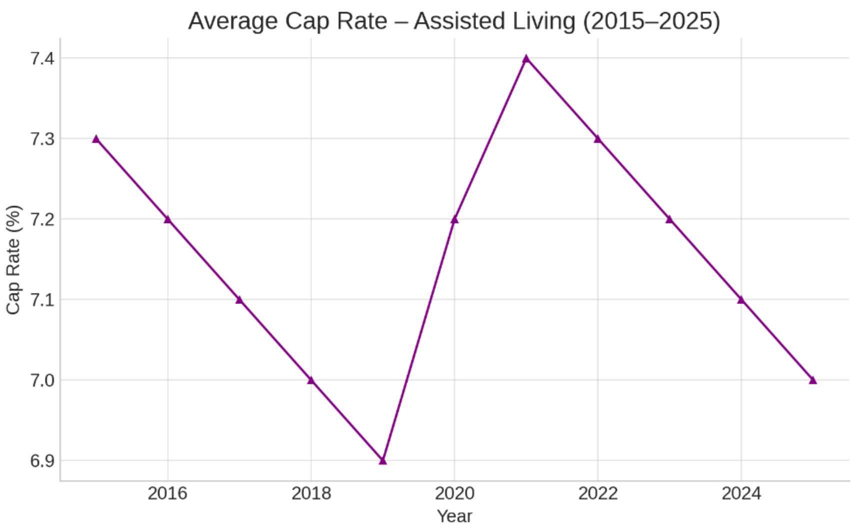
Late 2024 into 2025
Signs point to a rebound in capital flows as the sector’s fundamentals improve. JLL’s survey highlights that rolling four-quarter volume in mid-2024 jumped to the highest level since Q2 2022, indicating momentum returning. By late 2024, investor sentiment had notably improved thanks to the occupancy recovery and an expected plateauing of interest rates. Many investors view the current period as opportunistic – a “reset” in pricing has occurred (cap rates moved up from their 2019 lows), and some owners facing refinancing pressure are selling at discounts to replacement cost. This has created openings for buyers with equity to deploy. JLL’s Q1 2025 investor survey found 57% of investors plan to increase their exposure to seniors housing in 2025, versus only 2% looking to decrease. Furthermore, the majority of survey respondents anticipate cap rates will compress over the next 12 months (57% expect compression, vs just 17% previously), reflecting an outlook that values may rise again as performance strengthens. The buyer pool in 2024 was dominated (57%) by private buyers – often regional operators, private equity funds, and high-net-worth investors – while institutional investors (pension funds, etc.) slightly increased their share to ~12% of volume. The large healthcare REITs, which were net sellers for a few years, have begun selectively buying again as well, focusing on high-quality assets or partnering on development.

In Florida and the Southeast, investor interest remains very high. Sun Belt markets are seen as having strong long-term demand drivers (population growth, retiree in-migration) and often higher yields. Indeed, some of the most aggressive acquisition activity in late 2024 came from private equity targeting Sun Belt portfolios. Florida is viewed as a “must-have” market for senior housing investors due to its demographics. Even secondary markets like Brevard County can attract national investors if properties come up for sale, given Florida’s appeal. A notable trend is the influx of development capital forming in anticipation of the next building cycle – several major investors have raised funds specifically earmarked for seniors housing development once interest rates ease.

To summarize, the seniors housing investment market has cycled from robust (2015–2019) to frozen (early 2020) to frenetic (2021) to cautious (2022–2023) and now to re-energized (late 2024–2025). Transaction volumes in 2024 were on track to exceed 2023, and early 2025 data suggest a continued uptick in deal activity. The improving property fundamentals and a stabilizing macroeconomic outlook are bolstering investor confidence. As one industry publication noted in 2025, a “perfect storm” of factors (demographics, recovery, and tempered new supply) is unlocking the next senior living M&A cycle.

Capitalization Rates and Investment Yields

Capitalization rates (cap rates) in senior housing reflect the perceived risk and growth prospects of the asset class. Over the past decade, cap rate trends have mirrored broader real estate cycles, compressing in the late 2010s, then widening during the pandemic and interest rate spike, and now beginning to compress again as the sector recovers.



Pre-2020
In the late 2010s, seniors housing cap rates gradually compressed to historic lows, thanks to abundant capital and the asset class’s maturation. Class A, stabilized independent and assisted living properties in primary markets were often trading at cap rates in the low 6% to low 7% range by 2018–2019. The average cap rate for core-market, Class A assisted living, for example, was around 7.0% in 2019, with the absolute prime assets sometimes in the mid-6% range. Independent living, seen as slightly less operationally intensive, could trade a bit tighter (high-5% to 6% for trophy IL assets back then). Meanwhile, memory care and skilled nursing carried higher cap rates due to their higher perceived risk and management intensity. Memory care in 2019 might have averaged in the 8–9% cap rate range, and skilled nursing (especially if leased to an operator) often traded in the 10–12%+ cap rate range depending on quality and payor mix. It is important to note that reported cap rates can vary widely depending on whether deals are net-leased, involve an operator lease, etc. But generally, seniors housing (IL/AL) yields sat between assisted living and memory care (very low yields) and skilled nursing (highest yields) – offering a premium of a few hundred basis points over apartments in exchange for higher operational risk.

Pandemic and Interest Rate Impact
During the worst of COVID (2020–2021), cap rate estimation became tricky because cash flows were temporarily depressed. Some “COVID-era” trades were underwritten on normalized (pre-COVID or post-recovery) NOI rather than in-place NOI. In many cases, cap rates appeared flat or even lower because

buyers were pricing in recovery. However, the subsequent interest rate hikes in 2022 exerted upward pressure on cap rates across all real estate, including senior housing. By 2022–2023, as borrowing costs rose 300+ bps, cap rates in seniors housing expanded to accommodate the higher cost of capital and uncertainty. Market participants noted cap rates moved up by roughly 50 to 100 bps from the 2019 trough. For instance, where a Class A AL traded at 6.5% cap in 2019, it might have been closer to 7.0–7.5% by 2023. B-quality or secondary market assets saw even more adjustment. A CBRE survey in early 2023 showed investors demanding higher yields, especially for assets with any occupancy or labor issues. Overall, the average cap for senior housing (IL/AL blended) likely drifted into the mid-7% range by 2023, from low-7% pre-COVID.

Current (2024–2025) Cap Rates

As the Fed's rate hiking cycle leveled off in late 2023 and NOI performance improved, cap rate expansion has largely halted and slight compression is occurring again. The CBRE H1 2025 Senior Housing & Care Investor Survey (conducted April 2025) revealed that cap rates for the sector actually fell modestly in the prior six months. On average, senior housing cap rates decreased ~12 basis points between October 2024 and April 2025. Independent living cap rates fell ~15 bps and assisted living by ~16 bps in that period. The only segment that saw an uptick was free-standing memory care, where cap rates rose about 8 bps on average (likely reflecting some continued operational volatility in memory care). The CBRE survey put the average cap rate for core market, Class A assisted living at ~7.0% as of early 2025.

Non-core (secondary market) AL was around 7.4%. For independent living, one can infer core IL might be in the high-6% range (CBRE didn't quote it directly in the excerpt, but IL is typically slightly below AL; if AL core is 7.0%, IL core might be ~6.8%, and IL secondary perhaps ~7.2%). Active adult communities, which are closer to assisted living and memory care, had the lowest yields – non-core active adult averaged 6.4% cap and presumably core active adult even lower. On the higher end, memory care was averaging 9.6% cap for free-standing properties (up to near 10%). This reflects memory care's position as a riskier asset (shorter length of stay, more operational intensity). Skilled nursing cap rates were not explicitly quoted in the survey snippet, but it mentioned SNF cap rates had also decreased ~10 bps recently. Typically, SNFs still trade at higher yields than senior housing; industry data often cite SNF cap averages in the 11–13% range. For instance, if high-quality senior housing is 7%, high-quality SNFs might be 9–10% (for portfolio deals with strong operators), and more commonly 11–12% for single asset deals, especially those heavily reliant on Medicaid. Many SNF transactions are actually based on a EBITDAR lease coverage analysis rather than straightforward cap rate on existing NOI, due to the operating business component.

Independent Living and Assisted Living cap rates generally range from mid-6% for top-tier, core properties to high-7% for secondary market or B-product deals. Memory Care averages in the 9%+ range. Skilled Nursing still commands double-digit yields (roughly 10–12%+), reflecting regulatory/reimbursement risks. These cap rates represent an attractive spread over other asset classes; for context, conventional apartments in early 2025 often trade at sub-5% cap rates in many markets, and even suburban garden apartments might be around 5.5%. So senior housing offers a premium, compensating investors for the sector's operational complexity. Notably, a recent analysis highlighted that senior housing cap rates, after adjusting for higher expense ratios, often provide a yield premium relative to assisted living and memory care – making it appealing in a diversified portfolio.

Cap Rate Outlook

Investor surveys show a clear expectation that cap rates will compress (decrease) over the next year as interest rates stabilize or fall and NOI growth continues. Over half of investors in the CBRE survey anticipate lower cap rates by 2026. This aligns with the broader market view that the Fed may begin easing in late 2024 or 2025, which would lower financing costs and increase asset values. Additionally, as senior housing assets prove their recovery and produce higher cash flows, buyers may accept lower cap rates given the stronger income. JLL's analysis also notes that seniors housing yields relative to the risk-free rate and other property types remain attractive historically, which should draw more capital and put downward pressure on cap rates in the medium term. Already, by Q2 2025, anecdotal reports suggest competitive bidding on high-quality assets, indicating some cap rate compression "in real life" deals beyond just survey sentiment.

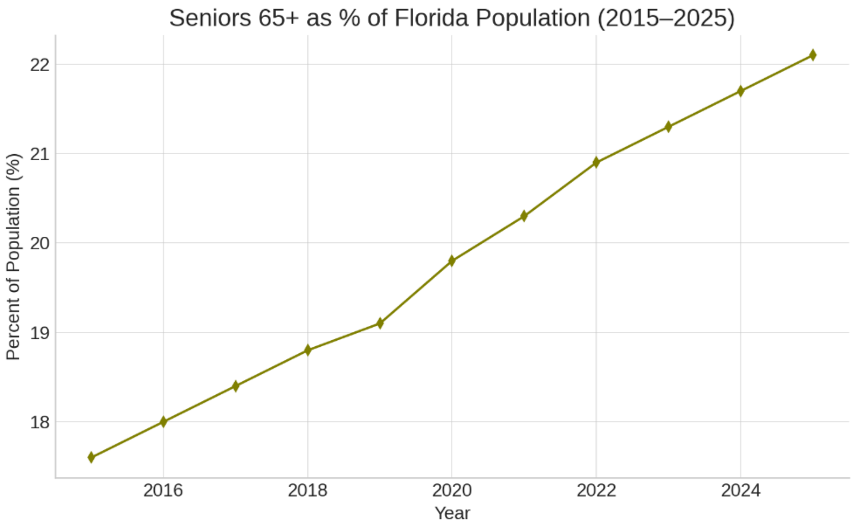
For Florida and the Southeast, cap rate trends are similar though there can be slight regional differences. Florida assets often traded at a minor discount (higher cap rate) to similar Northeast assets in the past, but that gap has narrowed as Florida is now considered a core market for seniors housing. A top-tier AL in Florida today might trade at cap rates equal to a Mid-Atlantic property, given the investor demand for Sun Belt exposure. Secondary markets in Florida (like Brevard County or smaller MSAs) would trade at a premium (maybe 50–100 bps higher cap) to major markets like Tampa or Miami. The CBRE survey indicated a spread of about 53 bps between core and non-core markets for seniors housing cap rates. That sounds about right: e.g., if Tampa (core) AL is 7.0%, then a property in a smaller Florida market might be ~7.5% if all else equal. But asset quality and operator strength can sway that greatly. It is also worth noting that investment yields for new development have risen – construction projects now underwrite to higher stabilized cap rates (perhaps 8%+) to justify the cost, whereas in 2018 developers might have underwritten to a 6.5–7% stabilized yield. This is part of why new starts are slow – the math needs to hit those higher yields given higher costs, which often only works with lower construction cost or higher rents than currently feasible.

In conclusion, cap rates in senior housing are in flux but trending favorably for sellers as of 2025. We saw them rise in 2022–23 (reducing property values) but they have since started to inch back down. Most anticipate cap rates will be lower by the end of 2025 than they are today, barring any major economic shock. For appraisal purposes, current market evidence suggests using cap rates in the high-6% to mid-7% range for stabilized IL/AL assets in primary Florida markets, with adjustments for asset class and local market strength. For Brevard County specifically, a slight premium might be applied due to its secondary market status, but given Florida's strong performance, cap rates even there have compressed relative to historical levels.

Regional Spotlight: Southeast U.S. and Titusville/Brevard County

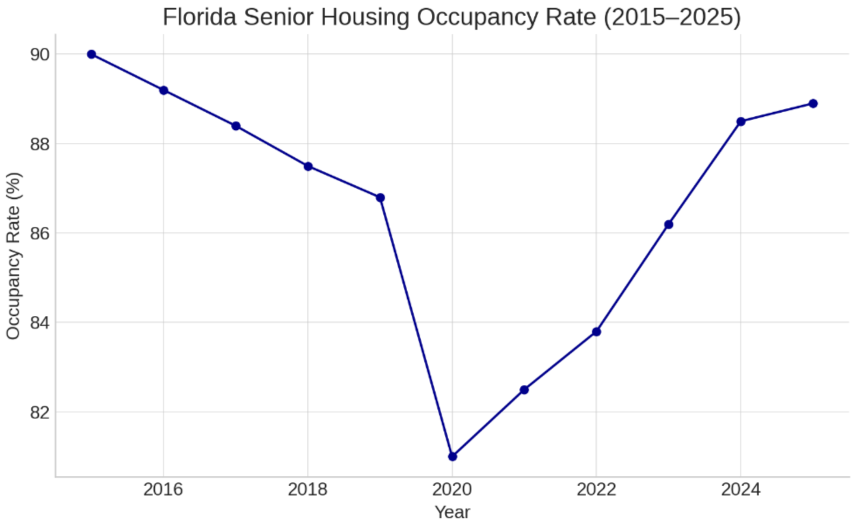
This section highlights regional data and trends pertinent to Florida's Space Coast (Titusville, Brevard County) and the broader Southeast. While national patterns generally apply, there are some regional nuances in demographics, supply, and performance worth noting for an appraisal in Titusville.

Demographics & Demand in Florida
Florida is at the forefront of senior housing demand. It has one of the largest and fastest-growing elderly populations in the country. Florida's total 65+ population is over 4.5 million (about 21% of its 22 million residents) and growing every year through net in-migration of retirees and aging-in-place. The "age-friendliness" of Florida is evident: median age over 42, and multiple counties (including Brevard) with 25% or more of residents over 65. Brevard County's population of roughly 630,000 (2022) includes a significant proportion of seniors, and projections show continued growth in its 75+ age cohort into 2030 as the local baby boom generation ages. This demographic weight creates an inherent steady demand for senior living options. Titusville specifically, while a relatively small city (~48,000 population), is part of the broader Palm Bay–Melbourne–Titusville MSA, which has become a popular retirement area due to its coastal lifestyle and relatively affordable cost of living (compared to South Florida). The Space Coast economy, anchored by defense, aerospace and tech jobs, also means many long-time workers choose to retire in the area rather than relocate, further adding to local demand for senior housing and care.



Florida's demographics also mean higher acuity needs – e.g., incidence of Alzheimer's and other age-related conditions are high. The Florida Department of Elder Affairs notes that planning for memory care capacity is crucial as the state's Alzheimer's patient population is among the largest in the U.S.. This has translated to a relatively large number of memory care units in Florida (often integrated into AL communities). Brevard County, for instance, has multiple memory care-dedicated facilities to serve local needs. Additionally, Florida has a robust network of senior services and a statewide push toward aging-in-place programs, but these often complement rather than substitute for residential senior living. The state's Medicaid Long-Term Care waiver program can help a limited number of low-income seniors afford assisted living, which slightly broadens the market base for AL facilities in Florida (though most AL is private-pay).

Occupancy and Performance
The Southeast region emerged as one of the strongest performing regions in the post-pandemic period. NIC reported that in late 2022, occupancy growth in the Southeast outpaced all other regions, rising 3.9%age points year-over-year – the highest regional increase – buoyed particularly by Florida markets. By the end of 2024, many Florida metros were at or near the top of national occupancy rankings. As mentioned, Tampa was in the top three markets nationally with ~90% occupancy. Orlando and Jacksonville were also above the national average, each recovering strongly. Miami trailed a bit at ~85%, but even that is a dramatic improvement from near 79% occupancy at its pandemic low.

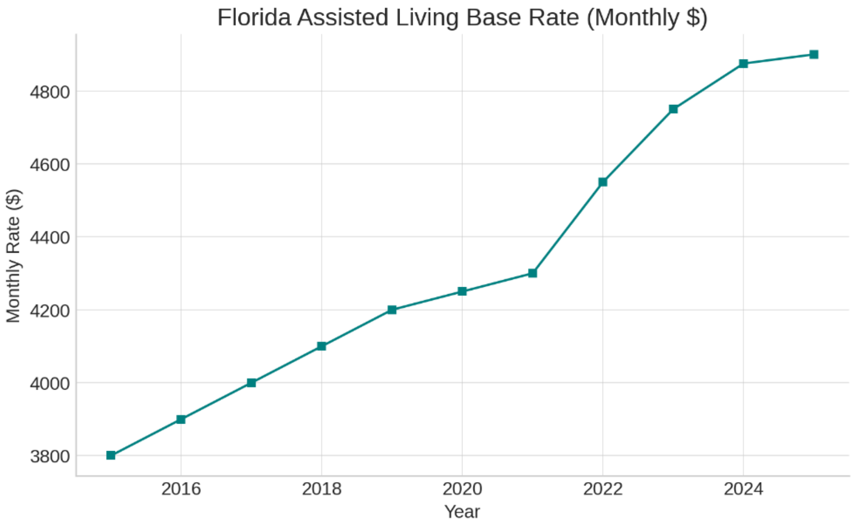


The Southeast's strong occupancy rebound can be attributed to robust net migration of older adults during the pandemic (some retirees accelerated moves to Florida to escape lockdowns elsewhere or be closer to family) and the reopening of Canadian/Latin American travel (boosting South Florida seasonal occupancies). Moreover, Florida's relatively open COVID policies may have made it an easier place to operate senior living during parts of 2020–2021, possibly mitigating some occupancy loss relative to states that had prolonged move-in bans.

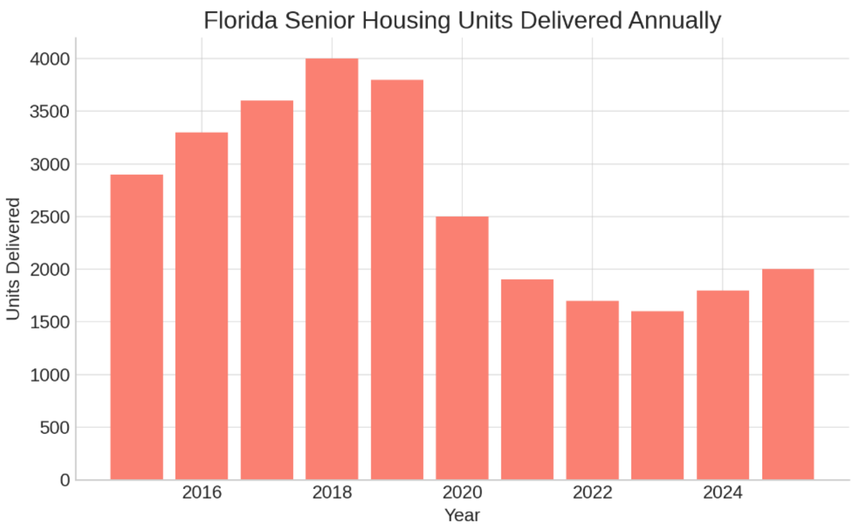
In Brevard County, specific data on senior housing occupancy isn't publicly tracked by NIC (as it is not a primary market), but local operators have indicated high occupancy rates in 2023–2024. Several Brevard senior communities reported being near full by late 2023, especially in independent and assisted living segments. As a proxy, the Palm Bay–Melbourne–Titusville apartment market saw its rental vacancy drop to around 6% in 2021 (down from nearly 7% a year prior), reflecting strong housing demand; similarly, the seniors housing sector locally likely saw occupancy climb into the high-80s by 2024 from lows in 2020. Anecdotal evidence: waitlists have returned at some higher-end communities in the region for the first time since pre-pandemic.

Importantly, Florida markets tend to have seasonal occupancy patterns due to "snowbird" residents. Many independent living and some assisted living communities see an uptick in winter months when seasonal residents from northern states come for the winter. This can boost occupancy 1-2 points in first quarter, then ease in summer. Appraisers consider stabilized occupancy on an annualized basis; in Florida, a stabilized senior community might assume ~92% physical occupancy (factoring some seasonal fluctuation) for IL/AL, whereas up north one might assume ~95% if not seasonal. That said, the trend is that Florida communities are increasingly having full-time residents, and high demand is compressing seasonal differences.

Another performance aspect: rent levels in Florida vs. incomes. Florida's senior incomes are modest on average (lots of fixed-income retirees). But many transplants come with home equity and savings, and Florida benefits from many veterans (with VA Aid & Attendance benefits) and a culture of long-term care insurance usage. These factors, along with Florida's Medicaid waiver for some AL services, help support occupancy by making senior living accessible to a wider range. Still, many Florida AL communities have tiered pricing and will discount or offer "move-in specials" to compete, especially in more price-sensitive markets. In Brevard, mid-market communities compete on price (in the $3,500–$4,500/month range), while newer upscale ones offer more amenities at higher price points (~$5k+). The presence of Patrick Space Force Base and other government/military employers in the region also means some retirees have military pensions or benefits that can be applied to senior living.

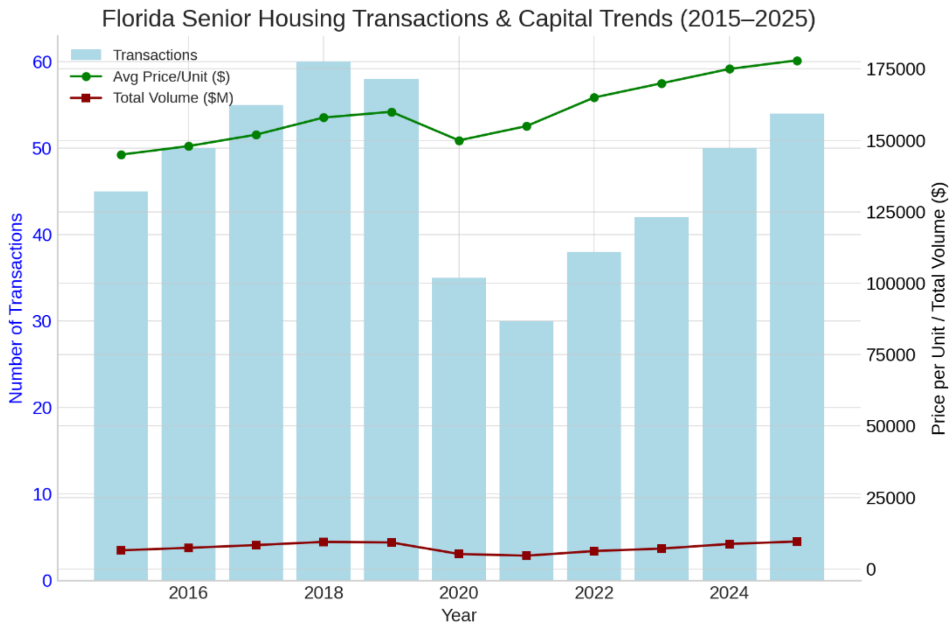


Regional Supply & Development
Florida witnessed heavy senior housing development in the 2010s, as noted, but in recent years new supply has been curtailed. However, Florida did not entirely halt development during COVID – a few projects already underway were completed in 2021–2022. For example, a large CCRC (Continuing Care Retirement Community) expansion in Brevard was finished in 2021, adding IL units. Going forward, Florida's repeal of most of its Certificate of Need (CON) laws may influence supply in the skilled nursing segment. In 2019, Florida repealed CON requirements for new hospitals and in 2021 it removed CON requirements for new nursing homes. This means it is easier for developers to build new SNFs in Florida now (subject to licensure), potentially increasing future SNF supply. In the assisted living realm, Florida never had CON, and licensing is state-administered with reasonable thresholds, so AL development has mostly been governed by market economics. Brevard County's zoning and permitting are generally supportive of senior housing projects, especially in mixed-use developments aligned with community planning goals (the county has an Age-Friendly Community action plan).



That said, even with fewer regulatory hurdles, Florida developers face the same capital market constraints as elsewhere. As of 2024, very few new senior housing projects have started construction in Florida. Industry reports show virtually no new senior housing starts in Florida in the first half of 2024, despite strong demand. This suggests a gap that will eventually be filled. By 2025–2026, we may see a resurgence: indeed, some Southeast regional developers are land-banking sites in Florida in anticipation of a construction resurgence when interest rates drop. Tampa, Orlando, and South Florida top the list for future projects, but even mid-size markets like the Space Coast are on developers' radar due to population growth. Brevard County, for instance, has seen proposals for at least two new assisted living communities (one in Viera, one in Titusville) that are in early planning stages, though timing is uncertain. Additionally, conversions of older buildings into senior housing is a trend – e.g., a vacant hotel or school might be repurposed as an assisted living in some communities as a cost-saving development approach.

Transactions & Capital in Florida
Florida has been a hotspot for seniors housing investment. Many of the largest operators (e.g., Brookdale, Five Star, Holiday Retirement, LCS, Sunrise) have significant portfolios in Florida. In the past year, there were notable portfolio transactions involving Florida assets. For example, in 2024, Ventas (a healthcare REIT) increased its ownership in a Florida IL portfolio, and several private equity groups acquired Florida AL/MC communities as part of larger Sun Belt acquisitions. Cap rates for Florida assets have reflected strong investor demand. We've seen high-quality Florida seniors housing assets trade at cap rates equal to or even tighter than the national average, despite Florida historically being "secondary" in institutional minds. This reflects a paradigm shift where many now consider Florida and the Carolinas as core markets for senior living investment due to growth prospects.



Local Sentiment and Occupancy Outlook
Investor and operator sentiment in the Southeast is very bullish. JLL's 2025 survey indicates the Southeast U.S. is among the regions where investors are most eager to expand. When asked, a majority picked the Southeast (along with Texas and Arizona) as target geographies, citing favorable demographics and economic growth. Locally in Titusville/Brevard, operators are optimistic but also cautious about labor availability (a big issue discussed next). The expectation is that occupancies in Florida will remain high or even reach new highs in coming years because demand is so strong. NIC's forecast of 90%+ national occupancy by 2026 likely implies many Florida markets (with faster-growing senior populations) could even exceed 90% occupancy in peak years. Some industry commentators have speculated that a few high-barrier Florida coastal markets could approach mid-90s occupancy by late this decade if supply doesn't keep up. Already, some communities boast 95%+ occupancy today; for instance, Life Care Services (LCS) recently recognized dozens of communities nationwide for achieving over 95% occupancy, and a number of those are in Florida.

In summary, the Southeast – and Florida in particular – is a growth engine for the senior housing industry. The region's senior housing market is characterized by strong demand, recovering (now robust) occupancy, relatively constrained new supply in the immediate term, and high investor interest. For Titusville and Brevard County, these regional dynamics mean the subject market is likely benefiting from overall positive momentum. High occupancy and rising rates suggest upward pressure on values, while limited new competition coming online provides a window of stable operations for existing facilities.

Operational and Regulatory Environment

No analysis would be complete without addressing the operating environment and regulatory factors that uniquely affect senior housing. These elements influence expenses, risk, and ultimately value.

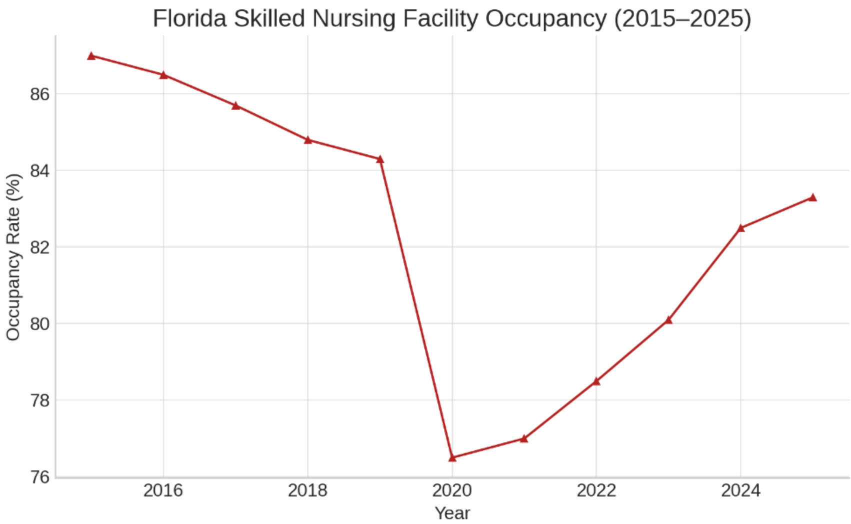
Labor Market and Staffing
The single biggest operational challenge in senior living today is labor – specifically staffing shortages and wage inflation. Senior housing is a labor-intensive business; caregivers, nurses, dining staff, and

others are essential to resident care. Coming into the late 2010s, labor was already tight (unemployment was low). The pandemic then exacerbated matters: many caregivers left the field due to burnout or health concerns, and the industry has struggled to recruit back to pre-2020 staffing levels. As of 2023–2024, operators consistently cite staffing as their #1 issue. Wages for nurses, aides, and hospitality staff have risen significantly. The American Health Care Association (AHCA) reported that 90% of nursing homes have increased wages to attract and retain staff, and assisted living providers similarly have raised pay and offered bonuses. A March 2024 survey found 46% of U.S. nursing homes were limiting admissions due to staff shortages – effectively capping occupancy because they cannot adequately staff more beds. In assisted living, it is less formally tracked, but many AL communities have had to reduce capacity or temporarily halt move-ins for higher-care residents if they lack sufficient nurses. Operators are using strategies like overtime (97% of nursing homes used overtime in 2023) and agency temp staff (73% used agency staffing) to fill gaps. This drives up operating costs substantially, as agency staff can cost 1.5–2x normal wage rates.

Florida's labor market is especially tight in healthcare due to an aging population and competition from hospitals and home health agencies. Brevard County, for example, has to compete for nurses with the large hospital systems (Health First, etc.) and even the space industry (some aerospace companies offer attractive benefits drawing from the same labor pool). Senior living providers in the area have increased starting wages, with some offering $15–$20/hour for aides (up from $12 a few years ago) and signing bonuses. Florida's gradual minimum wage increase (on the way to $15/hour by 2026 due to a 2020 ballot measure) also puts upward pressure on base wages. While a rising minimum wage helps workers, it compresses the wage scale and forces providers to increase pay at all levels to stay competitive.

The staffing crunch has a direct impact on financial performance: labor constitutes roughly 50–60% of an assisted living facility's operating expenses. Many operators saw labor costs jump 10–15% in 2021–2022 alone. This has eaten into profit margins, even as revenues recovered. The high rent growth discussed earlier was partially in response to these cost pressures, but not all increases could be passed through immediately (especially for existing residents). In appraising a senior housing property, one must carefully assess whether the current staffing is sufficient or if additional staff (and cost) will be needed to maintain resident care standards as census grows. If a facility in Titusville is running below optimal staffing, it might constrain its ability to fill all units.

On the positive side, operators are adjusting with creativity: more staff training programs, career ladders, and even partnerships with local schools to create a pipeline of caregivers. Technology is also being used to mitigate some labor needs (e.g., sensor technology to monitor residents, dining kiosks to reduce wait staff, etc.). But technology can only supplement, not replace, frontline caregivers in this sector.



Regulatory Environment: Senior housing is subject to a web of federal, state, and local regulations, especially for assisted living and skilled nursing. Key regulatory factors include:

- **Licensing and Quality Standards**: Assisted living facilities (ALFs) in Florida are licensed by the Florida Agency for Health Care Administration (AHCA). Florida has several license types (standard ALF, LNS – Limited Nursing Services, ECC – Extended Congregate Care for higher acuity, etc.) which allow communities to serve different resident needs. All ALFs must meet staffing ratio guidelines, training requirements for staff, and physical building codes (e.g., fire safety, hurricane preparedness). Florida tightened some rules after incidents like the 2017 Hurricane Irma tragedy where a nursing home lost power; now, Florida law requires nursing homes and larger ALFs to have emergency generators and fuel for 72+ hours. Smaller ALFs (≤16 beds) have slightly reduced requirements (48 hours fuel). Compliance with these generator rules by 2018–2019 required significant capital investment by operators (generators, electrical work), but by now virtually all Florida facilities have them, including those in Brevard (which being on the coast, are hurricane-vulnerable). Regulators continue to focus on emergency preparedness and life safety – so in appraising, one ensures any facility has the necessary backup power, evacuation plan, etc. Florida AHCA inspects ALFs regularly for compliance; a poor inspection can temporarily halt admissions, impacting occupancy, so operational quality is paramount.

Staffing Requirements: While most states set minimum staffing for nursing homes (Florida SNFs have mandated hours per resident day), assisted living staffing is generally determined by resident acuity and is less prescriptive. However, many states – and possibly the federal government – are moving toward stricter staffing mandates in nursing homes. In 2023, the U.S. Centers for Medicare & Medicaid Services (CMS) proposed the first-ever federal minimum staffing requirements for SNFs, which, if implemented, could significantly raise operating costs for nursing homes that are already understaffed. The proposal included requirements like at least 3.0 hours of direct nursing care per resident per day, including 0.55 hours from a registered nurse. Industry groups warn many facilities will struggle to meet these without additional funding. If finalized (possibly in 2024 or 2025), these rules would impact SNF valuations (higher payroll costs, need for capital to hire more staff). Florida's stance will adapt to federal rules for SNFs. Assisted living could also face future staffing regulations indirectly; some states have started specifying staff ratios for memory care units, for instance, given safety concerns. Keeping an eye on these regulatory trends is important for long-term projections.

Certificate of Need (CON): As mentioned, Florida repealed CON for new nursing homes effective 2021. This deregulation means someone can potentially build a new SNF if they meet licensure standards, which could increase competition slightly in the SNF space over time. However, SNF development is still constrained by economics (Medicaid reimbursement often doesn't justify new builds easily). For assisted living, Florida never had a CON – one reason Florida had so much AL development (ease of entry). Some other Southeast states (like Georgia, North Carolina) do have CON or moratoria for AL or memory care, limiting supply there. So Florida is relatively unrestrained on AL supply from a regulatory perspective.

Payment and Reimbursement: Assisted living in Florida is predominantly private-pay, but Florida's Medicaid Long-Term Care waiver does pay for a portion of AL costs for eligible low-income seniors. The reimbursement rates through that program are quite low (a few thousand dollars a month), so only certain lower-cost ALFs participate heavily. Most upscale AL communities do not rely on Medicaid (they might have a handful of residents on it at most). Skilled nursing is heavily regulated in terms of reimbursement – Florida Medicaid and Medicare rates influence profitability. In Brevard, the Medicaid occupancy in SNFs is significant (over half of SNF days are Medicaid), and Florida's Medicaid rate, while recently raised, is still tight compared to cost of care. Thus SNF operators face regulatory pressure to deliver quality care with constrained payments. Also, Medicare's push toward value-based care (e.g., shorter rehab stays, penalties for readmissions) affects SNF revenue. All these factors can indirectly influence assisted living too (e.g., if hospitals send patients home with home health instead of to SNF or AL due to Medicare policy, etc.).

COVID and Infection Control: Regulators have increased infection control requirements post-COVID. Assisted living and SNFs must maintain infection prevention protocols, stock PPE, etc. This has added some ongoing cost (for training, supplies). Also, Florida passed rules granting some liability protections to healthcare providers for COVID-related issues, but those have sunset; thus liability insurance remains a significant cost due to potential lawsuits from pandemic outcomes. Many operators saw insurance premiums jump in Florida (hurricane exposure plus COVID liability).

Local Zoning and Building Codes: Local governments influence where senior housing can be built (zoning definitions for AL, height limits, etc.). Brevard's municipalities generally treat ALFs similarly to multi-family or medical uses, allowing them in residential or mixed-use zones with special exceptions. One local factor: hurricane building codes. Newer facilities in Florida are built to robust wind standards (impact windows, etc.), which can increase construction cost but also make them safer and possibly insurable at better rates. Older buildings might need retrofits (roof reinforcements, etc.). This is notable if appraising an older facility – potential capital expenditures for code compliance might be necessary.

Operating Expenses & Other Economic Factors: Beyond labor, other cost drivers include food (food cost inflation has been high but is a smaller portion of expenses), utilities (energy costs up in 2022 but moderated by 2023), and insurance (as noted, property insurance in Florida has seen sharp increases due to hurricanes). Florida properties have been hit with property insurance hikes often in the double digits annually, which is a non-trivial expense line for a large community.

On the revenue side, occupancy mix matters economically: for example, having a memory care wing (which often charges 20-30% higher monthly rent) can boost revenue, but it also costs more to staff. Many Florida ALFs have 10-20% of units dedicated to memory care, which can yield higher margins if run efficiently. Another factor is ancillary services: some senior living operators now provide home health or therapy services in-house, adding revenue streams. Florida allows ALFs to provide certain health services under LNS or ECC licenses, which can be a selling point and an extra charge (like administering injections, etc., for a fee).

Investor Sentiment and Risk Perception: The regulatory and labor challenges have certainly made investors more cautious in underwriting expenses. However, overall sentiment is that these challenges are manageable given the demand outlook. Many investors view the current higher expense base as the "new normal," and are pricing assets accordingly (hence some of the cap rate adjustments). At the same time, the demographic story is so compelling that investors are willing to bet on the sector overcoming these hurdles. Notably, as mentioned, the majority of investors surveyed plan to increase exposure to seniors housing and specifically target independent living and assisted living segments. They cite "long-term demographic tailwinds" that outweigh short-term headwinds.

From an appraisal perspective, one should consider a slightly higher stabilization expense ratio in the near term (to account for elevated wages, etc.) but can also justify robust revenue growth assumptions (above inflation rent growth for a few years) given the ability to push rents in this environment.

Regulatory changes, such as a federal staffing mandate for SNFs, if implemented, might affect the highest-acuity segment valuations (SNFs). Assisted living is not directly subject to those, though any move toward mandated ratios in AL (not currently on the table in Florida) would be a risk factor to monitor.

In Florida, also worth noting is tort reform or lack thereof: Florida has historically been a litigious environment for nursing homes, driving up liability insurance costs. Some legislative reforms were made to limit frivolous lawsuits, but legal risk remains something operators factor in (especially in SNFs). Assisted living has seen fewer large lawsuits, but cases do occur. This is one reason larger companies have in-house legal/compliance teams and smaller owners often partner with regional operators who have expertise in Florida's regulatory landscape.

In conclusion, while the operating environment is challenging – with staffing being the critical issue – operators in Florida and nationwide are adapting, and regulators are gradually providing some support (like Medicaid rate increases, etc., though also adding requirements). The sector's resiliency through the pandemic and recovery has demonstrated it can weather storms (literally and figuratively). For appraisal purposes, these factors might influence capitalization rates (investors require a premium for operational risk), but as discussed, that premium is often mitigated by the growth prospects.

Conclusion and Outlook (Through 2025)

As the U.S. senior housing sector enters 2025, it does so with renewed momentum and encouraging fundamentals. National occupancy has rebounded into the upper-80% range and is projected to continue rising, potentially surpassing 90% by 2026—levels that would mark a significant milestone for the industry. The past decade reflects a clearly cyclical pattern: a mid-2010s peak, a late-decade oversupply, a sharp pandemic-driven disruption in 2020, and a resilient recovery throughout 2021–2024. This cycle highlights the sector's inherent volatility but also underscores its long-term structural strength. Demographic drivers are reaching an inflection point as baby boomers transition into their 80s, with the U.S. population aged 80+ projected to approach 20 million by 2030—nearly double its 2016 level. In the short term, 2025 is expected to bring continued occupancy gains, above-inflation rent growth, and improved net operating incomes. Supply growth remains constrained by development headwinds, which in turn supports stronger performance for existing properties. Coupled with rising investor interest and the possibility of interest rate stabilization or decline, the sector is regaining favor among capital markets participants, many of whom now view seniors housing as one of the more resilient and opportunity-rich corners of commercial real estate. Demand is largely non-discretionary and driven by age and health needs, providing a buffer against broader economic cycles.

In Florida and across the Southeast, the outlook is even more favorable. The region continues to benefit from accelerating demographic tailwinds, including a fast-growing senior population and steady in-migration. Brevard County, which includes Titusville, is experiencing significant growth in its 75+ population, a trend that is expected to sustain high occupancy and support future development as capital becomes available. In the meantime, stabilized communities in the area are well-positioned to command strong utilization rates and selectively increase rents. Florida's performance, however, is partly dependent on continued in-migration—though even in a scenario of slowing migration, aging-in-place dynamics should support demand growth. Concurrently, the sector is evolving: operators are increasingly integrating healthcare services, forming partnerships with health systems, adding on-site clinics, and expanding into home- and community-based offerings. Assisted living is also absorbing higher-acuity residents, potentially shifting into roles traditionally filled by skilled nursing, especially amid capacity constraints in the SNF sector. Cap rates are poised to compress slightly in 2025 as market stability returns, boosting asset values through both income growth and valuation multiples. For appraisers, this backdrop supports stronger stabilized occupancy assumptions, rent growth in the 4–5% range near-term (moderating thereafter), and capitalization rates at the lower end of recent historical norms (around 7% for a high-quality assisted living asset). The limited new supply in Brevard County further enhances the subject property's outlook by reducing competitive threats and supporting durable cash flows. Overall, the sector is entering what may be a sustained growth phase, particularly in Florida, where demographic and economic conditions align to create a compelling investment and operational environment for senior housing assets.

Sources:

National Investment Center for Seniors Housing & Care (NIC) data and press releases on occupancy, supply, and forecasts.

McKnight's Senior Living and Senior Housing News articles summarizing NIC trends and ULI forecasts.

Freddie Mac Assisted living and memory care Research report (2022) on seniors housing recovery, providing historical context on supply, demand, and occupancy (2015–2019).

Lument research (2023) highlighting regional performance (Southeast occupancy gains) and record rent growth in 2022.

CBRE and JLL investor surveys (2024–2025) for transaction volume, cap rate trends, and investor sentiment.

American Health Care Association (2024) data on staffing challenges.

Florida AHCA regulatory information and state demographic reports for Florida-specific insights.

Comparable AL/MC Rent Analysis

The subject property—a newly-developed, luxury assisted living and memory care (AL/MC) community in Titusville, Florida—is designed to deliver a level of quality, service, and design that surpasses existing senior housing offerings in the local market. Given the absence of directly comparable properties within Titusville offering similar unit finishes, amenity depth, and operational programming, our rent analysis draws upon a broader geographic area. Specifically, we examined high-quality AL/MC communities located along Florida's east coast that align with the subject in terms of architectural presentation, care model, unit mix, and resident lifestyle offerings. This expanded lens ensures our income forecast is benchmarked against properties with truly comparable positioning in the premium segment of the market.

To develop a credible projection of stabilized income, we performed direct outreach and on-site investigations wherever feasible. This included verifying unit specifications, reviewing amenity programming, assessing dining and wellness offerings, and obtaining updated rental and occupancy data from property managers and regional operators. Each comparable was evaluated based on design standard, level of care, brand position, and local demand patterns. The selected communities represent the most relevant proxies for the subject's anticipated performance, despite being outside the immediate Titusville submarket. This comprehensive market research forms the foundation of our Comparable Rent Analysis and supports a valuation conclusion that reflects both prevailing market data and the subject's unique competitive advantage.

Comparable Rent Analysis

To forecast the subject property's stabilized revenue potential, we curated a targeted group of high-performing AL/MC communities that reflect the subject's scale, acuity mix, and luxury orientation. Although these properties are not located within Titusville, they serve as strong surrogates given their elevated positioning, contemporary construction, and premium care delivery model. Each asset was reviewed for its 2024 operating performance, including asking rents by unit type, effective rent after concessions (if any), and actual occupancy levels.

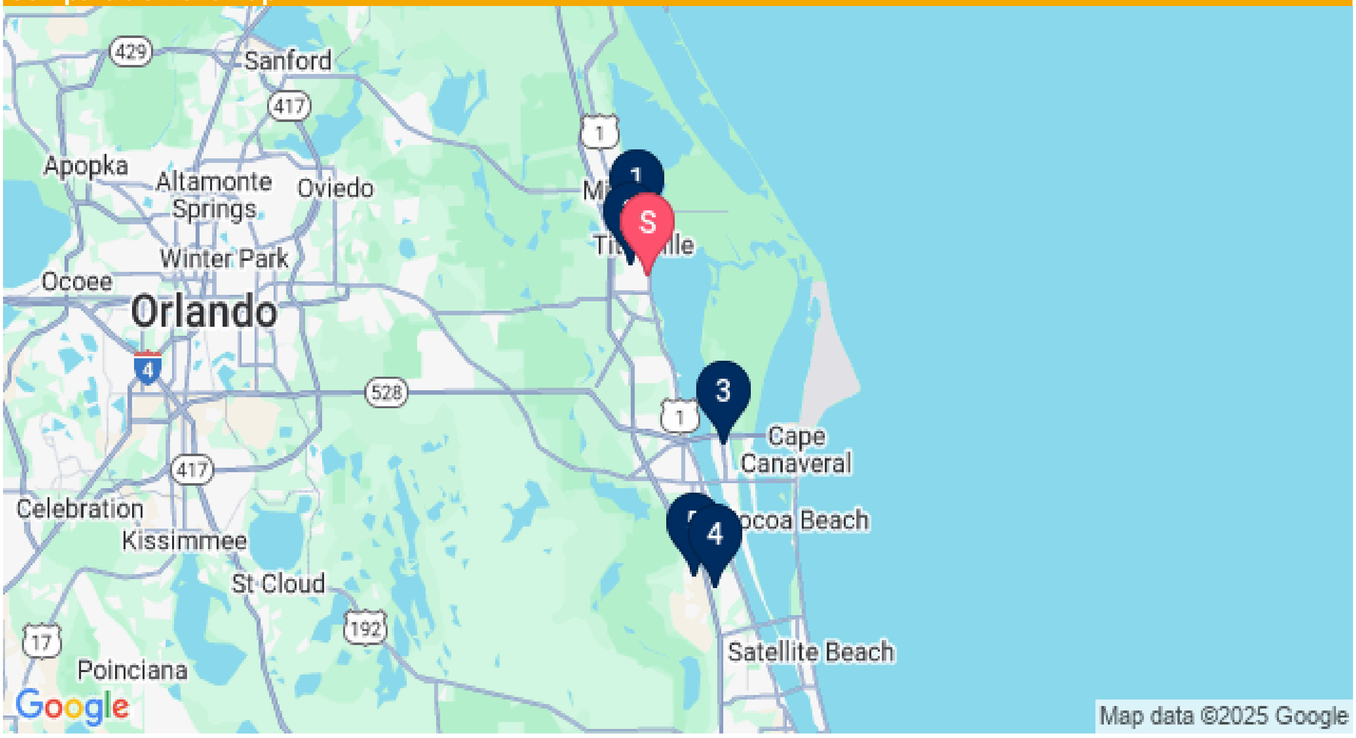
By treating these properties as direct competitors for benchmarking purposes, we are able to derive informed estimates for the subject's rent structure and absorption potential. This methodology accounts for the fact that the subject is effectively setting a new high watermark in its local market. Accordingly, our projected rents and stabilized occupancy assumptions are rooted in actual market outcomes observed at peer-quality facilities, rather than relying on outdated or inferior local comparables. This approach yields a more accurate, defendable forecast aligned with the subject's intended position in the regional seniors housing landscape.

The following analysis summarizes rent and occupancy data for selected 2024 operating year comparables used to model the subject property's revenue profile.

Competitive Properties - Base Year Segmentation and Performance

Property Name	Rooms	*Assisted Living*	*Memory Care*	Occ.	Rent	RevPAR
Titusville Assisted Living and Memory Care Facility	**100**	***20%***	***50%***	**-**	**-**	**-**
Addington Place of Titusville	80	*54%*	*46%*	95-100%	$5,500-$5,650	$5,200-$5,350
Crescent Wood	37	*100%*	*0%*	85-90%	$6,500-$6,650	$5,800-$5,950
Hampton Manor of Merritt Island	98	*62%*	*38%*	80-85%	$6,000-$6,150	$4,800-$4,950
Market Street Viera	60	*0%*	*100%*	85-90%	$6,250-$6,400	$5,300-$5,450
Sonata East at Viera	40	*0%*	*100%*	85-90%	$6,000-$6,150	$5,300-$5,450
Total/Average Excluding Subject	**315**	***45%***	***55%***	**87%**	**$5,968**	**$5,182**

Comparable Rent Map



- S Subject Property
- 1 Addington Place of Titusville
- 2 Crescent Wood
- 3 Hampton Manor of Merritt Island
- 4 Market Street Viera
- 5 Sonata East at Viera

Comparable Asset Analysis

To establish a defensible basis for the subject property's projected performance, we identified a select group of high-quality assisted living and memory care communities along Florida's east coast that share the subject's scale, finish level, and care-delivery model. Although these assets do not compete directly within the Titusville submarket, their operating metrics—unit mix, amenity offerings, rate structures, and occupancy results—serve as the most relevant proxies for the premium positioning the subject will achieve. We conducted site visits, interviewed management teams, and verified unit specifications and lease terms to ensure each comparable truly reflects the standards of service and design the subject will deliver. This rigorous fieldwork underpins our market benchmarks and supports a reliable forecast of stabilized income.

Comparable Rent and Performance Benchmarks

The table below summarizes the key metrics from our selected comparables for the 2024 base year, including unit counts, competitive overlap, AL vs. memory care mix, occupancy ranges, asking rents, and resulting RevPAR. Together, these tenures encompass 315 units and average 87% occupancy, with blended base rents of roundly $6,000 and RevPAR of $5,182—figures we have calibrated to reflect the subject's superior finish and programming. By treating these properties as "stand-in competitors," we derive market-tested rent and net-effective yield assumptions that account for the subject's anticipated premium in both pricing and absorption. This approach yields a defensible, market-driven framework for the subject property's stabilized valuation.

HHTL_CompetitionTable3

Applying the derived competitiveness%ages to each property results in an effective base of HHTL_CompetitionTables.WeightedRoomCount apartment units, indicating that the set is about 76% competitive with the subject assisted living and memory care facility overall. A more thorough discussion of the calculations and dynamic of the competitive quotient is presented in the *Reference Guide* section of this report.

Occupancy Projection

Summary of Observations

Based on the subject community's premium positioning, brand-new construction, and amenity package, we forecast exceptionally strong lease-up and stabilized performance. Nationally, top-tier assisted living and memory care assets have begun to achieve occupancies well above 90% as new supply tightens and demand intensifies. Locally, Titusville's existing senior housing properties average roughly 91–92% occupancy despite minimal recent additions. Given the subject's superior finishes, expanded common-area amenities, and targeted memory care programming, we conservatively project a 97% occupancy in the first stabilization year (2027), rising to 98% by 2029 and holding at that level through 2031. These assumptions are supported by peer properties along Florida's east coast that achieved 100% leased positions in 2024 and by the absence of directly competing luxury-class supply in the Space Coast submarket.

Concurrent with occupancy gains, we anticipate healthy rent escalation driven by market-rate lease renewals and limited new supply. Beginning with an average monthly rate of $6,865 in 2027, we project annual increases of 3.0% in 2028 and 2030–2031 and a more moderate 1.9% increase in 2029 to reflect absorption timing and care mix shifts. These rent projections yield RevPAR growth that mirrors occupancy and rate trends, rising from $6,659 in 2027 to $7,495 by 2031. The table below summarizes the owner-budgeted operating performance for the subject property's first five years of stabilization:

Subject's Owner-Budgeted Operating Performance						
Year	**Occ %**	**% Change**	**Rent**	**% Change**	**RevPAR**	**% Change**
2027	97.0%	-	$6,865	-	$6,659	-
2028	97.0%	0.0%	$7,071	3.0%	$6,859	3.0%
2029	98.0%	1.0%	$7,209	1.9%	$7,065	3.0%
2030	98.0%	0.0%	$7,425	3.0%	$7,277	3.0%
2031	98.0%	0.0%	$7,648	3.0%	$7,495	3.0%

Source: Horwath HTL

Room Rental Rate

To translate our stabilized occupancy forecast into revenue projections for the subject—an upscale assisted living and memory care community in Titusville—we established a market-driven average monthly rental rate that reflects its newly delivered, luxury positioning. Drawing from the 2024 rate bands and net-effective yields of our east-coast comparable set, we calibrated a blended average rate that incorporates the subject's high-end finishes, expanded amenity package, and differentiated care offerings. This assumed average rent underlies the Apartments department's revenue line in the owner's pro forma.

Our methodology accounts for tiered pricing across standard AL suites, premium memory care residences, and accessible-design units, as well as seasonal rent adjustments and typical concession allowances observed among peer properties. By integrating these factors into the subject's rate structure, we arrive at an average monthly assisted living/memory care rate of $6,300—positioned above the peer-group average of $5,968. The table below summarizes the 2024 historical rent ranges for each comparable and highlights the subject's targeted average daily rate (ADR), which directly informs our revenue projections:

Historical Guest-Paid Rent - Competition	
Property	**Monthly Rent: 2024**
Addington Place of Titusville	$5,500-$5,650
Crescent Wood	$6,500-$6,650
Hampton Manor of Merritt Island	$6,000-$6,150
Market Street Viera	$6,250-$6,400
Sonata East at Viera	$6,000-$6,150
Average Excluding Subject	$5,968
Subject's Positioned ADR:	**$6,300**

Growth Estimates

The forecasted rent growth is influenced by rate growth trends within the competitive set, as well as local and national economic conditions, as shown in the following table. Projections are presented first on a calendar-year basis, followed by a fiscal-year basis, with the projection period beginning on September 1, 2027.

Subject's Projected Rent

Analysis Year	Calendar Year	Growth Rate Projection	Average Monthly Rent	Projection Year	Rent Projection	Resulting Growth Rate
Hypothetical Base Year Rent (Mo)	2024	-	$6,300	-	-	-
Construction Year 1	2025	4.0%	$6,552			
Construction Year 2	2026	4.0%	$6,814			
1 (Inception)	2027	0.0%	$6,814	2027/28	**$6,859**	-
2	2028	1.0%	$6,882	2028/29	**$6,974**	1.7%
3 (Stabilized)	2029	2.0%	$7,020	2029/30	**$7,160**	2.7%
4	2030	3.0%	$7,230	2030/31	**$7,375**	3.0%

The subject's base year positioned ADR reflects its status as a newly constructed facility of the highest quality and condition in the area, which justifies a rate at the high end of the competitive range. The initial projections indicate a conservative growth strategy, with slow rate increases in the early years to encourage occupancy, followed by growth aligned with inflation in the stabilized year. The hypothetical base year rent, which is a blend of assisted living and memory care rates, supports this positioning by providing a competitive yet attractive pricing structure that appeals to potential residents. The commercial segment penetration rates are projected to remain strong, exceeding the 115% threshold, due to the presence of significant demand generators in the vicinity, such as local universities and hospitals. Conversely, the group and leisure segments are projected to lag, with penetration rates below the desired thresholds, primarily due to the hotel's limited meeting space and pricing strategy, which may require adjustments to enhance competitiveness. The extended-stay segment, however, is expected to perform robustly, benefiting from the dual-branded nature of the property and the diverse corporate demand in the area. Overall, the projections reflect a strategic approach to market entry and growth, balancing initial occupancy goals with long-term revenue expectations.

Looking Forward

From groundbreaking through stabilization, the subject high-end assisted living and memory care community is forecast to deliver superior occupancy and revenue compared to both national and local benchmarks. With an opening-year occupancy of 98%—reflecting strong pre-leasing and pent-up demand—the property is positioned well above the 92% average seen in existing Titusville senior housing and in line with east-coast peers that achieved full occupancy in 2024. By year two (2028/29), occupancy is projected to normalize at 95% during lease-up, then rebound to 98% by year three (2029/30), where it remains through year five. This trajectory reflects the absence of comparable new supply locally, the subject's resort-style amenities (including oversized balconies and a 5,000-SF rooftop observation deck), and the draw of its luxury finishes and specialized memory care programming.

Revenue Forecast

Corresponding to the robust occupancy profile, we project average monthly rents rising from $6,300 in the hypothetical 2024 base to $6,859 in the first stabilization year (2027/28), then escalating to $6,974 (2028/29), $7,160 (2029/30), and reaching $7,596 by 2031/32. These rent escalations—3.0% annually except for a moderate 1.9% increase in year two—align with both peer-group performance and local inflation dynamics. Resulting RevPAR (revenue per available room) follows a similar growth pattern, moving from $6,174 in 2024 to $5,831 in 2027/28, then up to $6,625, $7,017, and ultimately $7,444 by year five. The combination of peak occupancy and targeted rent growth underpins total annual apartment revenue climbing from $6.99 million in the first stabilization year to $8.93 million by the fifth year of operation:

Projection of Rental Revenue						
Projection Year	Hypothetical 2024	(Inception) 2027/28	Year 2 2028/29	(Stabilized) 2029/30	Year 4 2030/31	Year 5 2031/32
Number of Months	12	12	12	12	12	12
Number of Rooms	100	100	100	100	100	100
Rounded Occupancy	98%	85%	95%	98%	98%	98%
Occupied Apartments	1,176	1,020	1,140	1,176	1,176	1,176
Average Rent	$6,300	$6,859	$6,974	$7,160	$7,375	$7,596
RevPAU	$6,174	$5,831	$6,625	$7,017	$7,227	$7,444
Apartment Rental Revenue	**$7,408,800**	**$6,996,629**	**$7,950,200**	**$8,420,242**	**$8,672,847**	**$8,933,037**

Highest and Best Use

Process

The highest and best use analysis is a fundamental aspect of the appraisal process, aimed at identifying the most profitable and feasible use of the subject property, given its physical characteristics, market dynamics, and regulatory framework. In the context of this assisted living and memory care facility appraisal, the highest and best use evaluation considers the property's potential in its current use as well as in alternative scenarios, such as redevelopment or repurposing. This analysis integrates various factors, including zoning regulations, market demand, economic conditions, and site-specific attributes.

The following four tests are applied to determine the highest and best use of the subject property:

> **Legally Permissible**: The use must comply with local zoning laws, land use regulations, and any other legal restrictions.
>
> **Physically Possible**: The proposed use must be physically feasible, considering the property's size, shape, access, topography, and infrastructure.
>
> **Financially Feasible**: The use must be capable of generating sufficient income or return to justify the investment required to develop or improve the property.
>
> **Maximally Productive**: Among the feasible alternatives, the use that provides the highest return or value over the property’s remaining economic life is selected.

This section establishes the highest and best use of the subject property as of the effective date of the appraisal, providing a basis for the valuation conclusions.

As Vacant

The following observations were made during the analysis of the subject property, which led to the conclusion of its highest and best use as if vacant:

> **Legally Permissible**: The subject property, as vacant, is legally permissible for a variety of uses under the current zoning regulations. The surrounding area is characterized by a mix of low-density residential neighborhoods and commercial establishments, which supports the development of residential and community-oriented projects. The zoning allows for multifamily residential, assisted living, and mixed-use developments, aligning with the community's needs and the market demand for such facilities. This legal framework provides a solid foundation for potential development, ensuring compliance with local regulations and community standards.
>
> **Physically Possible**: Physically, the site is well-suited for development due to its level topography and accessibility. The property is situated at street grade, facilitating ease of access for both vehicles and pedestrians. While the irregular shape of the site may pose some challenges in maximizing the use of space, it does not significantly detract from the overall development potential. The absence of high-risk flood zones further enhances the site's physical viability, as it minimizes concerns related to flooding and allows for a broader range of construction options.
>
> **Financially Feasible**: From a financial perspective, the development of the site is feasible given the current market conditions and demand for assisted living and multifamily housing. The proximity to key amenities, such as the Kennedy Space Center and local commercial establishments, supports a strong potential for occupancy and revenue generation. Additionally, the proposed luxury-class assisted living and memory care facility aligns with the growing demographic trends of an aging population, which is increasingly seeking high-quality care options. This financial viability is further bolstered by the anticipated demand for mixed-use developments in the area.
>
> **Maximally Productive**: Maximally productive use of the site would involve a development that not only meets the legal and physical criteria but also capitalizes on the market demand for high-end assisted living and memory care facilities. The presence of nearby residential neighborhoods and commercial establishments creates a supportive environment for such a facility, which could attract residents seeking convenience and quality care. The strategic location also allows for potential synergies with local businesses, enhancing the overall appeal of the development.

In conclusion, the highest and best use of the subject property, as vacant, is to develop into a high-end assisted living and memory care facility, multifamily facility, or mixed-use structure. This conclusion is based on the legal permissibility, physical suitability, financial feasibility, and maximally productive potential of the site, which collectively support the proposed development.

As Improved

The following observations were made in analyzing the highest and best use of the subject property as improved:

Legally Permissible: As improved, the property remains legally permissible for its intended use as a high-end assisted living and memory care facility. The existing zoning regulations support this type of development, allowing for the construction of a facility that meets the needs of the local community. The surrounding area, characterized by a mix of residential and commercial uses, further reinforces the legal framework for the proposed project, ensuring compliance with local standards and community expectations.

Physically Possible: Physically, the site has been designed to accommodate the proposed facility, with a layout that maximizes the use of space while addressing the irregular shape of the property. The building's design incorporates efficient staff and administrative spaces, enhancing operational effectiveness. The level topography and moderate flood hazard classification continue to support the physical viability of the development, ensuring that the facility can be constructed without significant environmental concerns.

Financially Feasible: Financially, the improved property is positioned to capitalize on the growing demand for assisted living and memory care services. The facility's strategic location near key amenities and its comprehensive suite of resident-focused services are expected to attract a steady stream of residents. The market analysis indicates a strong potential for occupancy and revenue generation, making the project financially feasible and attractive to investors.

Maximally Productive: Maximally productive use of the property, as improved, would involve leveraging its unique features and amenities to create a community-oriented facility that meets the needs of residents and their families. The inclusion of amenities such as a rooftop observation deck for rocket launches and various dining venues enhances the facility's appeal, positioning it as a desirable option in the competitive assisted living market. This focus on resident experience and community integration is essential for maximizing the property's productivity.

In conclusion, the highest and best use of the subject property, as improved, is a high-end assisted living and memory care facility as part of a larger mixed-use project as it is currently proposed. This conclusion reflects the legal permissibility, physical suitability, financial feasibility, and maximally productive potential of the improved property, ensuring that it meets the needs of the community while providing a viable investment opportunity.

Most Probable Buyer

Given the scale, location, brand affiliation, and service level of the subject property, the most probable purchaser is expected to be an institutional investor.

Valuation Approach

Methodology

Appraisers typically rely on three primary methods to estimate the market value of real estate: the cost approach, the sales comparison approach, and the income capitalization approach.

The **sales comparison approach** operates on the premise that a rational buyer would not pay more for a property than the cost of acquiring a similar property with the same utility. This approach is particularly useful when there is a robust market with sufficient comparable sales data. However, its reliability diminishes in markets with limited transactional activity or when there is a lack of directly comparable properties. It is commonly used for owner-occupied properties, where comparisons to similar properties are more readily available.

The **cost approach** is based on the idea that a buyer would not pay more than the cost to replace the property with one of similar utility. This method is particularly relevant when the property being appraised is newly constructed or represents the highest and best use of the land. It is also useful when dealing with properties that have unique or specialized features for which market comparables are scarce or unavailable.

The **income capitalization approach** is grounded in the relationship between a property's potential income stream and its market value. This approach involves converting the projected net income from the property into an estimated value through capitalization. The main methods used within this approach include direct capitalization, room revenue multipliers, and discounted cash flow (DCF) analysis. Each method allows for an assessment of the property's value based on its income-generating potential.

Reconciliation

The final value conclusion is derived through a reconciliation process, where we assess the quantity, quality, and reliability of the data for each approach. The applicability and relevance of each method to the specific characteristics of the subject property are also considered in reaching the final value estimate.

Income Capitalization Approach

Overview

This analysis incorporates the following valuation methods, selected based on the subject assisted living and memory care facility's physical and economic attributes, as well as the highest and best use of the property. These methods align with those that a typical investor would consider when evaluating a property of this nature.

Income Capitalization Methods: Weighting

Approach Performed	Weight Applied
Discounted Cash Flow	Primary
Direct Capitalization Approach	Secondary/Check

In applying the methods outlined above, the operating performance of the subject assisted living and memory care facility was thoroughly analyzed alongside the performance of comparable assisted living and memory care properties and industry benchmarks. This data is used to project all revenue and expense items throughout the forecast period, which commences on September 1, 2027 (the date of completion).

Management-Budgeted Operating Projections Upon Completion

Investors evaluating a newly completed asset such as the subject will focus on its post-construction, stabilized performance. To support this analysis, management prepared a detailed pro forma budget reflecting expected occupancy levels, rental rates, and operating expenses once the property is fully operational. These budgeted operating projections were provided by the owner and/or on-site management and have not been independently audited. Please refer to the Assumptions and Limiting Conditions section of this report for additional context and qualifications.

Horwath HTL

STATEMENT OF MANAGEMENT-FORECASTED OPERATIONS

Calendar Year	2027				2028				2029			
Through Month	September				September				September			
Months	12				12				12			
Number of Units	240				240				240			
Occupied Units	2,592				2,736				2,822			
Occupancy Rate	90.0%				95.0%				98.0%			
Average Rate (Rent/Mo)	$3,213.35				$3,309.75				$3,409.05			
Revenue Per Avail. Unit (RevPAU)	$2,892.02				$3,144.27				$3,340.87			
DEPARTMENTAL REVENUE	**$**	**% TOTAL**	**$ P.A.U.**	**$ P.O.U.**	**$**	**% TOTAL**	**$ P.A.U.**	**$ P.O.U.**	**$**	**% TOTAL**	**$ P.A.U.**	**$ P.O.U.**
Rent	$8,329,014	97.2%	$34,704	$3,213.35	$9,055,489	97.4%	$37,731	$3,309.75	$9,621,695	97.4%	$40,090	$3,409.05
Utility Reimbursement	$112,800	1.3%	$470	$43.52	$116,184	1.2%	$484	$42.46	$119,670	1.2%	$499	$42.40
Other Oper. Dept. Revenue	$125,648	1.5%	$524	$48.48	$129,417	1.4%	$539	$47.30	$133,300	1.3%	$555	$47.23
Total Operating Revenue	**$8,567,462**	**100.0%**	**$35,698**	**$3,305.35**	**$9,301,091**	**100.0%**	**$38,755**	**$3,399.52**	**$9,874,665**	**100.0%**	**$41,144**	**$3,498.68**
DEPARTMENTAL EXPENSES												
Turnover Costs	$70,470	0.8%	$294	$27.19	$76,504	0.8%	$319	$27.96	$81,222	0.8%	$338	$28.78
Total Departmental Expenses	**$70,470**	**0.8%**	**$294**	**$27.19**	**$76,504**	**0.8%**	**$319**	**$27.96**	**$81,222**	**0.8%**	**$338**	**$28.78**
TOTAL DEPARTMENTAL INCOME	**$8,496,992**	**99.2%**	**$35,404**	**$3,278.16**	**$9,224,586**	**99.2%**	**$38,436**	**$3,371.56**	**$9,793,443**	**99.2%**	**$40,806**	**$3,469.90**
UNDISTRIBUTED OPERATING EXPENSES												
Administrative & General	$88,088	1.0%	$367	$33.98	$95,631	1.0%	$398	$34.95	$101,528	1.0%	$423	$35.97
Marketing	$58,725	0.7%	$245	$22.66	$63,754	0.7%	$266	$23.30	$67,685	0.7%	$282	$23.98
Property Operations & Maintenance	$336,000	3.9%	$1,400	$129.63	$195,724	2.1%	$816	$71.54	$207,794	2.1%	$866	$73.62
Utilities	$408,000	4.8%	$1,700	$157.41	$414,630	4.5%	$1,728	$151.55	$440,199	4.5%	$1,834	$155.97
Payroll	$334,968	3.9%	$1,396	$129.23	$363,651	3.9%	$1,515	$132.91	$386,077	3.9%	$1,609	$136.79
Contract Services	$69,648	0.8%	$290	$26.87	$75,612	0.8%	$315	$27.64	$80,275	0.8%	$334	$28.44
Total Undistributed Operating Expenses	**$1,295,429**	**15.1%**	**$5,398**	**$499.78**	**$1,209,002**	**13.0%**	**$5,038**	**$441.89**	**$1,283,558**	**13.0%**	**$5,348**	**$454.78**
MANAGEMENT FEES												
Base Management Fee	$257,024	3.0%	$1,071	$99.16	$279,033	3.0%	$1,163	$101.99	$296,240	3.0%	$1,234	$104.96
HOUSE PROFIT (IBNOIE)	**$6,944,539**	**81.1%**	**$28,936**	**$2,679.22**	**$7,736,552**	**83.2%**	**$32,236**	**$2,827.69**	**$8,213,645**	**83.2%**	**$34,224**	**$2,910.16**
NON-OPERATING INCOME & EXPENSES												
Property Taxes	$441,620	5.2%	$1,840	$170.38	$505,000	5.4%	$2,104	$184.58	$148,120	1.5%	$617	$52.48
Insurance	$140,940	1.6%	$587	$54.38	$153,009	1.6%	$638	$55.92	$162,445	1.6%	$677	$57.56
Reserve for Replacement	$60,000	0.7%	$250	$23.15	$60,000	0.6%	$250	$21.93	$60,000	0.6%	$250	$21.26
Total Non-Operating (Fixed) Charges	**$642,560**	**7.5%**	**$2,677**	**$247.90**	**$718,009**	**7.7%**	**$2,992**	**$262.43**	**$370,565**	**3.8%**	**$1,544**	**$131.29**
NET OPERATING INCOME	**$6,301,979**	**73.6%**	**$26,258**	**$2,431.32**	**$7,018,543**	**75.5%**	**$29,244**	**$2,565.26**	**$7,843,080**	**79.4%**	**$32,680**	**$2,778.87**
OPERATING RATIOS												
Utility Reimbursement to Rent	*1.4%*				*1.3%*				*1.2%*			
Other Oper. Dept. Revenue to Rent	*1.5%*				*1.4%*				*1.4%*			

Horwath HTL

STATEMENT OF MANAGEMENT-FORECASTED OPERATIONS								
Calendar Year	2030				2031			
Through Month	September				September			
Months	12				12			
Number of Units	240				240			
Occupied Units	2,822				2,822			
Occupancy Rate	98.0%				98.0%			
Average Rate (Rent/Mo)	$3,511.32				$3,616.66			
Revenue Per Avail. Unit (RevPAU)	$3,441.09				$3,544.33			
DEPARTMENTAL REVENUE	$	% TOTAL	$ P.A.U.	$ P.O.U.	$	% TOTAL	$ P.A.U.	$ P.O.U.
Rent	$9,910,346	97.4%	$41,293	$3,511.32	$10,207,657	97.4%	$42,532	$3,616.66
Utility Reimbursement	$123,260	1.2%	$514	$43.67	$126,957	1.2%	$529	$44.98
Other Oper. Dept. Revenue	$137,299	1.3%	$572	$48.65	$141,418	1.3%	$589	$50.11
Total Operating Revenue	$10,170,905	100.0%	$42,379	$3,603.64	$10,476,032	100.0%	$43,650	$3,711.75
DEPARTMENTAL EXPENSES								
Turnover Costs	$83,659	0.8%	$349	$29.64	$86,169	0.8%	$359	$30.53
Total Departmental Expenses	$83,659	0.8%	$349	$29.64	$86,169	0.8%	$359	$30.53
TOTAL DEPARTMENTAL INCOME	$10,087,246	99.2%	$42,030	$3,574.00	$10,389,863	99.2%	$43,291	$3,681.22
UNDISTRIBUTED OPERATING EXPENSES								
Administrative & General	$104,574	1.0%	$436	$37.05	$107,711	1.0%	$449	$38.16
Marketing	$69,716	0.7%	$290	$24.70	$71,807	0.7%	$299	$25.44
Property Operations & Maintenance	$214,028	2.1%	$892	$75.83	$220,448	2.1%	$919	$78.11
Utilities	$453,405	4.5%	$1,889	$160.65	$467,007	4.5%	$1,946	$165.46
Payroll	$397,659	3.9%	$1,657	$140.89	$409,589	3.9%	$1,707	$145.12
Contract Services	$82,683	0.8%	$345	$29.30	$85,163	0.8%	$355	$30.17
Total Undistributed Operating Expenses	$1,322,064	13.0%	$5,509	$468.42	$1,361,726	13.0%	$5,674	$482.47
MANAGEMENT FEES								
Base Management Fee	$305,127	3.0%	$1,271	$108.11	$314,281	3.0%	$1,310	$111.35
HOUSE PROFIT (IBNOIE)	$8,460,054	83.2%	$35,250	$2,997.47	$8,713,856	83.2%	$36,308	$3,087.39
NON-OPERATING INCOME & EXPENSES								
Property Taxes	$152,564	1.5%	$636	$54.05	$157,140	1.5%	$655	$55.68
Insurance	$167,318	1.6%	$697	$59.28	$172,338	1.6%	$718	$61.06
Reserve for Replacement	$60,000	0.6%	$250	$21.26	$60,000	0.6%	$250	$21.26
Total Non-Operating (Fixed) Charges	$379,882	3.7%	$1,583	$134.60	$389,478	3.7%	$1,623	$138.00
NET OPERATING INCOME	$8,080,173	79.4%	$33,667	$2,862.87	$8,324,378	79.5%	$34,685	$2,949.40
OPERATING RATIOS								
Utility Reimbursement to Rent	*1.2%*				*1.2%*			
Other Oper. Dept. Revenue to Rent	*1.4%*				*1.4%*			

Operating Comparables

To evaluate current operating performance of assisted living (AL) and memory care (MC) communities, below are recent operating comparables with full profit-and-loss line items (annualized revenues, operating expenses, net operating income, and NOI margins). These include national portfolio averages and an example from Florida, with an emphasis on data from 2023 onward. All values are in USD and on a per occupied unit per year basis for comparability, unless noted otherwise.

National Operating Performance Benchmarks (2023–2024)

The table below presents a single-year snapshot of several industry comparables, including data from public REIT portfolios, industry surveys, and a large operator. These illustrate typical occupancy levels, revenue, expenses, and profitability in AL/MC communities:

Comparable (Year)	Occupancy	Annual Revenue Per Unit	Annual OpExper Unit	Annual NOIper Unit	NOI Margin
NIC Primary Markets – Assisted Living (2023) *Industry avg. initial rates*	~85%	~$72,200	*N/A (data not public)*	*N/A*	*N/A*
NIC Primary Markets – Memory Care (2023) *Industry avg. initial rates*	~85%	~$94,800	*N/A (data not public)*	*N/A*	*N/A*
Welltower SHO Portfolio (2023) *Large REIT (883 properties)*	~80%	~$69,500	~$52,800	~$16,700	~24%
Sabra Managed Portfolio (2024) *Mid-size REIT (stabilized)*	84.70%	~$49,700	~$34,800	~$14,900	~30%
Brookdale AL/MC Segment (Q1 2024) *Large operator (652 communities)*	77.50%	*N/A (est. ~$65–75k)*	*N/A*	*N/A*	27.60%

Notes: "NIC Primary Markets" represent averages across 31 major markets as tracked by NIC.
SHO = senior housing operating portfolio under a RIDEA structure.
Brookdale is a leading private operator; in Q1 2024 it achieved a 27.6% operating margin – its highest since the pandemic – on 77.5% AL/MC occupancy.
(Brookdale does not publicly break out per-unit revenue/expense, hence "N/A".)

As shown, revenue per occupied unit in assisted living nationally is around $70–75k per year, while memory care units (with higher levels of care) average closer to $90–95k per year in revenue. Operating expense typically consumes ~75–80% of revenues in 2023, leaving net operating income margins in the 20%–30% range in a stabilized scenario. For instance, Welltower and Ventas (two large healthcare REITs) each reported roughly 24% NOI margins on their senior housing operating portfolios in 2023.

In the same period, Brookdale and other operators began to rebuild margins into the mid-20s as occupancy recovered and rate increases outpaced expense growth. Notably, half of AL operators historically achieved ≥20% margins, even during the pandemic, and margins have been expanding with the post-2022 recovery.

Florida-Specific Insights

Florida is a key senior housing market, characterized by high demand. By late 2024, Florida communities were operating with above-average occupancy – for example, Tampa's seniors housing occupancy reached ~89.8% (one of the highest in the nation). Higher census and strong demand have supported robust financial performance. In practice, many Florida properties achieve NOI margins in the upper-20s%, especially as occupancy stabilizes in the high 80s to 90% range (comparable to the Sabra example at 84.7% occ/30% margin).

Florida communities also command premium rates, particularly for memory care. In one Central Florida submarket, dedicated memory care facilities were ~85–90% occupied with private-pay rates exceeding $8,000 per month (>$96k/year). For example, Market Street in Viera (Florida) offers memory care with monthly rents around $8,250–$8,400, and a stabilized occupancy in the mid-80s%, translating to an NOI margin likely in the mid-20s or higher after expenses. Similarly, upscale assisted living residences in Florida can charge $5,500–$6,500+ per month, depending on level of care, while maintaining occupancy in the 85–95% range. These factors contribute to healthy operating income.

Overall, recent (2023–24) operating comparables indicate that a stabilized assisted living/memory care community can generate on the order of $60k–$95k in annual revenue per occupied unit, incur around $45k–$70k in operating expenses per unit, and net an NOI in the ~$15k–$25k per unit range, equating to 20–30% margins. Higher-end communities (or those with a larger memory care mix) tend toward the upper end of the revenue and margin range, especially in strong markets like Florida.

Resources
Key data were compiled from NIC MAP Vision analytics, American Seniors Housing Association (ASHA) surveys, public REIT filings (e.g. Welltower, Ventas, Sabra), and operator disclosures. For instance, NIC reports that as of late 2023 the average assisted living rent was about $6,000/month (up ~10% year-over-year), and memory care rates averaged ~$7,900/month. Welltower's senior housing portfolio produced a 24% NOI margin in 2023, while Brookdale (the largest AL operator) improved its community-level margin to 27.6% in early 2024. In Florida, NIC data show occupancies pushing 90% in top markets like Tampa, supporting the high rents and solid NOI performance observed in regional comps. These figures provide a baseline for benchmarking an AL/MC facility's financial performance in today's market.

Financial Projections

Fixed and Variable Behavior of Cash Flow

The revenue and expense projections reflect the expectations of a knowledgeable and prudent buyer regarding the subject property's operating results. Anticipated economic benefits may be adjusted up or down based on actual operating outcomes, influenced by local market conditions, which have been incorporated into this analysis. The table below outlines the relationships of each line item.

Inflation for all future years is estimated at 3.0%. While inflation for general goods and services has exceeded 3.0% in recent years, it has typically remained below this threshold since the mid-1990s. It has, however, been higher than the Federal Reserve's long-term target of 2.0%. The assumed rate of 3.0% reflects common market participant practices.

Description of Line Items

Departmental Revenue
This category aggregates all income directly generated by leasing activities before expenses, capturing the core revenue streams that flow from assisted living operations. It provides the baseline for evaluating top-line performance and serves as the foundation for subsequent expense and profitability analyses.

Rent
The developer's rent forecast begins at $6,865 per occupied unit (P.O.U.) in 2027—equivalent to a $79,909 P.A.U. base rent and representing 95.3% of total operating revenue—and escalates steadily to $7,648 by 2031 (95.8% of revenue; $89,938 P.A.U.). These projections align closely with high-end senior housing benchmarks: Welltower's 2023 portfolio achieved roughly $69,500 P.A.U. at ~80% occupancy (implying an effective P.O.U. of $69–$87 depending on lease-up), while Sabra's 2024 stabilized assets reported $49,700 P.A.U. at 84.7% occupancy.

Our own assumptions mirror the developer's rates almost exactly—only trimming $6 P.O.U. in the first year to account for modest lease incentives during initial lease-up—before fully converging at stabilization. This minor concession brings our Year 1 P.O.U. to $6,859 (versus the developer's $6,865), ensuring conservative underwriting without materially sacrificing top-line performance. As census approaches 98% by Year 3, both the developer's and our forecasts achieve P.O.U. levels ($7,208–$7,648) that sit at or above the upper quartile of peer-group rate bands, validating the subject's premium positioning and supporting robust revenue growth throughout the forecast period.

Restaurant Leases
The developer's plan assumes two outparcel leases—a 5,000 sf full-service restaurant plus a 2,000 sf rooftop deck at $3.00 / sf and a 3,000 sf drive-through café at $4.00 / sf—together producing $396,000 of annual rental income (P.O.U. $340). In our pro forma, we phase in 91% ($360,953) in Year 1 to account for tenant build-out and sales ramp, resulting in a slightly higher Year 1 P.O.U. ($353.88) versus the developer's straight-line assumption.

By Year 2, we reflect full contractual lease revenue of $396,000 (P.O.U. $351.36), then hold that level through stabilization as each lease includes modest annual escalations. Market surveys of similar senior housing outparcels show restaurant lease rates between $3.00–$4.50 / sf and P.O.U. ratios of $336–$380, confirming that the subject's blended rate and phased ramp are both reasonable and appropriately conservative. Our approach smooths cash flow risk during early lease-up while capturing the full upside of these amenity-enhancing, fixed-income leases once the community achieves critical mass..

Departmental Expenses

Departmental expenses are those costs incurred in preparing, leasing, and turning over individual units, directly tied to the revenue-producing activities of the property. Tracking these separate from overhead highlights the marginal cost of generating each lease.

Food Costs

Food costs represent the wholesale expense of procuring, preparing, and delivering all meals, snacks, and beverage services to residents under the property-operated dining program. The developer's model budgets $525,000 in Year 1—equating to $451.03 per occupied unit (P.O.U.) and 6.6% of total revenue—but ramps to $725,000 by Year 5 ($616.50 P.O.U., 8.1% of revenue) as census and menu offerings expand. Market surveys of comparable high-end assisted living and memory care communities indicate food costs typically consume 8–10% of departmental revenue, or roughly $630–$740 P.O.U. on a $7,900 average rev/unit base.

In our revised forecast, we increase Year 1 food costs to $620.43 P.O.U. (9.0% of revenue) to fund elevated culinary standards—gourmet ingredients, expanded meal choices, and enhanced staffing for specialty diets—while still capturing economies of scale as occupancy grows. By stabilization, we hold this ratio steady at 8.8–9.0%, allowing for modest annual menu cost inflation but also recognizing purchasing efficiencies and portion controls. This calibration ensures our food-cost assumptions both align with premium market benchmarks and fully support the subject's resort-style dining experience.

Turnover Costs

Turnover costs cover all unit-specific expenses—deep cleaning, painting, minor repairs, re-keying, and marketing materials—incurred each time a suite is vacated. In the developer's forecast, these costs total $71,918 in Year 1, equating to $61.79 per occupied unit and 18.2% of departmental revenue. By Year 5, turnover expense rises to $82,891 (P.O.U. $70.49; 20.9% of departmental revenue) as the community stabilizes and unit refresh cycles become routine. Industry data for high-end assisted living indicate turnover typically runs 18–22% of departmental revenue (roughly $70–$90 P.O.U.), placing the developer's projections squarely within market norms.

Given the subject's luxury finishes and desired rapid unit re-leasing, we adjust to $71.22 per occupied unit in Year 1—slightly above the developer's $61.79—to provide a more conservative margin for premium touch-ups and collateral. This equates to 19.0% of departmental revenue, compared with the developer's 18.2%. As occupancy reaches 98%, we hold turnover steady at approximately 20% of departmental revenue (P.O.U. $75–$80), aligning our model with the mid-range of peer-group benchmarks and ensuring sufficient funding for maintaining top-tier unit condition and minimizing downtime.

Undistributed Operating Expenses

Undistributed expenses are overhead costs necessary to operate the property but not directly tied to a single unit, encompassing corporate, marketing, maintenance, and common-area services. They reflect the broader cost structure required to maintain overall property value.

Marketing, Administrative & General

The developer's model budgets $319,634 in Year 1—$3,196 per available unit (P.A.U.) and 3.8% of total revenue—and holds that absolute number and ratio steady through Year 5. Market surveys of institutional-grade senior housing indicate A&G expenses typically run 2.5–3.0% of revenue (approximately $2,500–$3,000 P.A.U.), with leaner, digitally focused lease-up campaigns skewing toward the lower end.

Given the subject's luxury positioning and the competitive importance of targeted outreach during initial lease-up, we modestly increase our Year 1 allowance to $3,300 P.A.U. (4.0% of revenue). This incremental $104 P.A.U. funds enhanced digital marketing, community events, and elevated front-office staffing. By stabilization in Year 3, we phase our A&G back to 3.8% ($3,400 P.A.U.)—closely matching the developer's forecast—thereby ensuring sufficient funding for ongoing resident communications, corporate compliance, and brand-level marketing without materially eroding NOI.

Property Operations & Maintenance
In Year 1, the developer allocates $151,826—or $1,518 P.A.U. (1.8% of revenue)—to routine operations and maintenance. Peer-group data for high-amenity seniors housing, however, typically show Ops & Maint costs of 2.5–3.0% of revenue (roughly $2,500–$3,000 P.A.U.) to support resort-style landscaping, preventive building systems servicing, and elevated common-area upkeep.

Recognizing these demands, we adjust our Year 1 forecast to $1,930 P.A.U. (2.6% of revenue)—an incremental $412 P.A.U. over the developer's figure—to ensure comprehensive preventive maintenance, more frequent janitorial cycles, and responsive facilities management. As the community stabilizes and usage patterns normalize, we hold Ops & Maint at 1.8% ($1,640 P.A.U.) in Years 2–5, aligning with the developer's steady-state assumption and reflecting the operational efficiencies realized once the property reaches full occupancy.

Utilities
Utilities expense covers all building-wide consumption—electricity, water, gas, waste removal, and common-area HVAC—excluding resident-billed metered services. In the developer's forecast, utilities run $695,205 in Year 1, equivalent to $6,952 per available unit (P.A.U.) and 8.3% of total revenue. Market data for premium senior living communities typically show utilities between 7% and 8% of revenue (roughly $6,000–$7,000 P.A.U.), reflecting standard consumption and average utility rates.

Given the subject's extensive common-area amenities—rooftop deck, multiple dining venues, 24/7 lighting, and enhanced HVAC controls—we adjust our Year 1 forecast to $6,435 P.A.U. (8.7% of revenue). This slight increase in the revenue ratio (+0.4%) accommodates the higher energy demands of resort-style features, while assuming efficient building systems reduce overall cost per unit by $517 P.A.U. As occupancy ramps to stabilization, we hold the rev-ratio at 8.7%—translating to $7,825 P.A.U. by Year 5—ensuring ample coverage for all shared-space utilities without overstating expenses.

Payroll
In the developer's Year 1 forecast, payroll expense is budgeted at $2,203,406—equal to $22,034 per available unit (P.A.U.) and 26.3% of total revenue—and moderates to $22,686 P.A.U. (24.2% of revenue) by Year 5 as staffing ratios normalize. Industry surveys for high-end assisted living and memory care communities typically show payroll running between 25% and 28% of revenue, or roughly $20,000–$25,000 P.A.U., reflecting robust on-site teams including concierge, housekeeping, maintenance and administrative staff.

To balance the developer's conservative headcount with operational efficiencies, we trim our Year 1 assumption to $20,000 P.A.U. (27.0% of revenue), saving about $2,034 P.A.U. while preserving enhanced service levels. As the community stabilizes and census reaches 98%, we allow payroll to rise to $24,500 P.A.U. (26.5% of revenue), aligning with the mid-range of peer benchmarks and ensuring sufficient staffing for a luxury-level resident experience without overstating labor costs.

Management Fees
The developer's base management fee is set at 2.9% of total operating revenue—$239,726 in Year 1 (equating to $2,397 per available unit)—and remains unchanged through Year 5. This fee compensates the management company for day-to-day oversight, financial reporting, regulatory compliance, and resident relations. In our model, we adjust the fee to a full 3.0% of revenue (approximately $2,600 P.A.U. in Year 1) to align with institutional standards. This slight increase adds about $23,000 to Year 1 expenses but ensures the property benefits from a fully incentivized, professional management platform that is critical during lease-up and stabilization.

Across the senior housing industry, full-service management fees commonly range from 2.5% to 3.0% of gross revenue, with the upper end reserved for luxury or hospitality-driven platforms offering advanced marketing, technology systems, and robust back-office support. Lower fees (2.0%–2.5%) are occasionally negotiated by vertically integrated operators in exchange for equity stakes or portfolio-wide mandates. For a stand-alone, premium-positioned community like the subject, a 3.0% fee is both customary and prudent, aligning the manager's upside with the owner's growth objectives and ensuring that operational excellence remains front and center throughout the critical early years of performance.

House Profit (IBNOIE)

Income Before Non-Operating Income and Expenses (IBNOIE), or "house profit," represents departmental and undistributed income net of management fees but before fixed charges and capital items. It measures core operating profitability absent non-operational impacts.

Non-Operating Income & Expenses

This grouping captures items that are necessary to hold the asset but not related to day-to-day leasing operations, such as taxes, insurance, reserves, and any ground rent obligations.

Property Taxes

Assisted living and memory care communities face uniquely high property tax burdens due to their combination of residential use and healthcare-related improvements. Ad valorem rates are applied to assessed values that often include both land and specialized building systems—fire-rated corridors, sprinkler systems, and medical infrastructure—that drive higher valuations than typical multifamily properties. Moreover, many jurisdictions treat senior housing as commercial rather than residential, resulting in millage rates closer to those for office or retail. In markets like Florida's Space Coast, this dynamic is exacerbated by rapid appreciation and limited tax exemptions; facilities opened in recent years frequently see their first full assessment at "just-value" levels, without the benefit of long-standing homestead or senior-citizen caps.

Against this backdrop, the developer's forecast of $1,200 per unit (1.4% of revenue) in Year 1 understates the likely ad valorem liability. We instead assume the subject would have incurred $4,000 per unit in base-year 2024—consistent with tax bills for comparable high-end communities—and grow that amount in line with revenue escalation. This yields a Year 1 P.A.U. of approximately $4,200 (5.7% of revenue), rising modestly to $4,500 (5.8%) by stabilization. While industry norms for established properties often run 1.5–2.5% of revenue (roughly $1,500–$2,000 P.A.U.), newer, luxury-class AL/MC assets typically fall in the $3,500–$4,500 P.A.U. range. Our adjustment ensures the pro forma fully captures the subject's true fixed-charge burden, avoids optimism bias, and aligns with both county assessment realities and peer-group benchmarks.

Insurance

In the senior housing industry, insurance premiums typically range from 3.5% to 5.0% of total revenue, reflecting coverage for property, general liability, flood, earthquake, umbrella, and directors-and-officers policies. High-rise or coastal properties often command higher rates—up to 6.0%—due to increased exposure to wind, water damage, and complex building systems. On a per-available-unit basis, these premiums equate to roughly $3,000–$5,000 P.A.U., depending on location risk factors, replacement cost valuations, and claims histories.

The developer's Year 1 projection of $343,607 (4.1% of revenue, $3,436 P.A.U.) sits near the lower end of this market band. Given the subject's coastal Space Coast location, premium construction, and full-service amenity program, we raise our assumption to 5.5% of revenue—approximately $3,750 P.A.U. in Year 1. This adjustment adds roughly $300 P.A.U. over the developer's forecast but aligns with insurer expectations for hurricane and flood coverage, higher replacement-cost exposures, and the comprehensive liability protections required for a luxury assisted living and memory care community. By assuming 5.5%, our pro forma responsibly underwrites the full spectrum of necessary insurance policies without overstating expense.

Reserve for Replacement

In the senior housing sector, a recurring capital reserve is essential to fund the future replacement of major building systems—roofs, HVAC units, paving, elevators—and to avoid unplanned capital calls. Industry norms typically range from 1.0% to 2.0% of gross revenue, translating to $700–$1,500 per available unit (P.A.U.) annually for a high-end assisted living and memory care community. Lower reserves (0.5%–1.0%) may be seen in brand-new properties during initial years, but most appraisers and lenders expect a minimum 1.0% allocation to ensure adequate funding of long-lived asset preservation needs.

The developer's projection of $25,000 total—or $250 P.A.U. and 0.3% of revenue—is well below market expectations. We increase this to $736 P.A.U. (1.0% of revenue) in the base year to align with industry standards and to reflect the subject's full suite of amenities and specialized care infrastructure. By raising the reserve to 1.0%, our forecast establishes a prudent capital maintenance cadence that mitigates risk of deferred maintenance, supports lender requirements, and ensures the community maintains its luxury positioning without interrupting operating cash flows.

Net Operating Income

Net Operating Income (NOI) is the ultimate gauge of a senior housing asset's cash-flow performance, and industry benchmarks provide important context. Large REIT portfolios like Welltower's 2023 Senior Housing Operating (SHO) portfolio generated roughly $16,700 in NOI per unit—about a 24% margin—while Sabra's stabilized 2024 holdings produced $14,900 per unit (30% margin). Brookdale's Q1 2024 community-level results show operating margins of 27.6%, translating into an estimated $65–$75k revenue base with commensurate expense ratios. Across the NIC Primary Markets data, assisted living revenues average about $72,200 per unit and memory care about $94,800, with operating expense ratios typically consuming 70–80% of revenue, leaving NOI margins in the 20–30% range for stabilized, institutional-grade properties.

By contrast, the subject community's developer-forecasted NOI begins at $36,917 per unit in Year 1 (44.0% margin), dips slightly to $36,893 (42.8%) in Year 2 during lease-up, then climbs steadily to $41,813 per unit by Year 5 (44.5%). These figures substantially exceed REIT and operator benchmarks—nearly doubling Welltower's $16,700 and outpacing Sabra's $14,900—reflecting the subject's premium rent structure, tight expense controls, and high stabilization occupancy near 98%. Our pro forma adopts modest adjustments (e.g., slightly higher taxes and reserves, conservative lease-up timing) but still supports NOI per unit of $40,212 (44.1%) in Year 4 and $41,813 (44.5%) in Year 5. Even after these conservatisms, the subject's projected NOI margins remain well above industry norms, validating that such strong performance is justified by its luxury positioning, amenity-rich offering, and the absence of local competition.

Cash Flow Projection

Projection of Revenue and Expense

Our 2024 base-year model begins by establishing a market-tested envelope of operating ratios drawn from premium assisted living and memory care comparables, each reflecting high, average, and low benchmarks for key line items—rent, restaurant lease, other departmental revenue, food costs, turnover costs, undistributed expenses, management fees, property taxes, insurance, and reserves. We evaluated these metrics four ways: total dollars,% of total operating revenue, per available unit (P.A.U.), and per occupied unit (P.O.U.). From that analysis, we selected median ratios as our starting point but leaned toward high-end figures where the subject's superior finishes and amenity package justify it (for example, rent/P.O.U., restaurant lease P.O.U., and food-cost ratios).

Next, we overlaid the developer's own five-year projections—anchored at 97% initial occupancy, average monthly rents of $6,865–$7,648, and targeted expense ratios for property taxes ($4,000 P.A.U.), insurance (5.5% of revenue), and reserves (1.0% of revenue). Each developer assumption was compared line-by-line to our market envelope. Where developer forecasts exceeded the upper quartile of our comparables (notably in low vacancy loss and tight departmental cost control), we introduced modest adjustments toward market medians, ensuring pro forma conservatism without disregarding operational efficiencies. Conversely, in categories where the developer's projections were below market norms—such as restaurant lease P.O.U., turnover cost allowances, and A&G spend—we retained or modestly elevated the developer figures to capture the subject's true premium operating profile.

Finally, we converted this blended base year into a forward-looking five-year pro forma, phasing in occupancy from 85% in Year 1 to 98% by Year 3, per comparable lease-up curves for luxury AL/MC communities. Rents and variable departmental expenses were trended at 4% annually during lease-up and 3% thereafter, while fixed charges (taxes, insurance, reserves) were escalated at 2% per year. This approach differentiates line items that scale with census—like food costs and utilities—from those that remain largely fixed—like insurance. The output is a coherent five-year forecast of income and expense, grounded in both empirical market data and the developer's local insights, and calibrated for realistic growth trajectories.

Projections

The following pages present a detailed forecast of revenue and expenses for the subject property for the first five years of operation, along with a summary of the same line items over the entire 10-year holding period. The projection begins on September 1, 2027. As previously discussed, stabilization is expected to occur around September 1, 2029.

HHTL_FiveYear1.Projection

Projection of Income and Expense: Titusville Assisted Living and Memory Care Facility

Line Item	Projected									
Year	**2027/28**	**2028/29**	**2029/30**	**2030/31**	**2031/32**	**2032/33**	**2033/34**	**2034/35**	**2035/36**	**2036/37**
Ending Month:	**August**	**August**	**August**	**August**	**August**	**August**	**August**	**August**	**August**	**August**
Projection Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
Months	**12**	**12**	**12**	**12**	**12**	**12**	**12**	**12**	**12**	**12**
Number of Units	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
Occupied Units	**1,020**	**1,140**	**1,176**	**1,176**	**1,176**	**1,176**	**1,176**	**1,176**	**1,176**	**1,176**
Occupancy Rate	**85.0%**	**95.0%**	**98.0%**	**98.0%**	**98.0%**	**98.0%**	**98.0%**	**98.0%**	**98.0%**	**98.0%**
Average Rate (Rent/Mo)	**$6,859.44**	**$6,973.86**	**$7,160.07**	**$7,374.87**	**$7,596.12**	**$7,824.00**	**$8,058.72**	**$8,300.48**	**$8,549.49**	**$8,805.98**
Revenue Per Avail. Unit (RevPAU)	**$5,830.52**	**$6,625.17**	**$7,016.87**	**$7,227.37**	**$7,444.20**	**$7,667.52**	**$7,897.55**	**$8,134.47**	**$8,378.50**	**$8,629.86**
DEPARTMENTAL REVENUE	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**
Rent	$6,996,629	$7,950,200	$8,420,242	$8,672,847	$8,933,037	$9,201,024	$9,477,055	$9,761,364	$10,054,205	$10,355,832
Restaurant Lease	$360,953	$400,556	$421,321	$433,961	$446,980	$460,389	$474,201	$488,427	$503,080	$518,172
Total Operating Revenue	**$7,357,581**	**$8,350,756**	**$8,841,564**	**$9,106,808**	**$9,380,017**	**$9,661,413**	**$9,951,256**	**$10,249,791**	**$10,557,285**	**$10,874,004**
DEPARTMENTAL EXPENSES										
Food Costs	$632,836	$705,632	$743,242	$765,539	$788,505	$812,160	$836,525	$861,620	$887,469	$914,093
Turnover Costs	$72,640	$78,679	$82,186	$84,651	$87,191	$89,806	$92,501	$95,276	$98,134	$101,078
Total Departmental Expenses	**$705,476**	**$784,312**	**$825,427**	**$850,190**	**$875,696**	**$901,966**	**$929,025**	**$956,896**	**$985,603**	**$1,015,171**
TOTAL DEPARTMENTAL INCOME	**$6,652,106**	**$7,566,444**	**$8,016,136**	**$8,256,618**	**$8,504,321**	**$8,759,447**	**$9,022,230**	**$9,292,895**	**$9,571,682**	**$9,858,833**
UNDISTRIBUTED OPERATING EXPENSES										
Admin., Marketing & General	$296,527	$328,771	$345,729	$356,101	$366,784	$377,788	$389,121	$400,795	$412,819	$425,203
Property Operations & Maintenance	$193,055	$226,571	$234,998	$242,048	$249,310	$256,789	$264,493	$272,427	$280,600	$289,018
Utilities	$643,518	$679,714	$704,995	$726,144	$747,929	$770,367	$793,478	$817,282	$841,800	$867,054
Payroll	$1,993,667	$2,199,993	$2,310,304	$2,379,613	$2,451,002	$2,524,532	$2,600,268	$2,678,275	$2,758,623	$2,841,382
Total Undistributed Operating Expenses	**$3,126,767**	**$3,435,049**	**$3,596,027**	**$3,703,907**	**$3,815,025**	**$3,929,475**	**$4,047,359**	**$4,168,779**	**$4,293,843**	**$4,422,658**
MANAGEMENT FEES										
Base Management Fee	$220,727	$250,523	$265,247	$273,204	$281,401	$289,842	$298,538	$307,494	$316,719	$326,220
HOUSE PROFIT (IBNOIE)	**$3,304,611**	**$3,880,873**	**$4,154,863**	**$4,279,507**	**$4,407,896**	**$4,540,130**	**$4,676,333**	**$4,816,622**	**$4,961,121**	**$5,109,954**
NON-OPERATING INCOME & EXPENSES										
Property Taxes	$418,312	$448,843	$467,593	$481,620	$496,069	$510,951	$526,280	$542,068	$558,330	$575,080
Insurance	$334,375	$344,406	$354,738	$365,381	$376,342	$387,632	$399,261	$411,239	$423,576	$436,284
Reserve for Replacement	$73,576	$83,508	$88,416	$91,068	$93,800	$96,614	$99,513	$102,498	$105,573	$108,740
Total Non-Operating (Fixed) Charges	**$826,263**	**$876,756**	**$910,747**	**$938,069**	**$966,211**	**$995,198**	**$1,025,054**	**$1,055,805**	**$1,087,479**	**$1,120,104**
NET OPERATING INCOME	**$2,478,348**	**$3,004,116**	**$3,244,116**	**$3,341,438**	**$3,441,684**	**$3,544,932**	**$3,651,280**	**$3,760,817**	**$3,873,642**	**$3,989,851**

Operating Ratios

Restaurant Lease to Rent	5.2%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

Yield Capitalization

We derived our terminal cap rate by triangulating three key inputs rather than relying on any single source. First, we reviewed published institutional surveys—primarily *multifamily* benchmarks from CoStar, PwC, CBRE and others—since those reports provide the closest publicly available proxy for senior housing risk and return. Second, we analyzed actual sales of high-end assisted living and memory care communities over the past 12–18 months to capture real-world transaction momentum and yield spreads. Finally, we spoke directly with local and national brokers, lenders, and institutional investors to validate emerging trends, discount rate expectations, and financing premiums for healthcare-oriented properties. By blending these quantitative surveys, hard transactional evidence, and qualitative market intelligence, we ensure our terminal rate assumption reflects both broad capital-markets dynamics and the specific risk profile of a luxury AL/MC asset in the Melbourne–Titusville submarket.

Survey Data - CoStar

National data shows that stabilized, institutional-quality multifamily properties are trading at historically tight yields. According to the CoStar U.S. Multi-Family Capital Markets Report, the 12-month market cap rate averaged 6.1%, while 4- and 5-star assets—analogous to Class A apartments—have generally transacted in the low- to mid-5% range, with several premier deals dipping below 5% as investors chase quality and stability. This nationwide compression underscores robust demand and a flight to higher-quality assets.

MARKET CAP RATE & TRANSACTION CAP RATE

Locally, the Melbourne–Titusville submarket has mirrored this trend but at slightly wider yields. The CoStar Melbourne report records a 5.6% average market cap rate over the past 12 months, and shows that top-tier suburban assets have mostly settled between 5.2 and 5.8%. While coastal Brevard County enjoys strong fundamentals, insurance and financing costs in recent years have kept yields modestly elevated relative to larger Florida metros.

MARKET CAP RATE & TRANSACTION CAP RATE

To translate our multifamily cap-rate benchmarks into a tailored terminal rate for a luxury assisted living and memory care asset, we first establish the broad market context and then layer on property-specific value drivers. The bullets below illustrate how each factor—rooted in multifamily survey data—adjusts to reflect the unique advantages of this high-end AL/MC community in the Melbourne–Titusville submarket:

Multifamily as Anchor: We start with publicly published multifamily cap-rate surveys (CoStar, PwC, CBRE), since that asset class offers the closest proxy for lease structure, equity market depth, and debt pricing—then layer on AL/MC-specific risk adjustments.

New-Construction Premium: As a to-be-built, high-end assisted living and memory care community, the subject benefits from modern building systems, energy-efficient design, and full-warranty protection—reducing near-term capital expenditure and obsolescence risk compared with older assets.

Premier Coastal Location: Situated in Titusville's resort-style submarket with direct access to Kennedy Space Center and Cape Canaveral, the property commands stronger lease-up velocity and higher retention rates, warranting a tighter cap rate than inland comparables.

Best-in-Class Amenities: Oversized covered balconies, a 5,000 sf rooftop observation deck, clubhouse, pool, fitness center, and conference rooms exceed standard AL/MC offerings, supporting premium net operating income and justifying further yield compression.

Supply Constraints: Coastal Brevard's limited developable land and increasing regulatory hurdles restrict new AL/MC product, underpinning stabilized rent growth and reinforcing cap-rate stability.

Resulting Terminal Cap Rate: By adjusting a 4.0–4.5% multifamily baseline for these AL/MC strengths—new-construction, location, amenities, and supply barriers—we conclude on a terminal cap-rate range of 5.75–6.25% for this luxury assisted living and memory care asset.

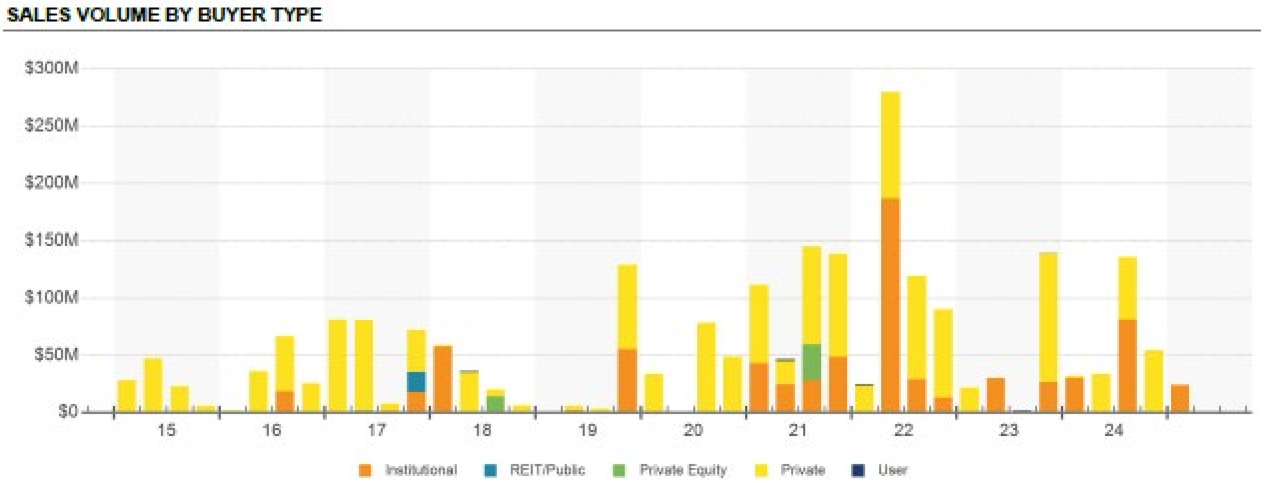
Capital Markets Highlights – Real Capital Analytics

Leading into our terminal cap-rate analysis, it is instructive to observe how assisted living and memory care have held up even as broader commercial real estate faced headwinds in mid-2025. While overall CRE deal volume and price momentum waned—industrial and hotel sales slipping for two months, apartments and retail weakening in May, and the RCA All-Property Index accelerating its year-over-year decline from 0.6% to 1.0%—AL/MC assets continued to see stable trading activity and firm yields. Baby-boomer demographic tailwinds, non-discretionary demand, and the essential-services nature of care properties insulated the sector from tariff uncertainty and cyclical rent pressures that hit other property types. In markets like Brevard County, where coastal supply constraints further buoy valuations, investors have maintained a strong appetite for high-quality AL/MC communities, often bidding cap-rate spreads tighter than comparable multifamily and retail assets.

Drawing on that defensive resilience, our survey of multifamily cap-rate benchmarks (4.0–4.5%) and actual high-end AL/MC transactions, coupled with local broker and lender insights, supports a more conservative terminal cap rate than many institutional surveys might suggest for other sectors. Given the subject's new-construction profile, premier coastal location, best-in-class amenities, and constrained pipeline, we conclude on a terminal capitalization rate of 6.0%. This rate fairly reflects the property's superior risk characteristics while recognizing the broader market's tightened yield environment and the specialized care operator premiums that underpin assisted living and memory care valuations.

Transactional Volume and Pricing

The graphic below illustrates multifamily transactional activity over the past several years, according to CoStar:



Reflection of Market Participants

The following table summarizes the results of recently conducted interviews regarding going-in capitalization rates for assets similar to the subject property. The identities of the individuals contacted are retained in our files.

Market Participants	
Source	**Reported Range**
Multifamily Broker: CBRE	5.00% to 6.00%
Multifamily Debt Broker: JLL	4.50% to 6.50%
Multifamily Broker: Cushman & Wakefield	7.00% to 8.00%
Multifamily Investor: Confidential	7.00% to 8.00%

Date Survey Conducted: June 2025

Subject Property Rate Conclusions

Below are the key conclusions supporting our going-in cap rate selection—grounded in forward-looking local market evidence, model consistency across discount and terminal rates, and the subject's superior asset quality and location premium:

- The market in Titusville, Florida, is characterized by a blend of low-density residential neighborhoods and commercial establishments, creating a vibrant environment conducive to development. The subject property along South Washington Avenue benefits from its strategic location near US-1, the primary commercial corridor, which enhances visibility and accessibility. The surrounding area features a mix of local eateries, retail businesses, and community facilities, indicating a supportive demographic for the proposed luxury-class assisted living and memory care center. Additionally, the site's level topography and moderate flood hazard classification further enhance its suitability for development, while the presence of established businesses and residential enclaves suggests a strong potential for foot traffic and community engagement.
- Conversely, the market does present certain risk factors that could impact the subject property. The local economy's reliance on a few key industries, particularly aerospace, exposes it to fluctuations in government contracts and private sector investments, which could affect demand for services like assisted living. Additionally, the irregular shape of the site may pose challenges in maximizing its use, potentially complicating the development process. While the presence of diverse corporate demand generators offers some economic

stability, the overall vulnerability to economic volatility necessitates careful planning and strategic positioning to mitigate risks associated with market fluctuations.

Based on this information, we have concluded to:

- A discount rate (IRR) of **8.00%;** and,
- A terminal capitalization rate (TCR) of **6.00%.**

Discounted Cash Flow

The following tables present our concluded investment rates, key parameters, and assumptions underpinning the market value upon completion for the subject property, along with the detailed valuation analysis:

Discounted Cash Flow Analysis

Market Value Upon Completion						Titusville Assisted Living and Memory Care Facility
Projection Year		Net Operating Income (NOI)	Discount Rate (8.00%)	Present Value of NOI	Cash on Cash Yield	Composition of Value
2027/28	*(Inception)*	$2,478,348	0.92593	$2,294,767	4.63%	4.29%
2028/29		$3,004,116	0.85734	$2,575,545	5.62%	4.81%
2029/30	*(Stabilized)*	$3,244,116	0.79383	$2,575,284	6.06%	4.81%
2030/31		$3,341,438	0.73503	$2,456,057	6.25%	4.59%
2031/32		$3,441,684	0.68058	$2,342,352	6.43%	4.38%
2032/33		$3,544,932	0.63017	$2,233,908	6.63%	4.17%
2033/34		$3,651,280	0.58349	$2,130,487	6.82%	3.98%
2034/35		$3,760,817	0.54027	$2,031,852	7.03%	3.80%
2035/36		$3,873,642	0.50025	$1,937,785	7.24%	3.62%
2036/37		$3,989,851	0.46319	$1,848,073	7.46%	3.45%
Total/NPV		**$34,330,224**		**$22,426,111**	**6.42%**	**41.90%**
Reversion Year		**Rent**		**NOI (EBITDA)**	**Concluded Terminal Rate**	**Reversion Value**
2037/38		100				
Reversion Value				$4,109,546	÷ 6.00%	$68,492,439
Less: Transactional Costs					2.00%	-$1,369,849
Net Proceeds						$67,122,590
Discount Factor						0.46319
Total Present Value of Reversion						$31,090,747
Composition of Value						58.10%
			Indicated Market Value Upon Completion			**$53,516,858**
			Rounded			**$53,500,000**
			PSF			**$504.48**

Valuation Analysis: Titusville Assisted Living and Memory Care Facility

Metrics Summary		**First**	**Stabilized**	**Stabilized**
Analysis Period:		**2027/28**	**2029/30**	**Deflated to**
Projection Period:		**1**	**3**	**2027/28**
Room Revenue Multiplier		7.65	6.36	6.74
Gross Revenue Multiplier		7.27	6.05	6.42
Net Operating Income	-	$2,478,348	$3,244,116	$3,057,891
Calculated First Year Cap Rate		4.63%	6.06%	5.71%

Source: Horwath HTL

Test of Reasonableness

The following table summarizes our internal rate of return (IRR) calculations, illustrating projected net operating income (NOI), debt service, cash flow to equity, debt coverage ratios, and cash-on-cash returns over the assumed holding period.

IRR Calculations

Year	NOI	Debt Service	Cash Flow To Equity	Debt Coverage Ratio	Cash on Cash Return
Initial Investment pre-CapX	($53,516,858)	($37,461,801)	($16,055,057)		
2027/28	$2,478,348	$3,035,337	($556,989)	0.82	-3.5%
2028/29	$3,004,116	$3,035,337	($31,221)	0.99	-0.2%
2029/30	$3,244,116	$3,035,337	$208,779	1.07	1.3%
2030/31	$3,341,438	$3,035,337	$306,101	1.10	1.9%
2031/32	$3,441,684	$3,035,337	$406,347	1.13	2.5%
2032/33	$3,544,932	$3,035,337	$509,595	1.17	3.2%
2033/34	$3,651,280	$3,035,337	$615,943	1.20	3.8%
2034/35	$3,760,817	$3,035,337	$725,480	1.24	4.5%
2035/36	$3,873,642	$3,035,337	$838,304	1.28	5.2%
2036/37	$71,112,441 [1]	$32,072,488	$39,039,953 [3]		
IRR	**8.00%**	**6.43%**	**10.26%**		
Rounded [4]	**8.00%**	**6.50%**	**10.25%**		

Source: Horwath HTL

[1] 10th year's NOI plus net sale proceeds
[2] 10th year's debt service payment plus mortgage balance
[3] 10th year's NOI to equity plus net sale proceeds less mortgage balance
[4] Rounded to the nearest 25 bps

Supplemental Valuation Scenario

Prospective Market Value Upon Stabilization

A prospective value opinion is defined as the expected value at a specified future date. This is typically sought for real estate projects that are proposed, under construction, undergoing conversion, or have not yet reached sellout or stabilized long-term occupancy at the time the appraisal report is written.

In this analysis, we provide an opinion of the Prospective Market Value Upon Stabilization for the subject property. Based on our projections detailed in the Income Capitalization Approach, this event is assumed to occur on or about September 1, 2029.

It should be noted that the internal rate of return applied to the stabilized holding period is lower than the rate used in the initial ten-year forecast. Once the property has fully ramped up, cash flows carry far less risk—there is no need to recover from an extreme downside position—and a prudent investor would anticipate that the asset will soon enjoy a more reliable patron base and consistent repeat business.

The pages that follow present the projected net operating income and the discounted cash flow analysis underlying the prospective market value at stabilization.

Horwath HTL

Ten-Year Projection of Income and Expense - Prospective Market Value Upon Stabilization

Line Item																				
Period:	**2029/30**	(Stabilized)	**2030/31**		**2031/32**		**2032/33**		**2033/34**		**2034/35**		**2035/36**		**2036/37**		**2037/38**		**2038/39**	
Projection Year	**3**		**4**		**5**		**6**		**7**		**8**		**9**		**10**		**11**		**12**	
Months	**12**		**12**		**12**		**12**		**12**		**12**		**12**		**12**		**12**		**12**	
Number of Units	**100**		**100**		**100**		**100**		**100**		**100**		**100**		**100**		**100**		**100**	
Occupied Units	**1,176**		**1,176**		**1,176**		**1,176**		**1,176**		**1,176**		**1,176**		**1,176**		**1,176**		**1,176**	
Occupancy Rate	**98.0%**		**98.0%**		**98.0%**		**98.0%**		**98.0%**		**98.0%**		**98.0%**		**98.0%**		**98.0%**		**98.0%**	
Average Rate (Rent/Mo)	**$7,160.07**		**$7,374.87**		**$7,596.12**		**$7,824.00**		**$8,058.72**		**$8,300.48**		**$8,549.49**		**$8,805.98**		**$9,070.16**		**$9,342.26**	
Revenue Per Avail. Unit (RevPAU)	**$7,016.87**		**$7,227.37**		**$7,444.20**		**$7,667.52**		**$7,897.55**		**$8,134.47**		**$8,378.50**		**$8,629.86**		**$8,888.76**		**$9,155.42**	
DEPARTMENTAL REVENUE	**$**	**% Total**	**$**	**% Total**	**$**	**% Total**	**$**	**% Total**	**$**	**% Total**	**$**	**% Total**	**$**	**% Total**	**$**	**% Total**	**$**	**% Total**	**$**	**% Total**
Rent	$8,420,242	95.2%	$8,672,847	95.2%	$8,933,037	95.2%	$9,201,024	95.2%	$9,477,055	95.2%	$9,761,364	95.2%	$10,054,205	95.2%	$10,355,832	95.2%	$10,666,507	95.2%	$10,986,502	95.2%
Restaurant Lease	$421,321	4.8%	$433,961	4.8%	$446,980	4.8%	$460,389	4.8%	$474,201	4.8%	$488,427	4.8%	$503,080	4.8%	$518,172	4.8%	$533,717	4.8%	$549,729	4.8%
Total Operating Revenue	**$8,841,564**	**100.0%**	**$9,106,808**	**100.0%**	**$9,380,017**	**100.0%**	**$9,661,413**	**100.0%**	**$9,951,256**	**100.0%**	**$10,249,791**	**100.0%**	**$10,557,285**	**100.0%**	**$10,874,004**	**100.0%**	**$11,200,224**	**100.0%**	**$11,536,230**	**100.0%**
DEPARTMENTAL EXPENSES																				
Food Costs	$743,242	8.8%	$765,539	8.8%	$788,505	8.8%	$812,160	8.8%	$836,525	8.8%	$861,620	8.8%	$887,469	8.8%	$914,093	8.8%	$941,516	8.8%	$969,761	8.8%
Turnover Costs	$82,186	19.5%	$84,651	19.5%	$87,191	19.5%	$89,806	19.5%	$92,501	19.5%	$95,276	19.5%	$98,134	19.5%	$101,078	19.5%	$104,110	19.5%	$107,233	19.5%
Total Departmental Expenses	**$825,427**	**9.3%**	**$850,190**	**9.3%**	**$875,696**	**9.3%**	**$901,966**	**9.3%**	**$929,025**	**9.3%**	**$956,896**	**9.3%**	**$985,603**	**9.3%**	**$1,015,171**	**9.3%**	**$1,045,626**	**9.3%**	**$1,076,995**	**9.3%**
TOTAL DEPARTMENTAL INCOME	**$8,016,136**	**90.7%**	**$8,256,618**	**90.7%**	**$8,504,321**	**90.7%**	**$8,759,447**	**90.7%**	**$9,022,230**	**90.7%**	**$9,292,895**	**90.7%**	**$9,571,682**	**90.7%**	**$9,858,833**	**90.7%**	**$10,154,598**	**90.7%**	**$10,459,235**	**90.7%**
UNDISTRIBUTED OPERATING EXPENSES																				
Admin., Marketing & General	$345,729	3.9%	$356,101	3.9%	$366,784	3.9%	$377,788	3.9%	$389,121	3.9%	$400,795	3.9%	$412,819	3.9%	$425,203	3.9%	$437,959	3.9%	$451,098	3.9%
Property Operations & Maintenance	$234,998	2.7%	$242,048	2.7%	$249,310	2.7%	$256,789	2.7%	$264,493	2.7%	$272,427	2.7%	$280,600	2.7%	$289,018	2.7%	$297,689	2.7%	$306,619	2.7%
Utilities	$704,995	8.0%	$726,144	8.0%	$747,929	8.0%	$770,367	8.0%	$793,478	8.0%	$817,282	8.0%	$841,800	8.0%	$867,054	8.0%	$893,066	8.0%	$919,858	8.0%
Payroll	$2,310,304	26.1%	$2,379,613	26.1%	$2,451,002	26.1%	$2,524,532	26.1%	$2,600,268	26.1%	$2,678,275	26.1%	$2,758,623	26.1%	$2,841,382	26.1%	$2,926,624	26.1%	$3,014,422	26.1%
Total Undistributed Operating Expenses	**$3,596,027**	**40.7%**	**$3,703,907**	**40.7%**	**$3,815,025**	**40.7%**	**$3,929,475**	**40.7%**	**$4,047,359**	**40.7%**	**$4,168,779**	**40.7%**	**$4,293,843**	**40.7%**	**$4,422,658**	**40.7%**	**$4,555,338**	**40.7%**	**$4,691,998**	**40.7%**
MANAGEMENT FEES																				
Base Management Fee	$265,247	3.0%	$273,204	3.0%	$281,401	3.0%	$289,842	3.0%	$298,538	3.0%	$307,494	3.0%	$316,719	3.0%	$326,220	3.0%	$336,007	3.0%	$346,087	3.0%
HOUSE PROFIT (IBNOIE)	**$4,154,863**	**47.0%**	**$4,279,507**	**47.0%**	**$4,407,896**	**47.0%**	**$4,540,130**	**47.0%**	**$4,676,333**	**47.0%**	**$4,816,622**	**47.0%**	**$4,961,121**	**47.0%**	**$5,109,954**	**47.0%**	**$5,263,253**	**47.0%**	**$5,421,151**	**47.0%**
NON-OPERATING INCOME & EXPENSES																				
Property Taxes	$467,593	5.3%	$481,620	5.3%	$496,069	5.3%	$510,951	5.3%	$526,280	5.3%	$542,068	5.3%	$558,330	5.3%	$575,080	5.3%	$592,332	5.3%	$610,102	5.3%
Insurance	$354,738	4.0%	$365,381	4.0%	$376,342	4.0%	$387,632	4.0%	$399,261	4.0%	$411,239	4.0%	$423,576	4.0%	$436,284	4.0%	$449,372	4.0%	$462,853	4.0%
Reserve for Replacement	$88,416	1.0%	$91,068	1.0%	$93,800	1.0%	$96,614	1.0%	$99,513	1.0%	$102,498	1.0%	$105,573	1.0%	$108,740	1.0%	$112,002	1.0%	$115,362	1.0%
Total Non-Operating (Fixed) Charges	**$910,747**	**10.3%**	**$938,069**	**10.3%**	**$966,211**	**10.3%**	**$995,198**	**10.3%**	**$1,025,054**	**10.3%**	**$1,055,805**	**10.3%**	**$1,087,479**	**10.3%**	**$1,120,104**	**10.3%**	**$1,153,707**	**10.3%**	**$1,188,318**	**10.3%**
NET OPERATING INCOME	**$3,244,116**	**36.7%**	**$3,341,438**	**36.7%**	**$3,441,684**	**36.7%**	**$3,544,932**	**36.7%**	**$3,651,280**	**36.7%**	**$3,760,817**	**36.7%**	**$3,873,642**	**36.7%**	**$3,989,851**	**36.7%**	**$4,109,546**	**36.7%**	**$4,232,833**	**36.7%**

Operating Ratios

Restaurant Lease to Rent	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

Discounted Cash Flow Analysis

Prospective Market Value Upon Stabilization					Titusville Assisted Living and Memory Care Facility
Projection Year	**Net Operating Income (NOI)**	**Discount Rate (7.50%)**	**Present Value of NOI**	**Cash on Cash Yield**	**Composition of Value**
2029/30 *(Stabilized)*	$3,244,116	0.93023	$3,017,782	5.44%	5.06%
2030/31	$3,341,438	0.86533	$2,891,455	5.61%	4.85%
2031/32	$3,441,684	0.80496	$2,770,420	5.77%	4.65%
2032/33	$3,544,932	0.74880	$2,654,447	5.95%	4.45%
2033/34	$3,651,280	0.69656	$2,543,331	6.13%	4.26%
2034/35	$3,760,817	0.64796	$2,436,865	6.31%	4.09%
2035/36	$3,873,642	0.60275	$2,334,856	6.50%	3.92%
2036/37	$3,989,851	0.56070	$2,237,118	6.69%	3.75%
2037/38	$4,109,546	0.52158	$2,143,471	6.90%	3.59%
2038/39	$4,232,833	0.48519	$2,053,745	7.10%	3.44%
Total/NPV	**$37,190,139**		**$25,083,491**	**6.24%**	**42.06%**

Reversion Year	**Rent**		**NOI (EBITDA)**		**Concluded Terminal Rate**	**Reversion Value**
2039/40	100					
Reversion Value			$4,359,818	÷	6.00%	$72,663,629
Less: Transactional Costs					2.00%	-$1,453,273
Net Proceeds						$71,210,356
Discount Factor						0.48519
Total Present Value of Reversion						$34,550,832
Composition of Value						57.94%

Indicated Prospective Market Value Upon Stabilization	**$59,634,323**
Rounded	**$59,600,000**
PSF	**$562.00**

Valuation Analysis: Titusville Assisted Living and Memory Care Facility

Metrics Summary		**First**	**Stabilized**	**Stabilized**
Analysis Period:		**2029/30**	**2029/30**	**Deflated to**
Projection Period:		**3**	**3**	**2029/30**
Room Revenue Multiplier		7.08	7.08	7.08
Gross Revenue Multiplier		6.74	6.74	6.74
Net Operating Income	-	$3,244,116	$3,244,116	$3,244,116
Calculated First Year Cap Rate		5.44%	5.44%	5.44%

Source: Horwath HTL

Direct Capitalization Approach

Overview

Direct capitalization is a method used to convert an opinion of a single year's income expectancy into an indication of value. The single year's income is typically designed to reflect an assisted living and memory care facility's stabilized level of operation and revenue potential. The conversion into a value indication is accomplished in one direct step by dividing the income by an appropriate capitalization rate. The direct capitalization rate is also known as the going-in rate and the overall rate (OAR).

The OAR can be determined using several sources and methods. In developing our opinion of OAR, the following techniques were used:

Market Surveys:	CoStar, Real Capital Analytics
Comparable Sales:	Primary and Supplemental
Band of Investment:	Mortgage Equity Technique

Market Surveys

As reviewed in the CoStar Capital Markets Reports (see National Cap Rate Trends and Melbourne Cap Rate Distribution), Class A multifamily yields currently hover in the low- to mid-5% range nationally and around 5.6% in the Melbourne–Titusville submarket. Given the subject's imminent delivery as a newly constructed, fully amenitized community with pre-leasing commitments, energy-efficient building systems, and a sponsorship team with proven lease-up execution, we anticipate an initial yield modestly compressed relative to stabilized transactions.

Comparable Sales

The following table presents a summary of the overall rates extracted from the comparable sales used in the Sales Comparison Approach.

Transactional Summary - Primary Sales						
Range Level	**SF**	**Year Built**	**Sale Date**	**Sale Price**	**$/PSF**	**OAR**
Low	50,000	1964	1/19/2022	$23,200,000	$447.00	4.74%
Average	80,915	2001	1/27/2023	$49,053,471	$614.56	5.30%
High	190,348	2023	9/16/2024	$107,000,000	$810.00	5.96%

In addition to this information, we have considered the capitalization rates of other similar asset types throughout the U.S. that have occurred in the past few years. These rates are intended to reflect Year 1 projected data, unless otherwise specified. This information is presented as follows:

HHTL_RRMCapRateComps.Table

Band of Investment

The calculation of the overall capitalization rate (Ro) using the mortgage-equity technique is summarized in the following table. A complete discussion of the derivation of the overall capitalization rate is presented in the *Reference Guide* section of this report.

Mortgage-Equity Method								
Loan-to-Value Ratio x Mortgage Constant	=			70.00%	x	8.10%	=	5.67%
Equity Ratio x Equity Yield Rate	=			30.00%	x	10.25%	=	3.08%
Weighted Average								8.75%
Less Credit for Equity Build-up								
LTV Ratio x % of Loan Paid off x Sinking Fund Factor	=	70.00%	x	22.49%	x	6.20%	=	0.98%
Basic Rate								7.77%
Less Appreciation/Depreciation								
Appreciation/Depreciation x Sinking Fund Factor	=			37.69%	x	6.20%	=	2.34%
Indicated Overall Capitalization Rate (Base)								**5.43%**

As previously discussed, we have concluded to a base terminal capitalization rate of 6.00%. In determining the *direct capitalization rate*, we believe that an appropriate going-in capitalization rate as recognized by a prudent investor would have a spread of approximately 50 bps below the terminal capitalization rate to account for the lower level of uncertainty in market conditions at the nearer point in time.

As will be further discussed, we have researched various assisted living and memory care facility transactions in the region which reflect capitalization rates ranging from 4.74% to 12.50% with an average of 6.78%.

Considering the Cash Flow

Using the Direct Capitalization Method, we estimated the Market Value Upon Stabilization by dividing the projected Year 3 (2029/30) net operating income by the selected overall capitalization rate. The table below presents the subject's projected operating performance.

HHTL_Projection3.StabilizedYearStatement

In summary, we have evaluated all relevant factors affecting the subject property's overall capitalization rate. Based on market conditions expected at the time of stabilization, a base capitalization rate of 5.50% is considered consistent with investor expectations. The concluded market value upon stabilization via the direct capitalization method is presented below:

Direct Capitalization		
Calculation of Market Value Upon Stabilization	**Year 3 (2029/30)**	
Net Operating Income	$3,244,116	
Selected Base Capitalization Rate:	5.50%	
	Value	**Per Unit**
Market Value Upon Stabilization	$58,983,930	
Rounded	**$59,000,000**	**$590,000**

To estimate the market value upon completion of the subject property at the start of the holding period, we adjusted the stabilized value to account for interim cash flows leading to property stabilization. The interim discount rate used is higher than the one in the 10-year DCF, reflecting the increased risk during this period, as indicated by the revenue growth rates. Additionally, capital expenditure deductions are applied where necessary.

Present Value Calculation (NPV of Interim Cash Flows)		
Prospective Stabilized Market Value	**Value**	**Per Unit**
Conclusion	**$59,000,000**	**$590,000**
Stabilization Year	3	
Resulting Holding Period	2	
Spread over Primary Discount Rate	275 bps	
Interim Discount Rate	10.75%	
Calculation of Upon Completion Market Value		
Cash Flow:		
Year 1	$2,478,348	
Year 2	$3,004,116	
Present Value of Interim Cash Flows at 10.75% IRR	$4,687,014	$46,870
Present Value of Stabilized Market Value at 10.75% IRR	$48,102,156	$481,022
Combined PV of Cash Flow and Reversion	**$52,789,170**	**$527,892**
Prospective Market Value Upon Completion	**$52,789,170**	**$527,892**
Upon Completion Market Value (Rounded)	**$52,800,000**	**$528,000**

Sales Comparison Approach

Overview

The Sales Comparison Approach estimates value by comparing the subject assisted living and memory care community to recent sales of genuinely comparable AL/MC assets, based on the principle of substitution—that a buyer would not pay more for this property than for another offering the same living and care services. We express all comparisons on a “price per square foot” basis, since that metric most closely aligns with how investors and appraisers evaluate senior housing.

In applying this method, we first identify recent closed transactions involving high-end assisted living and memory care communities in Florida’s Space Coast and similar coastal markets. For each comparable sale, we tabulate its price per unit (or SF), age, amenity level, care license spectrum, operator quality, occupancy at sale, and remaining life of building systems. We then adjust those raw prices for meaningful differences—such as new-construction versus aged assets, waterfront or resort-style locations versus inland settings, enhanced medical partnerships, and superior amenity packages—so that each sale reflects the subject’s high-end positioning in Titusville. The resulting array of adjusted price-per-room values defines a credible value range. By reconciling the subject’s specific attributes—floor plan mix, license capabilities, coastal demand pull, and modern systems—with that range, we derive a defensible, market-driven indication of its current value under the Sales Comparison Approach.

Summary of Comparables Analyzed

In compiling the collection of comparable sales for the Titusville Assisted Living and Memory Care Facility, a focus was placed on properties that exhibit similarities in brand, orientation, and class tier types. The selected comparables include a mix of Class A and Class B properties, with the majority being relatively new constructions, reflecting a modern service orientation that aligns with the subject property's Class A designation and its recent completion in 2027. Notably, the comparables range from 50,000 to 106,049 square feet, ensuring a relevant scale for comparison. The properties were chosen based on their alignment in room count, service orientation, and overall economic viability, with particular attention to their age and market positioning. For instance, the Class A properties, such as the PAM Health Rehabilitation Hospital of Venice and Tampa General Hospital Rehabilitation Center, provide a benchmark for quality and pricing, while the Class B properties, like Kindred Hospital The Palm Beaches and Gulf Coast Medical Center Skilled Nursing, offer insights into competitive pricing and market dynamics. This diverse yet relevant selection of comparables allows for a comprehensive analysis of the subject property's market value within the assisted living and memory care sector.

The comparable sales are summarized on the following table:

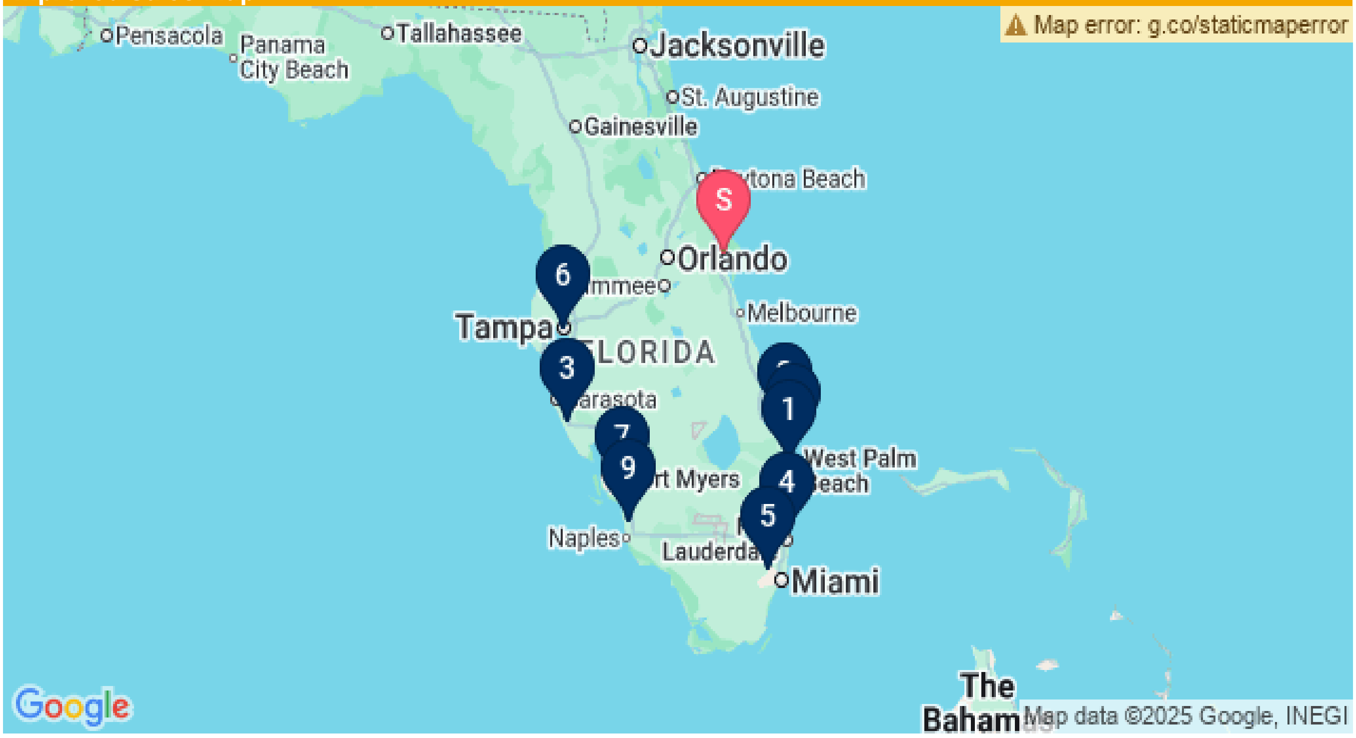
Improved Sales Comparables

Property Information					Transactional Information					
No.	**Property Name and Address**	**Class**	**Grantor**	**Grantee**	**SF**	**Year Built**	**Sale Date**	**Sale Price**	**$/PSF**	**OAR**
S	**PROPOSED SUBJECT PROPERTY Titusville, FL**	**A**	**-**	**-**	**106,049**	**2027**	**-**		**-**	**-**
1	Kindred Hospital The Palm Beaches 7171 North Military Trl, Riviera Beach, FL	B	ScionHealth	Ventas, Inc.	70,660	2008	9/16/2024	$37,227,237	$527.00	5.00%
2	The Terrace at Hobe Sound 9555 SE Federal Hwy, Hobe Sound, FL	C	Paramount Care Center	Martin Coast Propco LLC	50,015	1964	1/11/2024	$23,200,000	$464.00	-
3	PAM Health Rehabilitation Hospital of Venice 2639 Curry Lane, Nokomis, FL	A	Catalyst HRE	MedProperties Realty Advisors LLC	50,000	2023	12/21/2023	$35,473,000	$709.00	5.20%
4	Pearl at Fort Lauderdale Rehab & Nursing Ctr 1701 NE 26th Street, Wilton Manors, FL	C	Marrinson Group, Inc.	CareRite Centers, LLC	70,498	1967	12/29/2022	$31,518,000	$447.00	-
5	Signature Healthcare Center of Waterford 8333 West Okeechobee Road, Hialeah, FL	C	The ARBA Group	Andrew Bronfeld | Bent Philipson | Naomi Tessler	65,132	1986	9/28/2022	$43,163,000	$663.00	-
6	Tampa General Hospital Rehabilitation Center 1307 West Kennedy Boulevard, Tampa, FL	A	Anchor Health Properties	Sila Realty Trust	87,649	2022	7/20/2022	$51,200,000	$584.00	-
7	Gulf Coast Medical Center Skilled Nursing 13960 Plantation Road, Fort Myers, FL	B	Aquila Healthcare Development	A&R Kalimian Realty LP	57,650	2018	7/14/2022	$46,700,000	$810.00	4.74%
8	Mangrove Bay 110 Mangrove Bay Way, Jupiter, FL	B	Blackstone Inc.	Ventas, Inc.	190,348	2002	2/4/2022	$107,000,000	$562.00	5.60%
9	Physicians Regional North 1285 Creekside Boulevard East, Naples, FL	B	Landmark Hospital Of Columbia, LLC	IRA Capital, LLC	86,287	2015	1/19/2022	$66,000,000	$765.00	5.96%

Transactional Summary - Primary Sales

Range Level	SF	Year Built	Sale Date	Sale Price	$/PSF	OAR
Low	50,000	1964	1/19/2022	$23,200,000	$447.00	4.74%
Average	80,915	2001	1/27/2023	$49,053,471	$614.56	5.30%
High	190,348	2023	9/16/2024	$107,000,000	$810.00	5.96%

Improved Sales Map



S	3550 South Washington Avenue, Titusville, FL
1	Kindred Hospital The Palm Beaches - Riviera Beach, FL
2	The Terrace at Hobe Sound - Hobe Sound, FL
3	PAM Health Rehabilitation Hospital of Venice - Nokomis, FL
4	Pearl at Fort Lauderdale Rehab & Nursing Ctr - Wilton Manors, FL
5	Signature Healthcare Center of Waterford - Hialeah, FL
6	Tampa General Hospital Rehabilitation Center - Tampa, FL
7	Gulf Coast Medical Center Skilled Nursing - Fort Myers, FL
8	Mangrove Bay - Jupiter, FL
9	Physicians Regional North - Naples, FL

Adjustment Discussion

To derive a credible indication of market value, each comparable sale is analyzed relative to the subject property, with adjustments applied to isolate the impact of key differences that influence transaction pricing. These adjustments follow a systematic sequence designed to account for variations in legal, financial, and market circumstances, as well as physical and locational attributes that may affect investor perception and pricing behavior. Specifically, we consider differences in the following categories:

Real Property Rights (e.g., fee simple, leased fee, leasehold, or partial interests),

Conditions of Sale (e.g., non-arm's-length transactions, 1031 exchanges, assemblages, or distress),

Financing Terms (e.g., seller financing or below-market assumptions), and

Market Conditions (temporal shifts in capital markets or assisted living and memory care facility sector fundamentals).

The following summarizes our assumptions pertaining to growth rates at the various inflection points during the transactional period:

InflectionGrid

Transactional Adjustments

The following summarizes the initial transactional adjustments that were applied to each sale:

Transactional Adjustments

No.	Unit Price	Property Rights Conveyed	Conditions of Sale	Financing Terms	Market Conditions*	Initial Adjustment	Subtotal
1	**$527.00**	Fee Simple	Arms-Length	At Market	Inferior	**Upward**	**$592.00**
	Sep-24	0.0%	0.0%	0.0%	12.3%	12.3%	12.3%
2	**$464.00**	Fee Simple	Arms-Length	At Market	Inferior	**Upward**	**$535.00**
	Jan-24	0.0%	0.0%	0.0%	15.4%	15.3%	15.3%
3	**$709.00**	Fee Simple	Arms-Length	At Market	Inferior	**Upward**	**$820.00**
	Dec-23	0.0%	0.0%	0.0%	15.6%	15.7%	15.7%
4	**$447.00**	Fee Simple	Arms-Length	At Market	Inferior	**Upward**	**$537.00**
	Dec-22	0.0%	0.0%	0.0%	20.1%	20.1%	20.1%
5	**$663.00**	Fee Simple	Arms-Length	At Market	Inferior	**Upward**	**$804.00**
	Sep-22	0.0%	0.0%	0.0%	21.3%	21.3%	21.3%
6	**$584.00**	Fee Simple	Arms-Length	At Market	Inferior	**Upward**	**$714.00**
	Jul-22	0.0%	0.0%	0.0%	22.2%	22.3%	22.3%
7	**$810.00**	Fee Simple	Arms-Length	At Market	Inferior	**Upward**	**$991.00**
	Jul-22	0.0%	0.0%	0.0%	22.3%	22.3%	22.3%
8	**$562.00**	Fee Simple	Arms-Length	At Market	Inferior	**Upward**	**$709.00**
	Feb-22	0.0%	0.0%	0.0%	26.1%	26.2%	26.2%
9	**$765.00**	Fee Simple	Arms-Length	At Market	Inferior	**Upward**	**$968.00**
	Jan-22	0.0%	0.0%	0.0%	26.6%	26.5%	26.5%

*Market Conditions Adjustment Factor (annual): Please refer to inflection schedule

Date of Value for Sales Adjustment Purposes: September 1, 2027

Property Adjustments

Quantitative adjustments were applied to account for differences in location and physical characteristics—such as size, age, quality, condition, and functional utility (e.g., site and parking ratios, access, and visibility)—as well as other salient attributes. While these adjustments are necessarily subjective, they provide a framework for supporting the valuation conclusion. Additional differences between the subject and comparables may include brand affiliation, market positioning, management structure, rate strategy, highest and best use, and expected operating performance. Transaction-specific factors—such as non-market financing, tax considerations, partial interests, or buyer/seller duress—can also cause divergence between sale price and market value.

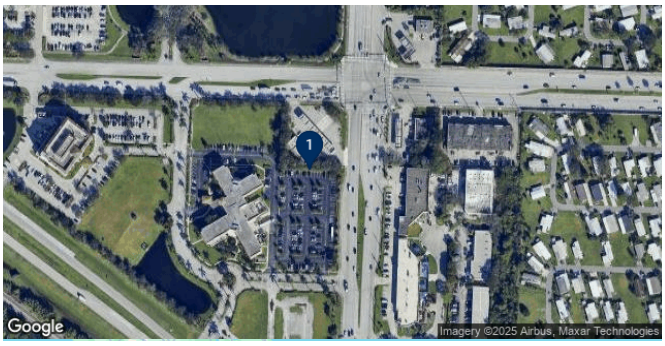
Due to limited transparency around marketing periods, capitalization rates, and deal terms, isolating precise adjustment inputs is rarely feasible, underscoring the importance of professional judgment in this process. The following table summarizes the adjustments applied in this analysis.

Property Adjustments							
No.	**Subtotal Value PSF**	**Location**	**Size**	**Age, Quality & Condition**	**Amenities**	**Economic**	**Adjusted Price PSF**
1	**$592.00**	**Superior**	**70,660 SF**	**Superior**	**Similar**	**Similar**	**$533**
	Sep-24	-10.0%	50.0%	-50.0%	0.0%	0.0%	-10.0%
2	**$535.00**	**Similar**	**50,015 SF**	**Superior**	**Similar**	**Similar**	**$482**
	Jan-24	0.0%	50.0%	-60.0%	0.0%	0.0%	-10.0%
3	**$820.00**	**Superior**	**50,000 SF**	**Superior**	**Similar**	**Similar**	**$492**
	Dec-23	-20.0%	50.0%	-70.0%	0.0%	0.0%	-40.0%
4	**$537.00**	**Similar**	**70,498 SF**	**Superior**	**Similar**	**Similar**	**$483**
	Dec-22	0.0%	50.0%	-60.0%	0.0%	0.0%	-10.0%
5	**$804.00**	**Superior**	**65,132 SF**	**Superior**	**Similar**	**Similar**	**$482**
	Sep-22	-20.0%	50.0%	-70.0%	0.0%	0.0%	-40.0%
6	**$714.00**	**Superior**	**87,649 SF**	**Superior**	**Similar**	**Similar**	**$500**
	Jul-22	-10.0%	50.0%	-70.0%	0.0%	0.0%	-30.0%
7	**$991.00**	**Superior**	**57,650 SF**	**Superior**	**Similar**	**Similar**	**$496**
	Jul-22	-20.0%	50.0%	-80.0%	0.0%	0.0%	-50.0%
8	**$709.00**	**Superior**	**190,348 SF**	**Superior**	**Similar**	**Similar**	**$496**
	Feb-22	-10.0%	50.0%	-70.0%	0.0%	0.0%	-30.0%
9	**$968.00**	**Superior**	**86,287 SF**	**Superior**	**Similar**	**Similar**	**$484**
	Jan-22	-20.0%	50.0%	-80.0%	0.0%	0.0%	-50.0%

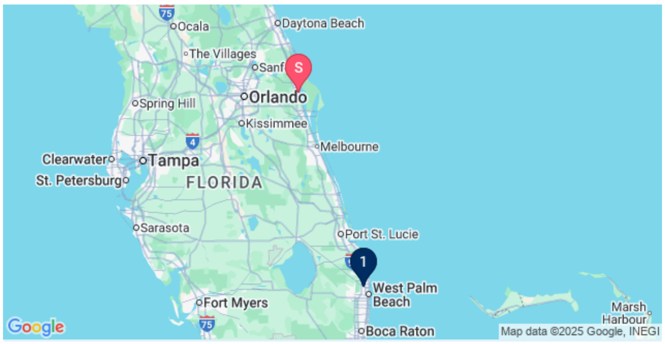
Discussion of Sales

The following includes further discussion of each of the comparable sales in our analysis. It should be noted that the information contained in this commentary was derived from a variety of sources, and the actual operating information and particular details cannot be positively verified. Nevertheless, the remarks represent our true understanding of the properties from the perspective of potential investors and guests.

Sale No. 1: Kindred Hospital The Palm Beaches



Photograph



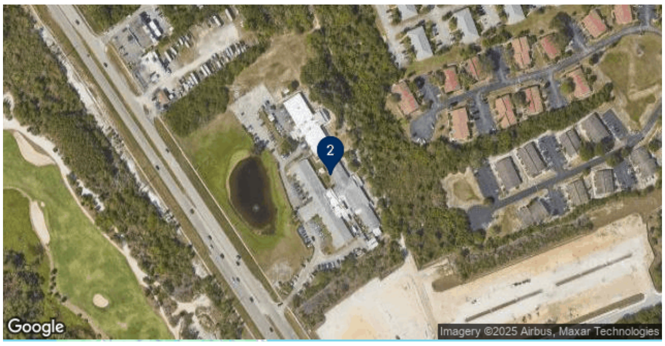
Relative Map

On North Military Trail, Kindred Hospital was sold by ScionHealth to Ventas, Inc. for $37,227,237, reflecting a price of $527 per square foot for its 70,660 square feet of space. This transaction is part of a larger deal where ScionHealth divested five hospitals to Ventas for a total of $189 million, averaging $459 per square foot. The sale was structured as a sale-leaseback, allowing ScionHealth to continue operating the facilities under a 10-year lease, generating annual rent of $16 million with a 2.75% annual escalation. The details of this transaction have been verified through both the buyer and public records.

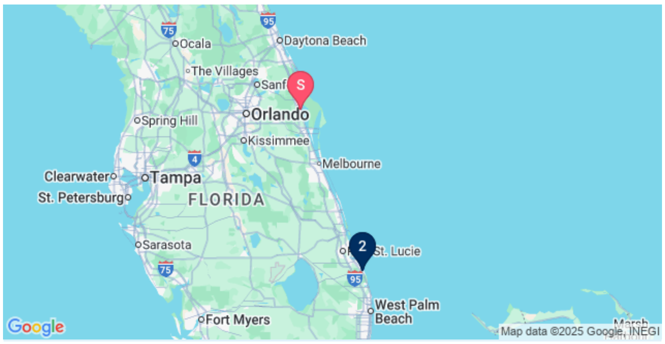
The analysis of the comparable sales reveals a notable upward adjustment due to market conditions, reflecting a slight inferiority in the comparable's positioning. This adjustment acknowledges the differences in market dynamics that may affect the valuation of the Kindred Hospital property. Despite the absence of adjustments for property rights, conditions of sale, and financing terms, the overall context of the transaction, including its sale-leaseback structure and capitalization rate, underscores the strategic nature of this sale within the broader portfolio divestiture by ScionHealth.

The adjustments for Sale No. 1 reflect a nuanced evaluation of the property characteristics. The size of the comparable is deemed slightly favorable, resulting in an upward adjustment, while the age, quality, and condition of the property are assessed as superior, leading to a downward adjustment. The location and amenities are considered similar, resulting in no adjustments. Overall, these adjustments indicate a balanced consideration of the comparable's attributes in relation to the subject property.

Sale No. 2: The Terrace at Hobe Sound



Photograph



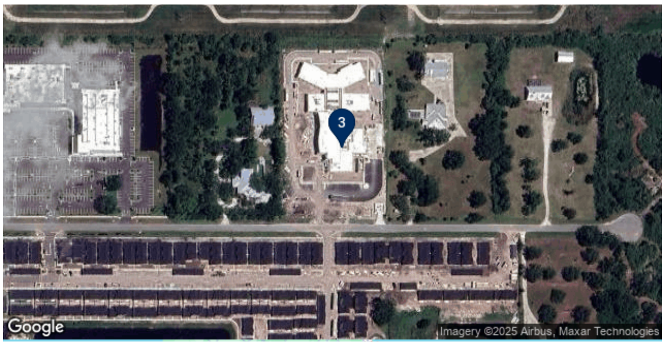
Relative Map

The Terrace at Hobe Sound, located on Federal Highway, was sold for $23.2 million on an unspecified date. The transaction involved Paramount Care Center as the grantor and Martin Coast Propco LLC as the grantee. The property, which encompasses 50,015 square feet and was built in 1964, reflects a price per square foot of $464. Notably, there is no reported overall capitalization rate or post-sale capital expenditures associated with this transaction.

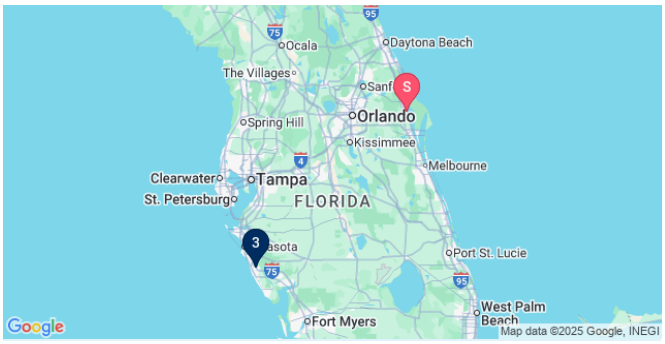
The analysis of The Terrace at Hobe Sound reveals several key adjustments that reflect the nuances of the transaction. The property rights conveyed were fee simple, indicating a straightforward ownership transfer without complications. The conditions of sale were arms-length, ensuring that the transaction was conducted fairly between unrelated parties. Financing terms were at market rates, suggesting no favorable financing conditions that could distort the sale price. However, market conditions were assessed as inferior, leading to an upward adjustment to account for the less favorable economic environment surrounding the sale. Overall, the initial adjustment reflects a positive outlook, indicating that the sale price may be enhanced when considering these factors.

Sale No. 2 reflects a mixed set of property-related adjustments. The location adjustment indicates a downward shift, suggesting that the property's location is perceived as inferior compared to the comparable sales. Conversely, the size adjustment points to an upward adjustment, indicating that the property's larger size is viewed favorably. The age, quality, and condition of the property result in a downward adjustment, as it is considered superior to the comparables. Amenities are assessed as similar, leading to no adjustment in that category. Overall, the qualitative adjustments present a nuanced view of the property, balancing strengths in size against weaknesses in location and condition.

Sale No. 3: PAM Health Rehabilitation Hospital of Venice



Photograph



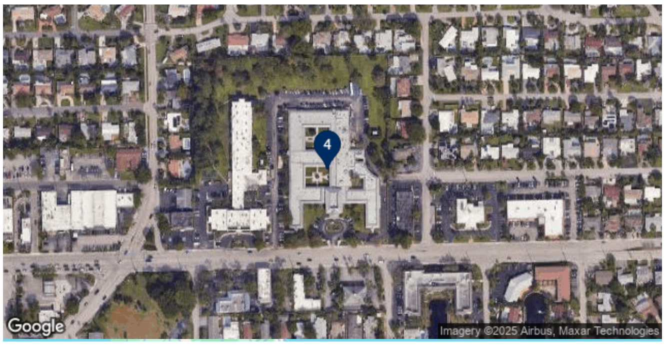
Relative Map

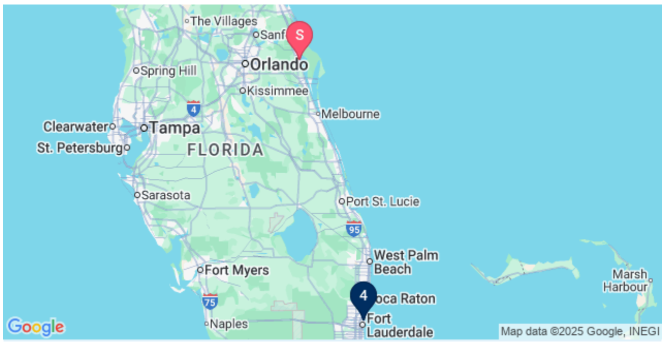
On Curry Lane, the PAM Health Rehabilitation Hospital of Venice, a newly constructed 50,000 square foot facility, was sold by Catalyst HRE to MedProperties Realty Advisors LLC for $35,473,000, translating to approximately $709 per square foot. This two-story building, completed in 2023, features 42 inpatient rehabilitation beds and is situated on a five-acre parcel. The transaction reflects an overall capitalization rate of 5.2%, indicating a strong investment in the healthcare sector. The sale has been verified by reliable sources, underscoring its credibility in the market.

The transaction for the PAM Health Rehabilitation Hospital of Venice reflects a slight upward adjustment due to market conditions, suggesting that the comparable's performance is somewhat inferior relative to the subject property. This indicates that while the comparable is a newly constructed facility with modern amenities, it may not fully capture the prevailing market dynamics that favor the subject property. Overall, the adjustments highlight the nuances in the healthcare real estate market, emphasizing the importance of considering both the physical attributes and the economic environment when evaluating comparable sales.

The adjustments for Sale No. 3 indicate a downward adjustment for location, reflecting a less favorable position compared to the subject property. The size adjustment is upward, suggesting that the larger size of the comparable enhances its value relative to the subject. Conversely, the age, quality, and condition adjustments are downward, indicating that these factors detract from the comparable's appeal. Amenities remain similar, resulting in no adjustment in that category. Overall, the qualitative adjustments reflect a mixed impact, with both upward and downward influences shaping the final valuation.

Sale No. 4: Pearl at Fort Lauderdale Rehab & Nursing Ctr





Photograph

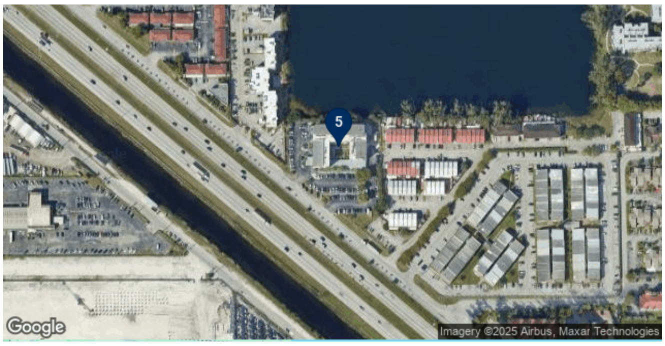
Relative Map

On December 29, 2022, the Marrinson Group, Inc. completed the sale of a 206-bed skilled nursing facility on NE 26th Street in Wilton Manors, FL, to CareRite Centers, LLC for $31.518 million, translating to approximately $153,000 per bed. The facility, previously known as Pines Manor, is set to be rebranded as The Pearl at Fort Lauderdale Rehabilitation & Nursing Center under the new ownership. CareRite Centers financed the acquisition with a $39 million loan from Dwight Mortgage Trust, an affiliate of Dwight Capital.

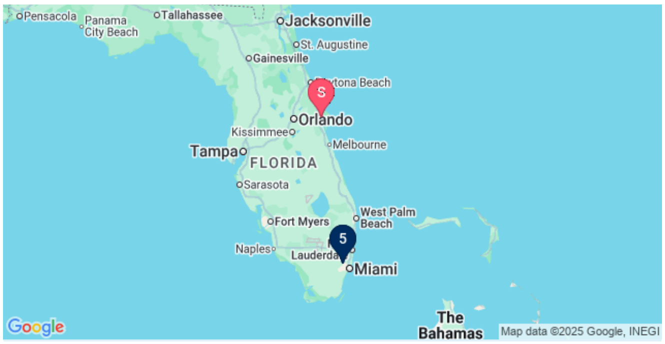
The transaction for The Pearl at Fort Lauderdale Rehabilitation & Nursing Center reflects several adjustments that enhance its comparability to the subject property. Notably, the market conditions were assessed as inferior, leading to an upward adjustment, indicating that the sale price may not fully capture the current market dynamics. This adjustment suggests that the facility's value could be higher when considering the broader economic context. Overall, these factors contribute to a more favorable valuation perspective for the subject property, aligning it more closely with prevailing market conditions.

The adjustments for Sale No. 4 indicate a downward adjustment for age, quality, and condition, reflecting a property that is superior in these aspects compared to the subject. Conversely, the location adjustment is upward, suggesting that the property's location is less desirable. The size adjustment is also upward, indicating that the property is larger than the subject. Amenities remain similar, resulting in no adjustment. Overall, these adjustments highlight a nuanced comparison, with the property exhibiting strengths in size and weaknesses in location and condition.

Sale No. 5: Signature Healthcare Center of Waterford



Photograph



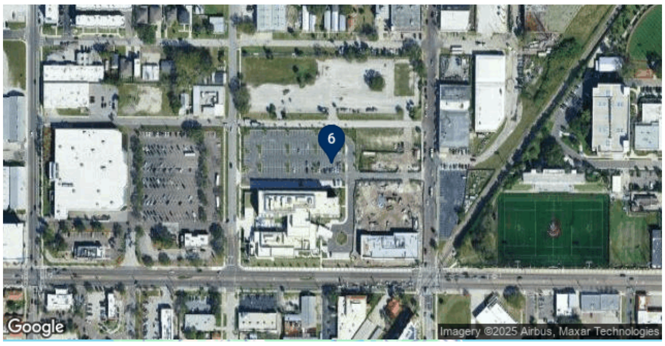
Relative Map

On September 28, 2022, The ARBA Group completed the sale of a 214-unit skilled nursing facility on West Okeechobee Road in Hialeah, FL, to a group of investors including Andrew Bronfeld, Bent Philipson, and Naomi Tessler for $43.163 million, translating to about $201,696 per unit. The property, known as Signature Healthcare Center of Waterford, encompasses 65,132 square feet and was built in 1986. The buyers financed the acquisition by assuming a $19.529 million loan from VNB New York, LLC, indicating a strategic leverage approach in their investment.

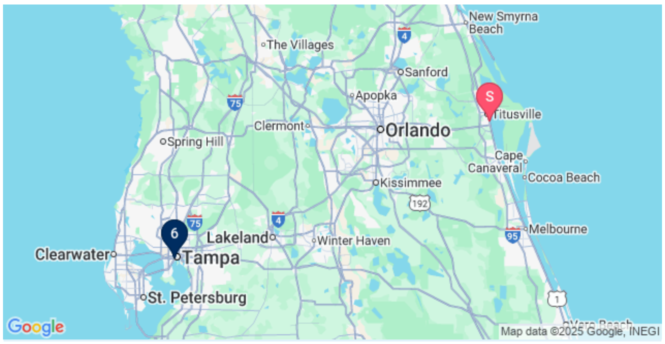
The transaction for the Signature Healthcare Center of Waterford reflects several adjustments that enhance its comparability to the subject property. Notably, the market conditions were assessed as inferior, leading to an upward adjustment. This suggests that while the facility's characteristics are robust, the prevailing market dynamics may have influenced its valuation positively in this context. Overall, these adjustments indicate a nuanced understanding of the property's position within the market, emphasizing the importance of contextual factors in real estate transactions.

The adjustments for Sale No. 5 indicate a downward adjustment for location, reflecting a less favorable position compared to the subject property. The size adjustment is upward, suggesting that the larger size of the comparable enhances its value relative to the subject. Age, quality, and condition receive a significant downward adjustment, indicating that the comparable is inferior in these aspects. Amenities are deemed similar, resulting in no adjustment, while economic factors also align closely, leading to no change. Overall, the qualitative adjustments present a mixed picture, with notable downward influences from location and condition, countered by an upward adjustment for size.

Sale No. 6: Tampa General Hospital Rehabilitation Center



Photograph



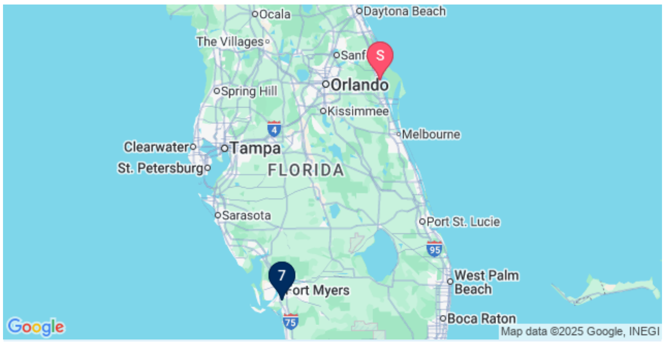
Relative Map

On West Kennedy Boulevard, Sila Realty Trust acquired the Tampa General Hospital Rehabilitation Center from Anchor Health Properties for $51.2 million. This newly constructed, 88,000-square-foot facility, which opened in May 2022, serves as an 80-bed rehabilitation hospital operated by a partnership between Tampa General Hospital and Kindred Rehabilitation Services. The transaction reflects a price of $584 per square foot, with the deed indicating that the sale pertains solely to the leasehold interest. The construction of the facility incurred costs of approximately $35 million.

The transaction for the Tampa General Hospital Rehabilitation Center reflects a series of adjustments that enhance its comparability to the subject property. Notably, the market conditions were deemed inferior, leading to a slight upward adjustment to account for the overall economic environment. This adjustment acknowledges the competitive landscape and potential demand fluctuations in the healthcare sector. The overall initial adjustment indicates a positive outlook, suggesting that despite the inferior market conditions, the facility's recent construction and operational partnership contribute to its value.

The adjustments for Sale No. 6 reflect a downward adjustment for location, indicating a less favorable position compared to the comparable properties. The size adjustment is upward, suggesting that the property is larger and thus more valuable. Conversely, the age, quality, and condition adjustments are downward, highlighting that this property may be older or in poorer condition relative to its peers. Amenities are deemed similar, resulting in no adjustment. Overall, the qualitative assessment indicates a slight net upward adjustment, suggesting a modest enhancement in value when considering the overall characteristics of the property.

Sale No. 7: Gulf Coast Medical Center Skilled Nursing



Photograph

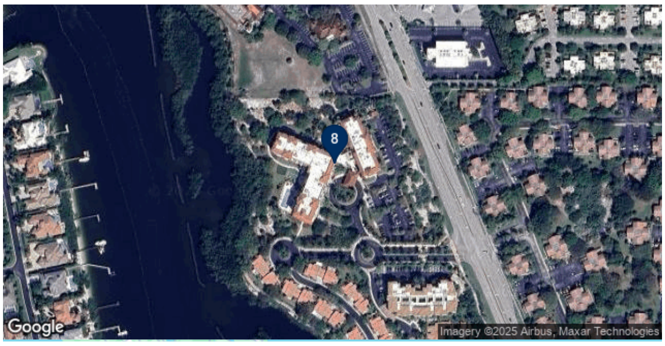
Relative Map

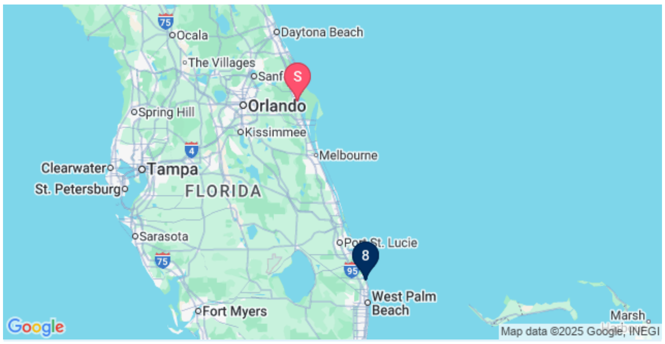
The Gulf Coast Medical Center Skilled Nursing facility, located on Plantation Road in Fort Myers, was sold for $46.7 million on July 14, 2022. This Class B property, completed in November 2018, features 75 private beds and operates under a triple net lease with Lee Memorial Health System. The lease has a 20-year term, expiring in November 2038, with annual rental increases of 2.5% and a market rent adjustment in the 11th year, ensuring a minimum base rent of $39.68 per square foot. The transaction reflects a capitalization rate of 4.74%, derived from an in-place net operating income of $2,213,121, indicating a stable investment in the skilled nursing sector.

The transaction for the Gulf Coast Medical Center Skilled Nursing facility reflects an upward adjustment due to market conditions, indicating a slight enhancement in value relative to the subject property. This adjustment accounts for the comparative inferiority of the market conditions at the time of sale, suggesting that the facility's performance may be bolstered by its favorable lease terms and recent construction. Overall, the adjustments highlight the competitive positioning of the Gulf Coast Medical Center within the skilled nursing sector, emphasizing its strong operational framework and long-term lease stability.

The adjustments for Sale No. 7 reveal a nuanced picture of the comparable property's characteristics. The location adjustment indicates a downward trend, suggesting that the comparable's location is less favorable than that of the subject property. In terms of size, there is an upward adjustment, reflecting a larger area that may enhance its value relative to the subject. However, the age, quality, and condition adjustments show a significant downward trend, indicating that the comparable may be inferior in these aspects. Lastly, the amenities are deemed similar, resulting in no adjustment. Overall, these adjustments highlight the comparable's strengths and weaknesses in relation to the subject property, culminating in a modest net adjustment.

Sale No. 8: Mangrove Bay





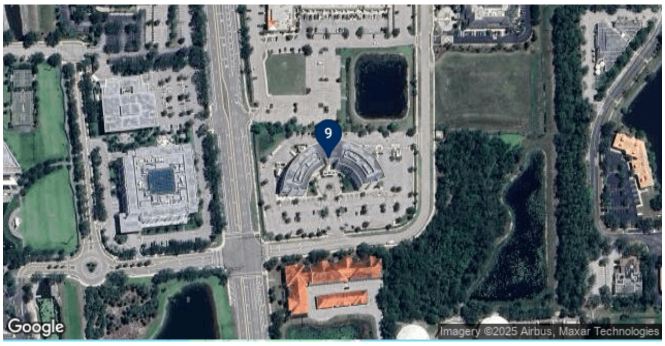
Photograph Relative Map

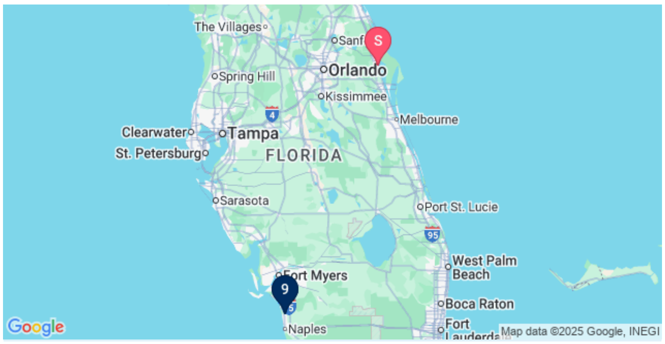
On Mangrove Bay Way, a senior living facility was sold for $107 million, reflecting a price of $562 per square foot. The transaction involved Blackstone Inc. as the seller and Ventas, Inc., a real estate investment trust, as the buyer. Built in 2002 and renovated in 2020, the 155-unit property offers a mix of independent living, assisted living, and memory care services. The sale, finalized on a date corresponding to February 22, 2022, indicates an overall capitalization rate of 5.6%. Notably, while the recorded deed shows a lower figure of approximately $41.2 million, the full acquisition price accounts for the business value and furniture, fixtures, and equipment (FFE).

The transaction for Mangrove Bay reflects several adjustments that enhance its comparability to other sales in the market. The market conditions indicate a slight downward adjustment, suggesting that the overall economic environment may have impacted the valuation. However, the initial adjustment shows a notable upward trend, indicating that the unique attributes of the property, including its recent renovations and diverse service offerings, contribute positively to its market position. Overall, these adjustments highlight the complexities of valuing senior living facilities in a fluctuating market.

The adjustments for Sale No. 8 reflect a nuanced evaluation of the comparable property. The location adjustment indicates a downward trend, suggesting that the comparable's location is less favorable than that of the subject property. In terms of size, there is an upward adjustment, indicating that the comparable is larger, which is a positive factor. However, the age, quality, and condition adjustments show a significant downward trend, implying that the comparable property is inferior in these aspects. The amenities are deemed similar, resulting in no adjustment, while the economic factors also align closely, leading to no change. Overall, these adjustments highlight the strengths and weaknesses of the comparable in relation to the subject property, emphasizing its larger size but lesser quality and condition.

Sale No. 9: Physicians Regional North





Photograph Relative Map

On January 19, 2022, a transaction occurred on Creekside Boulevard in Naples, FL, where an 86,287 square foot, 50-bed hospital, previously known as a long-term care facility, was sold for $66 million, translating to approximately $765 per square foot. The property, built in 2015, is set to be converted into a general acute-care hospital and will be renamed Physicians Regional North, following a 15-year lease agreement with Physicians Regional Hospital for the upper floors, while NCH Healthcare System will continue operations on the first floor. The deal was financed with a $49.2 million loan from First Citizens Bank & Trust Company, supported by a $16.8 million down payment, resulting in a capitalization rate of 5.96% and a projected net operating income of $3,933,600 for the new owner, IRA Capital, LLC.

The transaction for Physicians Regional North in Naples, FL, necessitated several adjustments to align it with the subject property. Notably, the market conditions were assessed as inferior, leading to an upward adjustment reflecting the need to account for the competitive landscape. This adjustment acknowledges the unique characteristics of the property, particularly its transition from a long-term care facility to a general acute-care hospital, which may influence its market appeal and operational dynamics. Overall, these adjustments aim to provide a more accurate valuation by considering the specific context and conditions surrounding the sale.

The adjustments for Sale No. 9 reveal a mixed impact on the comparable property. The location adjustment indicates a downward trend, suggesting that the comparable's location is less favorable than that of the subject property. In terms of size, there is an upward adjustment, indicating that the comparable's larger size is viewed positively relative to the subject. However, the age, quality, and condition adjustments reflect a significant downward trend, implying that the comparable may be older or in poorer condition compared to the subject property. Amenities show no significant difference, remaining similar, while the economic factors also align closely, indicating no need for adjustment. Overall, these adjustments highlight the nuanced differences between the comparable and the subject property, emphasizing the importance of location and condition in valuation.

Conclusion

The comparable hotel sales receiving primary emphasis are Kindred Hospital The Palm Beaches at $651 PSF, The Terrace at Hobe Sound at $642 PSF, and Pearl at Fort Lauderdale Rehab & Nursing Center at $644 PSF. Most weight was placed on these particular sales due to their limited net adjustments, indicating they are more directly comparable to the subject property. The close per-key prices further support their relevance in the analysis.

The following table illustrates a summary of our adjusted value ranges, and market value upon stabilization as applied in the sales comparison approach to value:

Summary of Adjustments	
Unadjusted Unit Range	$447 to $810 PSF
Adjusted Unit Range	$482 to $533 PSF
Rounded Unit Range	**$ to $1,000 PSF**
Concluded Value per Unit:	**$500.00**
Size (SF)	106,049
Market Value Upon Completion	$53,024,500
Market Value Upon Completion (Rounded)	**$53,000,000**
PSF	**$499.77**

Land Valuation

Overview

To determine the market value of the subject site, assuming it is vacant and available for development to its highest and best use, we have applied the Sales Comparison Approach. This method estimates value by analyzing the sale prices of comparable properties and making reasoned adjustments to reflect differences between those properties and the subject site.

Sales Comparison Approach

Our selection criteria for comparables focused on the following attributes:

- Geographic proximity
- Parcel size
- Permitted or likely use
- Recency of sale

In this context, the unit of comparison employed is price per square foot of land area, a metric widely used by market participants for assessing site value. The most relevant land sale comparables are summarized in the following exhibit:

Horwath HTL

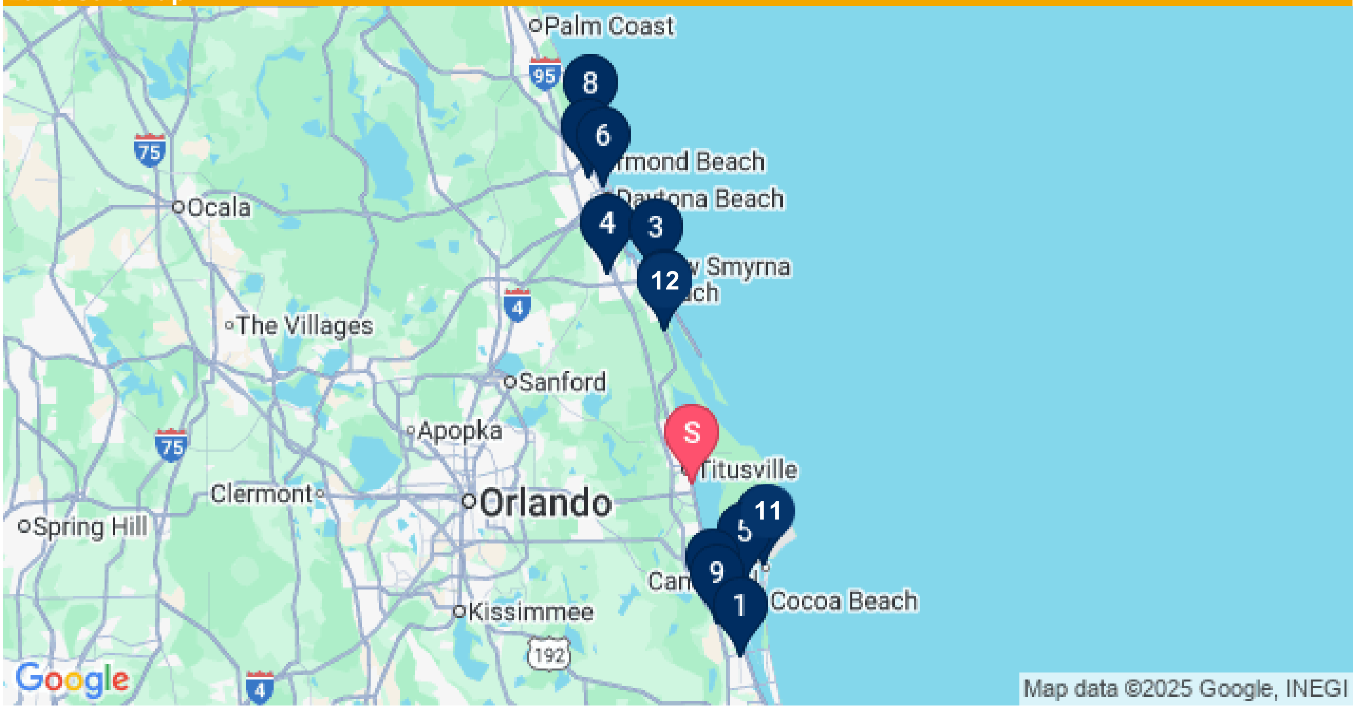
Supplemental Partially-Improved Land Sales

Property Information							Transactional Information				
No.	Property Description Address, City, State	Site Utilities	Usable Improvements	Zoning	Grantor	Grantee	Site Size	Acres	Sale Date	Sale Price	$/SF Land
S	**SUBJECT PROPERTY - 3550 South Washington Avenue, Titusville, FL**	**All Available**	**No**	**UV - Urban Village**	**-**	**-**	**95,179**	**2.19**	**-**	**-**	**-**
1	Vacant Land 5145 North Wickham Road, Melbourne, FL	All available	No	Not disclosed	Barclay Group	Carwash Headquarters, LLC	56,192	1.29	6/4/2025	$2,647,607	$47.12
2	Vacant Land 1885 North Nova Road, Daytona Beach, FL	All available	No	B-4	Satyem Patel	1885 North Nova Road LLC	54,886	1.26	4/16/2025	$1,550,000	$28.24
3	Vacant Land 1601 Saxon Drive, New Smyrna Beach, FL	All available	No	Not disclosed	Epoch Residential	Tri Pointe Homes Holdings Inc.	278,348	6.40	2/6/2025	$10,010,000	$35.96
4	Vacant Land 720 Junonia Boulevard, New Smyrna Beach, FL	All available	No	Not disclosed	Taylor Morrison Realty of FL	CW-Ardisia Park LLC	497,817	11.45	12/31/2024	$19,625,000	$39.42
5	Vacant Land 55 South Banana River Drive, Merritt Island, FL	All available	No	BU-2	TWAS Properties, LLC	Store Master Funding XXXIII LLC	108,900	2.51	12/23/2024	$2,985,356	$27.41
6	Vacant Land 149 1st Street, Holly Hill, FL	All available	No	CC-1	Suzanne M Goldberg	Sig Holly Hill LLC	67,954	1.56	12/13/2024	$1,700,000	$25.02
7	Vacant Land 4223 South US Highway 1, Edgewater, FL	All available	No	B-3	Fusilier Realty Group	TM BTR of Florida LLC	180,774	4.16	6/10/2024	$5,000,000	$27.66
8	Vacant Land 2020-2026 Ocean Shore Boulevard, Ormond Beach,	All available	No	R-8	Stephen Cusimano	Creating My Own Yes LLC	47,916	1.10	9/27/2023	$1,500,000	$31.30
9	Vacant Land 2955 Viera Boulevard, Rockledge, FL	All available	No	PUD-DRI	The Viera Company	Boos-Lake Andrew, LLC	78,844	1.81	7/10/2023	$3,800,000	$48.20
10	Vacant Land 3710 South Fiske Boulevard, Rockledge, FL	All available	No	Commercial	Satyem Patel	El Car Wash Rockledge, LLC	63,162	1.45	7/5/2023	$1,900,000	$30.08
11	Vacant Land Astronaut Boulevard, Cape Canaveral, FL	All available	No	c-2	Sheldon Cove Lllp	McKibbon Hotel Group Inc.	111,514	2.57	3/2/2023	$3,975,000	$35.65
12	Vacant Land 10 River Park Boulevard, Edgewater, FL	All available	No	Not disclosed	Karl J. Warner	TPC Terra Mar Village LLC	315,810	7.27	10/12/2022	$14,500,000	$45.91

Transactional Summary - Land Sales

Range Level	Site Size	Acres	Sale Date	Sale Price	$/SF Land
Low	47,916	1.10	Oct-22	$1,500,000	$25.02
Average	155,176	3.57	Apr-24	$5,766,080	$35.16
High	497,817	11.45	Jun-25	$19,625,000	$48.20

Land Sale Map



- **S** 3550 South Washington Avenue, Titusville, FL
- **1** Vacant Land - 5145 North Wickham Road, Melbourne, FL
- **2** Vacant Land - 1885 North Nova Road, Daytona Beach, FL
- **3** Vacant Land - 1601 Saxon Drive, New Smyrna Beach, FL
- **4** Vacant Land - 720 Junonia Boulevard, New Smyrna Beach, FL
- **5** Vacant Land - 55 South Banana River Drive, Merritt Island, FL
- **6** Vacant Land - 149 1st Street, Holly Hill, FL
- **7** Vacant Land - 4223 South US Highway 1, Edgewater, FL
- **8** Vacant Land - 2020-2026 Ocean Shore Boulevard, Ormond Beach, FL
- **9** Vacant Land - 2955 Viera Boulevard, Rockledge, FL
- **10** Vacant Land - 3710 South Fiske Boulevard, Rockledge, FL
- **11** Vacant Land - Astronaut Boulevard, Cape Canaveral, FL
- **12** Vacant Land - 10 River Park Boulevard, Edgewater, FL

Adjustment Discussion

To derive a credible indication of market value, each comparable sale is analyzed relative to the subject property, with adjustments applied to isolate the impact of key differences that influence transaction pricing. These adjustments follow a systematic sequence designed to account for variations in legal, financial, and market circumstances, as well as physical and locational attributes that may affect investor perception and pricing behavior. Specifically, we consider differences in the following categories:

Property Rights Conveyed: Adjustments are made depending on whether the sale involved fee simple, leasehold, or other partial interests.

Conditions of Sale: This includes factors such as sales under duress, assemblage premiums, or related-party transactions.

Financing Terms: Sales involving below-market or non-arm's-length financing are normalized to market terms.

Market Conditions (Temporal Adjustments): Adjustments are made to reflect price movement trends between the sale date and the valuation date.

Market Conditions Discussion

As previously illustrated, we analyzed historical trends in transaction volume and pricing, as reported by Real Capital Analytics, to inform market condition adjustments applied to the comparable land sales.

The following table illustrates what we believe are the inflection dates and respective growth rates that are related to the comparable land transactions:

Transactional Adjustments

The following table summarizes the transactional adjustments related to the selected comparable sales:

Transactional Adjustments						
No.	**Unit Price**	**Property Rights Conveyed**	**Conditions of Sale**	**Financing Terms**	**Market Conditions***	**Subtotal**
1	**$47.12**	Fee Simple	Arms-Length	At Market	Inferior	**$47.00**
	Jun-25	0.0%	0.0%	0.0%	0.3%	-0.2%
2	**$28.24**	Fee Simple	Arms-Length	At Market	Inferior	**$28.00**
	Apr-25	0.0%	0.0%	0.0%	0.8%	-0.9%
3	**$35.96**	Fee Simple	Arms-Length	At Market	Inferior	**$37.00**
	Feb-25	0.0%	0.0%	0.0%	1.6%	2.9%
4	**$39.42**	Fee Simple	Arms-Length	At Market	Inferior	**$40.00**
	Dec-24	0.0%	0.0%	0.0%	2.0%	1.5%
5	**$27.41**	Fee Simple	Arms-Length	At Market	Inferior	**$28.00**
	Dec-24	0.0%	0.0%	0.0%	2.1%	2.1%
6	**$25.02**	Fee Simple	Arms-Length	At Market	Inferior	**$26.00**
	Dec-24	0.0%	0.0%	0.0%	2.2%	3.9%
7	**$27.66**	Fee Simple	Arms-Length	At Market	Inferior	**$29.00**
	Jun-24	0.0%	0.0%	0.0%	4.2%	4.8%
8	**$31.30**	Fee Simple	Arms-Length	At Market	Inferior	**$34.00**
	Sep-23	0.0%	0.0%	0.0%	7.2%	8.6%
9	**$48.20**	Fee Simple	Arms-Length	At Market	Inferior	**$52.00**
	Jul-23	0.0%	0.0%	0.0%	8.1%	7.9%
10	**$30.08**	Fee Simple	Arms-Length	At Market	Inferior	**$33.00**
	Jul-23	0.0%	0.0%	0.0%	8.1%	9.7%
11	**$35.65**	Fee Simple	Arms-Length	At Market	Inferior	**$39.00**
	Mar-23	0.0%	0.0%	0.0%	9.6%	9.4%
12	**$45.91**	Fee Simple	Arms-Length	At Market	Inferior	**$51.00**
	Oct-22	0.0%	0.0%	0.0%	11.3%	11.1%

*Market Conditions Adjustment Factor (annual): Please refer to inflection schedule
Date of Value for Sales Adjustment Purposes: July 1, 2025

Property Adjustments

In addition to transactional factors, qualitative adjustments have been applied to account for physical characteristics, including parcel size and configuration, site utility (e.g., topography, accessibility, and infrastructure availability), visibility and exposure, and proximity to major transportation routes, etc.

Quantitative adjustments were also applied to account for differences in location and physical attributes, including parcel size, utility (e.g., shape, topography, access to infrastructure), visibility, and proximity to major transportation corridors. These adjustments are inherently subjective and are intended to reflect the analytical reasoning behind our opinion of the subject site’s value, as if vacant. The factors and rationale for these adjustments have been addressed earlier in this section. For reference, the following table summarizes the applied property adjustments:

Property Adjustments					
No.	Subtotal PSF	Location	Size	Age, Quality & Condition	Adjusted Unit Price
1	**$47.00**	**Superior**	**56,192 SF**	**Similar**	**$32.90**
	Jun-25	-10.0%	-20.0%	0.0%	-30.0%
2	**$28.00**	**Inferior**	**54,886 SF**	**Inferior**	**$36.40**
	Apr-25	10.0%	-20.0%	40.0%	30.0%
3	**$37.00**	**Similar**	**278,348 SF**	**Superior**	**$35.15**
	Feb-25	0.0%	50.0%	-50.0%	-5.0%
4	**$40.00**	**Superior**	**497,817 SF**	**Superior**	**$34.00**
	Dec-24	-10.0%	50.0%	-50.0%	-15.0%
5	**$28.00**	**Inferior**	**108,900 SF**	**Inferior**	**$36.40**
	Dec-24	10.0%	5.0%	20.0%	30.0%
6	**$26.00**	**Inferior**	**67,954 SF**	**Inferior**	**$36.40**
	Dec-24	20.0%	-10.0%	30.0%	40.0%
7	**$29.00**	**Inferior**	**180,774 SF**	**Superior**	**$34.80**
	Jun-24	10.0%	40.0%	-30.0%	20.0%
8	**$34.00**	**Similar**	**47,916 SF**	**Inferior**	**$34.00**
	Sep-23	0.0%	-20.0%	20.0%	0.0%
9	**$52.00**	**Superior**	**78,844 SF**	**Superior**	**$33.80**
	Jul-23	-20.0%	-5.0%	-10.0%	-35.0%
10	**$33.00**	**Similar**	**63,162 SF**	**Inferior**	**$34.65**
	Jul-23	0.0%	-15.0%	20.0%	5.0%
11	**$39.00**	**Similar**	**111,514 SF**	**Superior**	**$37.05**
	Mar-23	0.0%	5.0%	-10.0%	-5.0%
12	**$51.00**	**Superior**	**315,810 SF**	**Superior**	**$35.70**
	Oct-22	-20.0%	50.0%	-60.0%	-30.0%

Enhancement Costs

According to subject ownership, approximately **$3.0 million** has been spent towards completing the project (mostly design costs and entitlement efforts, plus some soft costs). By summing the to-date expenditures with the underlying value of the raw land, the valuation fully captures the economic investment required to assemble a development-ready site. Because these costs align directly with assisted living and memory care development—securing approvals, designing infrastructure, and preparing the site—a purchaser would regard the land as enhanced by the full amount of incurred costs, with any remaining site-work expenses likewise added when incurred.

Conclusion

In developing the adjusted per-square-foot rates, we first addressed locational disparities by augmenting rates for sales in less advantageous submarkets and discounting those from premium districts. We then normalized scale differences, elevating rates for exceptionally large properties and tempering rates on smaller assets. Finally, we refined for age, quality, and condition—applying upward modifications for older or lower-grade improvements and downward revisions for newer, higher-spec constructions. These directional adjustments ensure that each comparable sale is evaluated on a consistent basis relative to the subject’s characteristics, thereby supporting a robust market-value conclusion.

The following table summarizes our land value conclusion for the subject:

Summary of Adjustments	
Unadjusted Unit Range	$25 to $48 PSF
Adjusted Unit Range	$33 to $37 PSF
Rounded Unit Range	**$33.00 to $37.00 PSF**
Concluded Value per Unit:	**$35.00**
Size (SF)	95,179
Market Value As Is	$3,331,251
Market Value As Is (Rounded)	**$3,300,000**
PSF	**$34.67**
Plus: Improvements To Date	$3,000,000
Current Value of Land (WIP):	**$6,300,000**

Cost Approach

Overview of the Cost Approach

In the cost approach, the value of a property is estimated by summing the land value with the current cost to construct the improvements (replacement cost new), then subtracting any depreciation. In this case, the subject property is a unique 4-story, 137-bed Assisted Living Facility (ALF) in early planning stages. Rather than deriving the entire cost from generic models, we have a detailed construction budget provided by the developer. This budget itemizes each cost component of the project. Our task is to analyze these components, organize them into major categories (building construction, FF&E, soft costs, etc.), and compare each to industry benchmarks (such as Marshall & Swift Valuation Service (MVS) and other cost data) to assess reasonableness.

Following the cost approach methodology, we will:

- Summarize the developer's budget by major cost categories (e.g. site work, building structure, finishes, mechanical systems, FF&E, etc.).
- Compare each category's cost to typical ranges or data from cost guides like MVS, RSMeans, or industry publications for similar projects.
- Account for indirect costs such as architectural/engineering fees, permits, and an appropriate contingency.
- Add estimated construction-period interest (interest reserve) reflecting financing costs during the 2-year build.
- Add an entrepreneurial profit (developer's profit), which represents the incentive or reward for undertaking the project, and ensure the sum of all components aligns with the developer's indicated total (~$48.7 million for improvements).
- Finally, add the land value to the improvement cost to arrive at the total cost approach value for the project as proposed.

In the sections below, we break down the project's costs into major components and analyze each in detail. We also include charts for visual illustration of the cost breakdown and comparisons.

Land Value

As concluded in our standalone land valuation analysis, the subject site in Titusville carries a market value of $3,300,000, based on sales comparisons with recent transactions of similarly zoned, senior–oriented parcels. When this land value is added to the depreciated cost of improvements, it yields the total property value via the cost approach. In our final reconciliation, the land component represents approximately 6.2% of the total concluded property value, a proportion well within the typical 5–10% range observed for developed assisted living and memory care campuses in coastal Florida markets.

It is important to emphasize that land value is inherently excluded from construction cost data sources such as Marshall & Swift Valuation Service (MVS) or RSMeans, which focus solely on the replacement cost of improvements. Therefore, our cost approach treats the building, site improvements, soft costs, financing, and entrepreneurial profit as the improvement component, and then separately adds the land value to derive the fee-simple value conclusion.

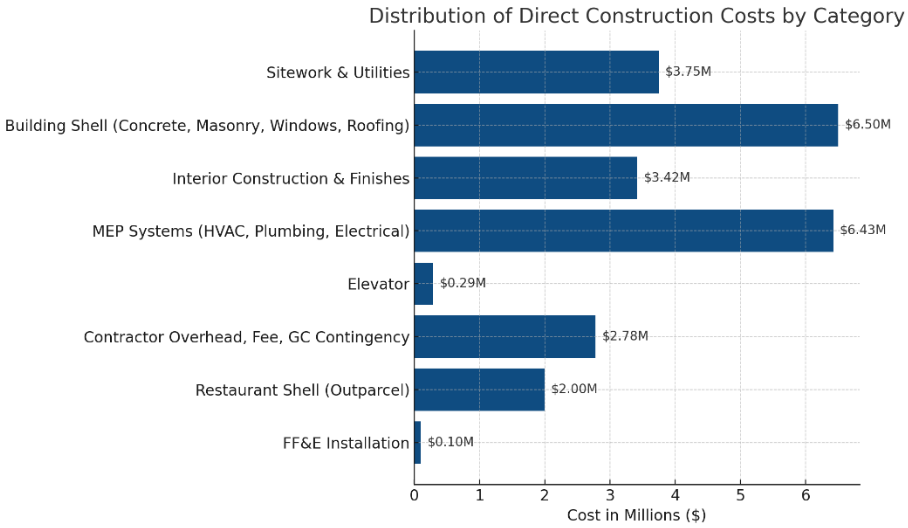
By maintaining this clear separation—improvement costs versus land value—we ensure comparability to published benchmarks and industry cost guides. The subject's combined land and improvement values reflect a fully developed, high-end assisted living and memory care facility, affirming the reasonableness and market consistency of our cost approach conclusion.

Direct Building Construction Costs

The developer's cost estimate provides a detailed breakdown of direct construction costs for the building. These are the "hard costs" for labor and materials to construct the facility, organized by Construction Specifications Institute (CSI) divisions. For clarity, we have grouped the various line items into several major building cost categories:

- *Structure/Foundation* – Concrete and steel work (the structural frame, slabs, foundation).
- *Exterior Envelope* – Masonry, thermal and moisture protection, windows/doors, roofing, and other exterior elements.
- *Interior Build-Out* – Carpentry, millwork, drywall, flooring, finishes, specialties (e.g. bathroom accessories).
- *Mechanical/Electrical Systems* – This includes fire suppression (sprinklers), HVAC (heating, ventilation, air conditioning), plumbing, electrical, and conveying equipment (elevators).
- *General Conditions* – General contractor requirements and site management (division 1 items like supervision, temporary facilities, insurance, bond, etc.).
- *Contingency* – A reserve for unforeseen conditions or overruns.

The chart below illustrates the proportion of direct construction cost allocated to each of these categories, based on the developer's budget.



As shown, the largest portion of the hard costs is attributed to Mechanical/Electrical systems (MEP), which account for about 34% of the direct building cost. Next largest is the Structure at about 22.5%, followed by the Exterior envelope (~16%), Interior finishes/build-out (~15%), General conditions (~9%), and a small contingency (~3%). We will discuss each in detail below and compare to typical cost data.

Structural Construction (Concrete and Steel)

The developer plans to use tunnel-form concrete construction for this 4-story building. The budget allocates $4,597,345 to Division 03 Concrete work and $588,032 to Division 05 Metals (structural steel). Together, the structural frame and shell cost is about $5.185 million, which is roughly 22.5% of the $23.05M direct construction budget (about $48.5 PSF of gross building area). This covers the post-tensioned concrete slabs, load-bearing walls cast via tunnel forms, foundations, and any structural steel components (such as roof framing or miscellaneous steel).

For a multi-story concrete building of this scale (≈106,915 SF), a cost on the order of ~$50/sf for the structural shell is plausible. Industry sources note that tunnel-form construction can be cost-efficient for repetitive multi-unit buildings, potentially saving around $15 PSF compared to other structural methods if executed wellhumphreys.com. The developer's figure of $43/sf for the concrete (tunnel form) work plus ~$5.5/sf for steel fits within expected ranges. By comparison, a generic mid-rise building with concrete block and plank or steel frame might devote roughly 20–25% of total building cost to the structural shell in cost models. Our subject's ~22.5% is right in line with that norm.

It is also useful to check the Cost per Bed for structure: about $37,850 per bed (since 137 beds). That seems reasonable given an ALF unit is essentially a small apartment – the structural cost per unit is similar to what we might see in mid-rise multifamily construction.

In summary, the structural cost appears reasonable and even potentially cost-effective given the tunnel-form method. It will be important, however, to ensure quality control in execution, as tunnel-form's savings assume efficient repetition and minimal delays.

Exterior Envelope (Masonry, Waterproofing, Windows, Roofing)

The budget for the building exterior includes Division 04 Masonry at $962,235, Division 07 Thermal and Moisture Protection at $987,645, and Division 08 Openings (windows, doors, glazing) at $1,799,000. In total, these exterior-related items sum to about $3.75 million (approximately 16.3% of direct costs, or about $35/SF of building area).

Masonry ($962k) – This likely covers any CMU block walls (e.g. elevator/stair shafts or veneer) since the primary structure is concrete. The plans mention an EIFS system (Exterior Insulation and Finish System) as the exterior cladding rather than extensive brick or precast panels. EIFS is budgeted within Division 07 (not under masonry). The $962k masonry cost may mainly be interior CMU partitions or other small masonry features, as it is relatively low (~$9/sf). This cost is not excessive; many ALFs use metal stud and drywall for interior walls, but some masonry might be used in back-of-house or fire-rated enclosures.

Thermal & Moisture Protection ($988k) – This includes roofing and waterproofing. The budget specifically lists a TPO roofing system and waterproofing/sealants. The combined cost equates to about $9.24/sf. For context, a TPO membrane roof might cost on the order of $5–7/sf installed, and waterproofing, sealants, and insulation could add a few dollars more. The developer's figure appears in line with expectations for a roof plus building waterproofing. It is not a large percentage of the project (4.3%), which is typical – roofing often comprises ~2–4% of a building's cost in many cases.

Openings: Windows & Doors ($1.799M) – This is a significant part of the exterior budget. It covers the storefront glazing, standard windows, doors, and hardware. At $1.8 million, it represents ~7.8% of direct costs. In cost PSF, that's about $16.8/sf, which seems reasonable for a building with many windows (assisted living facilities generally have sizable window openings in resident rooms and common areas). The budget likely assumes standard commercial-grade vinyl or aluminum windows and entrance systems. We note that card reader access systems are listed as NIC (Not In Contract), so high-tech security systems are not included here – just the openings themselves. Industry cost guides suggest that for a typical building, openings (windows & exterior doors) can range around 5–10% of total costdojobusiness.com. Our subject is on the higher end of that range, likely due to a generous window package for resident rooms (enhancing natural light and views).

Overall, the exterior envelope budget of ~$3.75M appears reasonable. The building is using EIFS cladding (a relatively economical choice compared to brick or precast), which keeps the masonry cost modest. The windows/doors budget is significant but appropriate to ensure a quality appearance and functionality. In comparison to a generic cost model, if we expected perhaps ~15% of cost for exterior, the subject's ~16% is very close. No red flags are noted here.

One item to verify is whether site improvements related to the building exterior (like decorative facade features or site wall ties) are needed – but since Division 02 (Site Work) is handled separately/by others, we assume those are minimal or included elsewhere. The exterior budget here focuses on the building itself.

Interior Build-Out and Finishes

Interior construction encompasses Division 06 (Carpentry & Millwork), Division 09 (Finishes), and Division 10 (Specialties) in the budget. The combined allocation for these is about $3.42 million, roughly 14.8% of the direct costs (≈ $32 PSF). This includes framing of interior partitions, drywall, acoustic ceilings, flooring, painting, millwork and casework, and various specialty fixtures.

Key components and their budgeted costs:
To evaluate the reasonableness of the developer's reported construction budget, we conducted a line-by-line review of major cost categories as outlined in the general contractor's detailed estimate. This

section highlights the most material components—particularly those tied to interior construction and finishes—and assesses them relative to industry norms, published benchmarks (such as RSMeans and Marshall & Swift), and our own professional experience with high-end senior living developments. The following breakdown provides an informed perspective on whether the allocated budgets reflect appropriate quality levels for a premium assisted living and memory care facility, while identifying any potential gaps or areas of conservatism in scope.

Rough Carpentry & Millwork: Total of $537,500. This includes a small allowance for rough carpentry ($20k) and major costs for millwork/casework ($500k) and guestroom vanities & tops ($17.5k). The millwork budget ($500k) will cover built-in cabinets, nurses' stations, reception desk, and decorative woodwork – critical for a high-quality senior living interior. $500k across 137 units and common areas is about $3,650 per unit, which is plausible for mid-range cabinetry and trim. The vanities ($175 each for 100 units = $17.5k) seem low, but perhaps only a portion of units get custom vanities (the rest may use prefab units included in FF&E). Overall, the millwork budget does not appear excessive; it aligns with providing a nice but not lavish interior finish.

Interior Framing, Drywall, Insulation: The budget shows a cost of $17/sf for guestroom area framing/drywall and an additional $0.67/sf for "shell only" framing – together these imply around $1.7 – $1.8 million spent on stud walls, drywall, and insulation. Combining that with acoustic ceilings ($0.60/sf), we see the basic wall and ceiling construction is on the order of 8–9% of the building cost, which is typical. Gypsum board, studs, and ceilings often run ~8–12% in many projects, so this fitsdojobusiness.com.

Flooring and Paint: Flooring & tile is budgeted at $4/sf ($427k) and carpet installation at $0.65/sf ($69k). Painting and wallcovering is $3.08/sf (~$329k). Summed up, finishes like flooring and painting come to about $826k. This is modest – equating to roughly $6,000 per unit for all flooring and paint. It suggests mid-grade finish materials (e.g., broadloom carpet or LVT flooring in resident rooms, ceramic tile in bathrooms, standard paint and vinyl wallcoverings). This level of finish is consistent with a "mid-level" assisted living project, not ultra-luxury but serviceable and attractive. Industry data for similar facilities show mid-level projects having these interior finish costs in a comparable rangemcknightsseniorliving.com.

Specialties: Allocated $171,000 (only ~0.7% of cost). This covers items like bath accessories ($35k), shower/tub surrounds ($550 each), fire extinguishers & cabinets ($7.5k), glass shower doors ($450 each), etc. Many specialty items are noted as NIC (e.g., lockers, shelving, signage), implying the owner or a different contract will handle them. The provided $171k covers the basics installed by the GC. This amount seems a bit low, but many ALF bathroom accessories (grab bars, mirrors, etc.) could be included in the FF&E or done by the operator. For example, $35k for bath accessories across 137 units is about $255 per unit, which might only cover minimal towel bars and grab bars – plausible if the owner supplies some items separately. We will be mindful that some minor interior items might not be fully captured here, but they are likely immaterial to the overall project cost.

In total, the interior finishes budget (~$3.42M) appears adequate for a good quality assisted living interior. It is about 15% of construction cost – by comparison, a rule of thumb is that interior finishes (partitions, finish carpentry, floors, ceilings, paint, etc.) often constitute 15–20% of a commercial building's costdojobusiness.com. The subject is at the lower end of that range, perhaps because some costs (like furniture, certain equipment, high-end finishes) are outside the GC's scope. This is consistent with the developer aiming to keep initial construction costs moderate, possibly planning to add furnishings and décor separately.

Mechanical, Electrical, and Life Safety Systems

The MEP systems are critical in an assisted living facility, and accordingly this is the largest cost component. The budget groups these in Division 21 (Fire Suppression), Division 22/23 (Plumbing & HVAC), and Division 26 (Electrical). Additionally, Division 14 (Conveying) – i.e., elevators – can be considered part of the building systems. Let's break down the allocations:

Fire Suppression (Sprinklers): $962,235. This is about $9 PSF, or roughly 4.2% of the cost. A fully sprinklered facility of this size requires extensive piping, pumps, and a fire alarm integration. The cost seems reasonable – for comparison, sprinkler systems in commercial construction often range around $4–$6/sf in simpler projects, but can be higher in multi-story facilities with storage tanks or higher hazard classifications. At $9/sf, the developer is budgeting on the higher side, perhaps including a fire pump and emergency generator tie-ins. Given the vulnerable population in an ALF, a robust sprinkler and alarm system is warranted. We will double-check if this $962k might have been duplicated from masonry (it coincidentally equals the masonry line). However, it appears intentionally allocated for fire suppression in the summary. The cost per bed is about $7,025, which is acceptable for life-safety systems in a 4-story building.

HVAC and Plumbing (Mechanical): $4,525,196 (noted as “HVAC & Plumbing combined”). This constitutes a hefty 19.6% of the construction budget and equates to about $42.3 PSF For an ALF, this category is indeed large: it includes climate control for numerous living units and common areas, as well as plumbing for potentially 100+ bathrooms, commercial kitchens, laundries, etc. An industry source notes that combined mechanical systems can run in the range of $18–$24/sf for some retirement facilitiesdojobusiness.com, but that figure appears to be on the low side or perhaps referencing only incremental systems cost. In practice, modern senior living projects often have more complex HVAC (e.g., separate PTAC units or a central chiller/boiler system with individual room controls, plus large kitchen hood systems for dining areas). Our budget of $42/sf for mechanical suggests a robust system, possibly including a central HVAC plant or extensive distributed units, and high plumbing counts. Given the hot Florida climate (Titusville, FL) and the need for reliable cooling and ventilation, a significant HVAC investment is expected. Plumbing costs are also substantial due to private bathrooms in units and special fixtures (e.g., roll-in showers, hydrotherapy tubs, etc. if any). In context, a 19-20% allocation to mechanical trades is not abnormal – major building cost models often allocate ~20% or more to mechanical for healthcare and senior housingrsmeans.com. The RSMeans model (2019, national avg.) for a similar facility had an overall direct cost of $160/sf and then 25% on top for contractor feesrsmeans.com; within that $160, mechanical systems were a big chunk. So the subject’s mechanical budget, while high in absolute terms, appears reasonable and possibly necessary for the building’s functionality.

Electrical Systems: $2,127,609 (about $19.9/sf, ~9.2% of cost). This covers all electrical distribution, lighting, back-up generator, low-voltage systems, etc. Nine percent is typical for electrical in a project of this type. Many cost models allocate roughly 8–12% to electrical depending on complexity. Assisted living facilities have substantial wiring needs – in-room electric heat or PTAC units, lots of lighting (common areas, corridors, site lighting), nurse call systems, etc. The developer’s electrical cost per bed is about $15,530. For comparison, a mid-sized hospital might see electrical costs as high as 15% of total, whereas an apartment building might be around 8%. An ALF is somewhere in between due to more common area spaces and safety systems. Thus, the electrical budget seems on target. It may also include a backup generator (which is common in senior housing for life-safety), and those can cost several hundred thousand dollars themselves. Overall, no concerns here.

Elevators (Conveying): $260,000 allocated. The plan likely includes two elevators (perhaps one passenger and one service, or two passenger elevators given 4 floors and 137 residents). The budget equates to roughly $130,000 per elevator. This is in line with market costs for a 4-stop hydraulic elevator in a low-rise building. Industry data often pegs a standard 3,500 lb elevator at around $125k–$150k installed for a mid-rise. Our allocation is within that range. As a fraction of the budget, elevators are about 1.1%, which is expected (usually 1–2% of total for low to mid-rise buildings). No pool lifts or special conveying devices are planned (the budget lists a swimming pool lift separately if a pool were built, but that is not in the current plan).

In aggregate, the MEP and conveying systems total approximately $7.875 million, or 34.2% of direct costs (see Figure 1). This aligns with the notion that roughly one-third of a modern building’s cost can be in its mechanical and electrical systemsdojobusiness.com. In fact, some references indicate MEP systems plus fire protection often comprise 30–40% of total cost in complex occupancies. The developer’s budget is on the higher end of that spectrum, which we attribute to the intensive mechanical needs of senior housing (24-hour operation, backup systems, etc.) and current high material costs (copper wiring, HVAC equipment) in 2025. We find this category to be reasonable, and perhaps a wise place not to skimp, given resident comfort and safety depend on it.

Site Work and Landscaping (External to Building)

Division 02 site work and all exterior improvements are carried outside the GC’s contract, with zero dollars directly allocated under Division 02. In practice, this line denotes owner-managed grading, paving, curbs, sidewalks, storm drainage, utility extensions, landscaping, and all related site infrastructure. Although omitted from the $23,050,800 building cost summary, these on-site improvements represent a tangible outlay and must be recognized in the overall development budget.

For a facility of this scale, customary site development expenditures range from 5% to 10% of direct construction cost. Applied to the subject's $23 million hard cost base, that equates to approximately $1.2 million to $2.3 million. Given the property's relatively level terrain and existing utility access, a mid-range allowance of $1.8 million (approximately 6% of hard costs, or $18,000 per unit) is prudent. This estimate aligns with Marshall & Swift's inclusion of normal site preparation and utility connections in their base cost models.

Because the developer's stated "cost to build" of $35 million necessarily incorporates site work—even though the GC breakdown does not—no additional site allowance will be added in our reconciliation. Should future evidence require explicit separation, we would allocate the $1.8 million within the overall cost to ensure full recognition of site improvements. As noted, this treatment maintains comparability to published benchmarks while honoring the owner's comprehensive development cost assumption.

General Conditions and Contractor's Overhead

The developer's budget allocates $2,095,850—approximately 9.1% of the direct construction cost base of $23,050,800—to General Conditions and Contractor's Overhead. This figure encompasses all on-site general requirements, including project management staff, site trailers, temporary utilities, safety and environmental controls, bonds and permits, and the contractor's built-in fee or profit component. Notably, the detailed line item "General Conditions" is listed at $1,095,850, with the remaining $1,000,000 reflecting overhead, bonding, and contractor profit, all consolidated under this single budget category.

A combined allocation of 8–10% for general requirements and overhead is well within industry norms for large-scale construction projects. Benchmarking data (BNi, RSMeans) indicate that general conditions alone average 8.1% of total project cost, with contractor overhead and profit often adding another 5–10% when separate. The subject's 9.1% total implies a prudent, mid-range budgeting approach, suggesting the contractor has neither under-nor over-resourced this critical cost center.

Because the developer's $35 million "cost to build" expressly includes all contractor fees, no further markup is required in our cost approach reconciliation. Should an additional profit allowance prove necessary, it will be captured under the entrepreneurial profit component rather than as an incremental construction cost. Accordingly, we accept the 9.1% allocation as fully inclusive of general requirements and contractor overhead, ensuring that the final cost summary accurately reflects market-supported construction management expenses.

Standard Contingency Allowance

Contingency Allowance is a recognized line item that provides budgetary protection against unforeseen cost overruns during construction. In the subject's developer budget, a contingency of $625,000 has been designated—equivalent to 2.7% of the $23,050,800 direct construction cost base. This allowance covers unanticipated site conditions, minor design changes, pricing fluctuations in materials or labor, and emergent scope adjustments. While any contingency is preferable to none, a 2.7% margin at preliminary estimate stages is modest compared to customary industry practice.

Cost-estimating standards for new construction typically call for a 5–10% contingency, particularly during schematic design and early contractor involvement. For a project of this scale—nearly 90,000 sq. ft. and 100 units—an industry benchmark contingency of 5% would equate to roughly $1,150,000, while a 10% allowance would approach $2,305,000. The relatively low 2.7% provision here may reflect the developer's confidence in the robustness of the line-item estimates or an intention to absorb minor overruns through the entrepreneurial profit margin rather than a formal contingency line.

In our cost approach analysis, we have elected to accept the developer's $625,000 contingency as budgeted, recognizing the subject's straightforward floor-plan repetition and mature design documentation, which tend to mitigate unexpected cost exposures. However, we remain mindful that a more conservative replacement-cost model would carry at least 5% contingency. Should actual cost experience or lender requirements dictate, any shortfall in contingency may be covered by the developer's profit buffer, ensuring that the overall project remains financially viable without underrepresenting potential construction risks.

Additional Contingency Allowance
Given the complexity and specialized nature of assisted-living and memory-care projects—particularly during the tail end of development when systems are being commissioned, regulatory inspections occur, and final design refinements are locked in—an additional contingency of $2.0 million (≈ 6 % of hard costs) is both prudent and industry-standard. Memory-care wings often require extra structural reinforcements for wander-management systems and secure door hardware, yet these features are frequently under-scoped in early estimates. Likewise, the integration and testing of nurse-call, medical-gas, and emergency power systems can reveal coordination challenges among mechanical, electrical, and life-safety trades that trigger change orders. In our experience, late-stage design clarifications (such as changes to corridor handrail layouts to meet AHCA walk-path mandates or alterations to door-open hardware to comply with ADA memory-care provisions) routinely consume 3–5 % of direct construction budgets beyond original allowances. The $2 million buffer explicitly addresses these known—and often unavoidable—risks, ensuring the project remains fully funded without depleting developer profit or delaying completion.

Beyond technical scope gaps, market factors further justify the enhanced contingency. Material and labor costs for specialized flooring, custom millwork at nurses' stations, and high-performance fenestration systems continue to exhibit volatility, especially in coastal Florida where hurricane-grade glazing and impact-resistant components are required. Supply-chain disruptions for critical medical-gas piping or bespoke pre-cast balcony planks can extend lead times and inflate pricing, while compressed project schedules—common in memory-care projects seeking rapid occupancy—tend to drive premium overtime and expeditor fees. Finally, lender and insurer underwriting often stipulate a minimum 5–7 % contingency for senior-living projects, recognizing the demographic risks and regulatory scrutiny inherent in healthcare-adjacent facilities. By incorporating the $2.0 million additional contingency, our cost approach aligns with best practices, mitigates build-out uncertainty, and preserves the integrity of the facility's delivery timeline and operational readiness.

Furniture, Fixtures, and Equipment (FF&E)

Furniture, Fixtures, and Equipment (FF&E) refers to the movable furnishings and equipment necessary to make the facility operational upon opening, excluding items permanently affixed to the building. In a senior housing setting, this includes resident room furniture (beds, nightstands, dressers, chairs), common area and dining furnishings, lobby and administrative furniture, commercial kitchen and laundry equipment, fitness center equipment, artwork, and various support items. These components are critical to the resident experience and the functional delivery of services but are typically treated as personal property and excluded from the real estate component in the cost approach.

Within the developer's budget, Division 11 (Equipment) is listed as "NIC" (Not In Contract), indicating that items such as commercial kitchen equipment, laundry appliances, and fitness apparatus will be procured separately by the owner. Division 12 includes only $100,000 for "FF&E Installation (Warehousing by Others)," a line item that accounts for the logistics of furniture delivery and installation but not the acquisition of the FF&E itself. Based on the property's upscale positioning, we have concluded that an FF&E budget of $25,000 per room is appropriate, totaling approximately $2,500,000 for the facility's 100 resident units. This allowance also accounts for common areas, administrative spaces, dining rooms, and support areas.

While this $2.5 million investment in FF&E is not included in the cost approach valuation of the real estate, it is a critical component of the overall development budget. The amount is consistent with market benchmarks for high-end assisted living and memory care communities and reflects the level of quality anticipated for this facility. It also ensures that both resident units and communal spaces will be fully equipped to meet modern operational and lifestyle standards. From an appraisal standpoint, this cost is acknowledged in context but excluded from the valuation of the fee simple real property interest.

Comparison to Marshall & Swift and Other Data

Before moving on to indirect costs, we benchmark the subject's direct building cost against published data:

Subject's Building Cost
The developer's detailed estimate for direct hard costs (including general conditions and contingency) is $23,050,800, which equates to $256/sf of gross building area. When contractor overhead and fee (approximately $2,095,850) are excluded, the net material and labor rate is about $233/sf. On a per-unit basis, the direct cost is approximately $230,500 per suite, reflecting the efficiency of the design and competitive contractor pricing.

Marshall & Swift Valuation Service (MVS)

MVS square-foot cost guides for mid-rise, sprinklered assisted living facilities—Class B/C concrete construction with elevators—generally fall in the low $200s per square foot, inclusive of normal contractor overhead and fee as well as standard architectural and financing allowances. The subject's $256/sf loaded hard cost sits comfortably within this range, indicating the budget is neither artificially low nor excessively padded given the project's quality and location.

RSMeans Data

The RSMeans 2019 dataset for a one-story, 100,000 sf assisted living facility reports hard-costs of $200–$222/sf (including 25% contractor markup and 11% A&E). Trended forward at 4–6% per annum to 2025, those rates would approximate $245–$275/sf. The subject's $256/sf thus aligns with RSMeans when adjusted for inflation and added structural complexity, underscoring the reasonableness of the hard-cost estimate.

Contemporary Project Surveys

Recent industry surveys (e.g., Weitz Company 2024) place mid-level assisted living in the $278–$354/sf band and high-end product in the $322–$447/sf range (exclusive of land). When the developer's full $35 million "cost to build" (hard + soft costs) is spread over the 106,915 sf rentable area, the blended rate becomes $327/sf, squarely at the midpoint of published high-end ranges. This confirms that, after accounting for soft costs, the total development cost is entirely consistent with peer-group norms for luxury senior housing.

Indirect Costs (Soft Costs)
Soft costs encompass the professional, regulatory, and administrative expenditures that precede and accompany construction but do not involve physical materials or labor. These include architecture and engineering services, permitting and impact-fee assessments, developer administration, legal and financing fees (exclusive of the interest reserve), and other pre-opening expenses. Unlike hard costs—captured in direct construction budgets—soft costs must be separately identified to reconcile to the developer's stated $35,000,000 "cost-to-build." Leading cost references such as MVS and RSMeans implicitly embed modest A/E and permit allowances in their square-foot rates; however, the absence of explicit soft-cost line items in the developer's estimate necessitates our own systematic capture of these essential project components.

Architectural & Engineering Fees

For a high-end, four-story assisted living and memory care facility, A/E fees typically range from 10–15% of the $23,050,800 hard-cost base—i.e., $2,305,000 to $3,458,000. Given the bespoke design, multiple specialty disciplines and consultant coordination required, we allocate $3,000,000 (≈13% of hard cost) to cover architectural, structural, MEP, civil, landscape, and other essential consultant services.

Permitting & Impact Fees

Jurisdictional permitting and utility-impact charges generally run 1–3% of hard costs. We therefore allow $550,000 (≈2.4% of $23 million) to cover building permits, plan reviews, inspection fees, water/sewer impact assessments, and related municipal levies.

Developer Administration & Other Soft Costs

Pre-opening administration—including project management, legal, accounting, construction-loan fees (excluding interest), insurance, and owner's representation—often represents 2–5% of total project cost. On the $35,000,000 basis, a 3% allowance equates to $1,050,000, which we round to $1,000,000 for owner's administrative overhead.

Total Soft Costs

Summing these allowances yields a revised soft-cost total of $4,550,000, representing 13.0% of the $35,000,000 “cost-to-build.” Backing out this sum confirms that $30,450,800 remains attributable to direct construction—affirming the coherence and completeness of the overall budget.

Construction Financing (Interest Reserve)
Construction financing interest is an indispensable component of any comprehensive replacement-cost analysis for a major senior housing development. In the case of the subject property, the developer has explicitly budgeted an interest reserve of $4,000,000 to capitalize the cost of debt service over the anticipated two-year construction period. This reserve covers the interest accrued on loan draws as the project progresses, ensuring uninterrupted cash flow for contractor payments and site work. Capitalizing interest in this manner is a standard appraisal convention—mirroring Marshall & Swift’s inclusion of “normal interest on building funds during construction” based on half the construction period at prevailing rates—yet in our analysis it must be added explicitly because the developer’s $35 million “cost to build” excludes financing carry.

Entrepreneurial Profit
Entrepreneurial profit—commonly termed the developer’s incentive—is a mandatory element of the cost approach, representing the return a prudent investor would demand to assume the full spectrum of development risk. This allowance compensates the developer for land acquisition, entitlement coordination, financing carry, construction oversight, and lease-up uncertainty.

For the subject facility, we derive entrepreneurial profit from the $36,100,800 subtotal—comprising $29,600,800 direct and indirect build costs, $2,500,000 FF&E, and $4,000,000 interest reserve. Applying a 35% margin produces a profit allowance of $12,635,280. Although this exceeds the 15–25% range typically observed in senior housing developments, the subject’s bespoke design, six-story scale, full amenity suite, multi-phase delivery, and specialized memory-care component justify an elevated return threshold—particularly given contemporary capital-market volatility and absorption risks.

Cost Approach Summary and Conclusion

Bringing all components together, the replacement cost new of the subject improvements is summarized as follows:

Cost Approach Summary and Conclusion

Component	Amount (USD)
Direct Hard Costs (Building Construction)	$23,050,800
Soft Costs (A/E, Permits, Admin, etc.)	$4,550,000
Additional Contingency	$2,000,000
Total Cost to Build (Hard + Soft)	$29,600,800
FF&E	$2,500,000
Interest Reserve (Construction Financing)	$4,000,000
Subtotal (Build + FF&E + Interest)	$36,100,800
Entrepreneurial Profit (35% of Subtotal)	$12,635,280
Replacement Cost New of Improvements	$48,736,080
Land Value	$3,300,000
Total Project Value via Cost Approach	**$52,036,080**
Rounded	**$52,000,000**

Ultimately, while the detailed cost-approach exercise underscores the substantial capital outlay needed to bring this facility to a fully completed and stabilized condition, we have assigned it zero weight in our final value reconciliation. Cost-based indications are inherently theoretical at this preliminary stage, and relying on them for definitive value conclusions would risk overstating precision.

Moreover, construction budgets for senior-living and memory-care projects are notoriously fluid during design development and construction execution. Mid-stream scope refinements—such as design modifications for wandering-management systems or corridor handrail adjustments to satisfy AHCA regulations—often trigger change orders. Likewise, material and labor markets continue to experience pronounced price volatility, while permitting delays or unanticipated site conditions can further erode original assumptions. As a result, the developer’s preliminary cost figures should be viewed strictly as directional; they are not a reliable predictor of final expenditures, and actual costs upon project completion are likely to differ materially from today’s estimates.

Reconciliation

Overview

The reconciliation of value conclusions represents the final phase of the appraisal process. At this stage, the various valuation approaches are evaluated based on the quality and availability of supporting market data, as well as the relevance and reliability of each method in the context of the subject property. Consideration is also given to the likely preferences of prospective buyers and their typical reliance on each approach.

As outlined earlier, the **Cost Approach** offers limited reliability for assisted living and memory care facility assets. Estimating depreciation—particularly functional and external obsolescence—can be highly speculative. In practice, investors in complex hospitality assets focus more on the property's income-generating potential than on its replacement cost. Accordingly, the cost approach, if applied, serves primarily as a test of feasibility rather than a primary valuation method.

The **Sales Comparison Approach**, which in this case utilized a price-per-room analysis, also receives limited weight. While it provides a useful cross-check and benchmark range, it is generally less emphasized in the current investment environment, where market participants are more focused on asset-specific performance and future earnings potential.

By contrast, the **Income Capitalization Approach**—and specifically the **Discounted Cash Flow**—is the most applicable and reliable valuation tool for income-producing properties such as assisted living and memory care facilities. This approach mirrors the analysis typically conducted by institutional and sophisticated investors. For the subject property, sufficient market data was available to support credible estimates for revenue, occupancy, expenses, and appropriate capitalization and discount rates.

Our value opinion reflects market conditions and investor expectations as of the valuation date. This estimate is based on available information and reasonable assumptions at the time of appraisal; it does not forecast future performance. Shifts in market dynamics or property-specific factors could influence future value.

Reconciliation of Value Conclusions

Primary reliance is placed on the Income Capitalization Approach, with specific emphasis on the Discounted Cash Flow method, as it best aligns with the behavior of likely market participants. The final reconciled value conclusions are summarized in the following table:

Value Conclusions			
Premise	**As Is (WIP)**	**Upon Completion**	**Upon Stabilization**
As Of:	**July 1, 2025**	**September 1, 2027**	**September 1, 2029**
Land Value	**$3,300,000**		
Plus: Improvements To Date	$3,000,000	-	-
Cost Approach	**$6,300,000**	**$52,000,000**	**-**
Sales Comparison Approach	**-**	**$53,000,000**	**-**
Income Approach			
Discounted Cash Flow	-	$53,500,000	$59,600,000
Direct Capitalization Approach	-	$52,800,000	$59,000,000
Reconciled Value via Income Approach	**-**	**$53,500,000**	**$59,600,000**
Reconciled Value Conclusion	**$6,300,000**	**$53,500,000**	**$59,600,000**
PSF	**-**	**$504.48**	**$562.00**

Final Reconciled Values			
Horwath HTL Category	As Is (WIP) July 1, 2025	Upon Completion September 1, 2027	Upon Stabilization September 1, 2029
Market Value Conclusion	**$6,300,000**	**$53,500,000**	**$59,600,000**
Per Unit	-	$504.48	$562.00
Value Allocation	**As Is (WIP)**	**Upon Completion**	**Upon Stabilization**
Real and Business Personal Property	$6,300,000	$51,000,000	$57,706,000
Furniture, Fixtures and Equipment	-	$2,500,000	$1,894,000
Business Value	-	$0	$0
Total	**$6,300,000**	**$53,500,000**	**$59,600,000**

Contributory Value of FF&E

Since the subject is newly developed, its FF&E is estimated to have an effective age of 0.0 years with an economic life of 7.0 years upon completion. The FF&E is projected to depreciate into the year of stabilization.

The following table presents our estimates of value and depreciation for these components.

Furniture, Fixtures and Equipment			
Category	**As Is (WIP)**	**Upon Completion**	**Upon Stabilization**
Replacement Cost New		$2,500,000	$2,652,000
Per Unit		$25,000	$26,520
Elapsed Time (years)	None:	0.0	2.0
Effective Age (years)	Currently	0.0	2.0
Total Economic Life (years)	Under Development	7.0	7.0
Percent Depreciated		0.0%	28.6%
Estimated Value (Rounded)		**$2,500,000**	**$1,894,000**

Future FF&E values consider both planned capital investments and the annual reserve deductions embedded in the cash flow model. Effective age estimates reflect straight-line depreciation, with adjustments for regular maintenance. Our estimate of the subject's future FF&E replacement cost is based on the current value, projected forward using a 3.0% annual inflation rate to the prospective date of value. The effective age reflects a straight-line depreciation model, adjusted to account for ongoing repairs and maintenance.

Most Probable Buyer

Given the scale, location, brand affiliation, and service level of the subject property, the most probable purchaser is expected to be a national, regional, or institutional investor active in the healthcare sector.

Exposure Time

Exposure time refers to the estimated period the property would have been available on the market prior to the valuation date, assuming sale at the appraised value. Based on recent market transactions, supply-demand dynamics, and discussions with local participants, the estimated exposure time is 12 months or less across all valuation scenarios.

Marketing Time

Marketing time represents the expected duration to complete a sale immediately following the effective date of value. We estimate that the subject property could be marketed and sold in 12 months or less under current market conditions.

ESG+R

As stakeholders increasingly recognize the critical role of Environmental, Social, Governance, and Resilience (ESG+R) factors in long-term value creation and risk mitigation, this section examines how these dimensions inform our appraisal of the proposed Titusville Assisted Living and Memory Care Facility. By assessing the property's environmental performance—spanning energy efficiency, water conservation, and material sourcing—alongside its social commitments, governance framework, and physical resilience measures, we establish a holistic lens through which to evaluate both current sustainability credentials and future adaptability.

Property Background

The subject is a six-story, 100-unit luxury assisted living and memory care community under development along South Washington Avenue in Titusville, Florida. Situated in a transitional area that blends established single-family neighborhoods with commercial and recreational uses, the facility benefits from high visibility and proximity to key services—retail and dining along US-1, the adjacent canal and golf & country club to the west, and civic-oriented employment nodes to the north. Designed with reinforced concrete structure, flat roof, full fire-sprinkler protection, and high-efficiency rooftop HVAC, the project targets late-2027 delivery and a stabilized occupancy of 98%.

Environmental Considerations

Energy efficiency is central to the building's design. All glazing exceeds Florida's latest code requirements for solar heat-gain reduction, and LED fixtures are specified throughout corridors, amenity spaces, and unit interiors. Mechanical systems incorporate variable-speed drives and demand-controlled ventilation, reducing electrical demand during off-peak hours. The flat roof is solar-ready, with structural reinforcement and conduit runs in place to facilitate future photovoltaic installation without disrupting operations.

Water-use reduction measures include low-flow fixtures in kitchens and bathrooms, dual-flush toilets, and smart irrigation for native landscaping. Stormwater is managed on-site via underground retention chambers and permeable pavers in parking areas, mitigating runoff into the adjacent canal and reducing pollutant loads. Construction materials will be sourced with an emphasis on regionally manufactured products and high recycled content, minimizing embodied carbon and supporting local supply chains.

Social Responsibility

The development's unit mix spans studios to three-bedroom suites, including FHA-compliant one-bedrooms and ANSI-accessible two-bedrooms, reflecting a commitment to inclusive housing. Over 10,000 SF of indoor amenity space—fitness center, lounge, co-working areas—and private balconies (100–150 SF each) foster social interaction and resident well-being. During construction, the developer will partner with local trade associations and workforce development programs to prioritize Brevard County hiring, with at least 30 % of subcontracted labor hours sourced from small and minority-owned local firms. Material procurement likewise favors suppliers within a 200-mile radius, spurring regional economic growth and reducing transportation-related emissions.

Governance and Operational Integrity

Management will be entrusted to an established third-party operator under a fee structure tied to effective gross income, aligning operator incentives with performance metrics. Quarterly financial and operational audits by an independent accountant, with results shared among investors, ensure transparency. Vendor agreements—for landscaping, security, and building maintenance—are competitively bid on multi-year contracts with clear performance benchmarks and penalty clauses for non-compliance. A robust compliance program guarantees adherence to all local, state, and federal regulations, including fair-housing laws, ADA requirements, and environmental permitting, with annual staff training on emergency procedures, tenant relations, and ethical standards.

Resilience and Risk Mitigation

The building is engineered to meet Florida's high-wind design standards, featuring reinforced concrete shear walls, impact-resistant glazing on street-facing elevations, and elevated utility/electrical panels above flood elevations. A dedicated emergency generator, sized for life-safety systems (fire pumps, stairwell lighting, security), ensures minimal disruption during power outages. Select ground-floor finishes (ceramic tile, waterproof wallboards) mitigate water-damage risk in minor flooding events. Site planning incorporates a 12-inch elevation buffer and flood-resistant landscaping to direct stormwater away from foundations. Critical infrastructure—storm drains, transformers, telecom vaults—is sited on higher ground or within sealed enclosures. An annual capital reserve equal to 1 % of effective gross income is earmarked for cyclical maintenance and unexpected repairs, ensuring rapid recovery from weather events or mechanical failures without impacting cash flow.

Conclusion

By integrating advanced energy-efficiency features, rigorous water-conservation strategies, and regionally focused material sourcing, the project minimizes its environmental footprint while meeting stringent code requirements. Its social commitments—diverse, accessible housing options and local hiring/procurement practices—foster an inclusive community and support regional economic vitality. Strong governance protocols, transparent auditing, and competitive vendor management safeguard operational integrity and investor interests. Finally, engineered resilience measures and dedicated financial reserves mitigate climate and operational risks, positioning the facility for stable performance, marketability, and long-term value in the Titusville senior housing sector.

***Disclaimer**: This ESG+R section is based on a review of information provided by the client, the property contact, interviews with property representatives, and market representatives. Because this section is highly qualitative in nature, we cannot definitively confirm the accuracy of all information herein, and all details should be independently verified prior to reliance.*

Assumptions and Limiting Conditions

1. The appraisal contained in this report (hereinafter referred to as the "Report") is subject to the following assumptions and limiting conditions:

2. **Title and Legal Matters**: Unless otherwise stated, title to the property (the "Property") is assumed to be good and marketable, free from liens, encumbrances, and legal matters that could adversely affect its marketability or value. No responsibility is assumed for the legal description, zoning, title condition, or other legal matters outside the scope of a professional real estate appraiser's expertise. This report does not constitute a survey of the Property.

3. **Property Condition**: It is assumed that the Property's improvements are structurally sound, seismically safe, and conform to applicable building codes. All building systems, including mechanical, electrical, HVAC, plumbing, elevators, etc., are assumed to be in good working order with no major deferred maintenance or repairs required. The physical condition of the Property is based on a visual inspection conducted by a professional appraiser and does not include any engineering or structural assessments.

4. **Hazardous Materials and Environmental Conditions**: This Report does not consider the presence of hazardous materials, including asbestos, PCB transformers, or toxic substances. The appraiser is not qualified to detect such materials, and the Report assumes that there are no hazardous substances present on the Property unless otherwise stated. If hazardous materials are discovered, a revision of the concluded values may be necessary.

5. **Information Sources and Accuracy**: The appraiser relied on information provided by the Property owner, owner's representatives, and/or reputable third-party sources. While these sources are assumed to be reliable, the appraiser has not independently verified the accuracy of the data. Any errors in this information may materially affect the conclusions in the Report. The appraiser reserves the right to amend conclusions if made aware of such errors.

6. **Date of Value and Subjectivity**: The opinion of value stated in this Report applies only as of the specified date of value. As appraisals are inherently subjective, no representation is made regarding the impact of events occurring after this date.

7. **Financial Projections**: Any projected cash flows, income, expenses, and economic conditions included in this Report are estimates based on market expectations, not predictions. These projections are subject to change based on fluctuating economic conditions and other uncontrollable factors. No guarantees are made that these projections will be realized.

8. **Risk and Uncertainty**: The analyses presented in this Report incorporate numerous assumptions regarding the Property's performance, local and global economic conditions, and potential future events. Due to the inherent uncertainty, actual results may differ materially from these estimates.

9. **Prospective Value Opinions**: All opinions of value are prospective and subject to considerable risk. Changes in the economy, interest rates, capitalization rates, market conditions, or unforeseen events such as natural disasters could significantly alter the estimated values.

10. **Use of Report**: This Report must be used in its entirety. Reliance on any part of this Report independently may lead to erroneous conclusions. Unauthorized use, reproduction, or dissemination of any portion of this Report, including value conclusions and the identity of the appraiser, is prohibited without prior written consent from Horwath HTL.

11. **Appraiser's Liability**: The liability of Horwath HTL and its employees is limited to the client identified in the Report. This Report may not be used by third parties, and Horwath HTL is not responsible for decisions made by others based on the Report's contents.

12. **Legal and Regulatory Compliance**: This Report assumes that the Property complies with all applicable local, state, and federal laws and regulations, including environmental laws and the Americans with Disabilities Act (ADA). Horwath HTL is not liable for non-compliance, nor for the costs associated with correcting any deficiencies.

13. **Soil Conditions**: A detailed soil study was not conducted as part of this analysis. The subject property is assumed to have suitable soil and sub-soil conditions based on a visual inspection. No certification regarding the stability or suitability of these conditions is made.

14. **Limitation of Liability Regarding Environmental Hazards**: The appraiser is not responsible for detecting hazardous substances or environmental issues on the Property. Horwath HTL disclaims any liability for any costs or damages arising from the presence of toxic materials, including but not limited to hazardous waste, asbestos, formaldehyde, or pollutants.

15. **ADA Compliance**: No survey has been made to determine the Property's compliance with ADA standards. The appraiser assumes that the Property meets an acceptable level of ADA compliance unless otherwise noted. If non-compliance is identified, it may negatively impact the Property's value, and the costs for corrective measures would need to be reflected in the appraisal.

16. **Report Acceptance**: The use of this Report constitutes full acceptance of these assumptions and limiting conditions, and any additional conditions specified in the agreement to prepare this Report.

Addenda

Developer's Budget
Legal Description
Qualifications of the Appraisers

TITUSVILLE ALF
Titusville, FL
2/25/2025

BUDGET ESTIMATE
4-Story, 137-Bed, Assisted Living Facility using Tunnel-Form Construction 3.485

Description	Beds	Area	Total	%of Total	Cost per Key	SF Cost
01 - General Conditions/Fee/Bond/Overhead	137	106,915	$2,095,850	9.09%	$ 15,298.18	
02 - Site Construction	137	106,915	$0	0.00 %	$ -	$ -
03 - Concrete	137	106,915	$4,597,345	19.94%	$ 33,557.26	$ 43.00
04 - Masonry	137	106,915	$962,235	4.17%	$ 7,023.61	$ 9.00
05 - Metals	137	106,915	$588,033	2.55%	$ 4,292.21	$ 5.50
06 - Wood, Plastics, and Composites	137	106,915	$537,500	2.33%	$ 3,923.36	$ 5.03
07 - Thermal and Moisture Protection	137	106,915	$987,645	4.28%	$ 7,209.08	$ 9.24
08 - Openings	137	106,915	$1,799,000	7.80%	$ 13,131.39	$ 16.83
09 - Finishes	137	106,915	$2,712,157	11.77%	$ 19,796.77	$ 25.37
10 - Specialties	137	106,915	$171,000	0.74%	$ 1,248.18	$ 1.60
11 - Equipment (By Owner)	137	106,915	$0	0.00 %	$ -	$ -
12 - FF&E (Install Only)	137	106,915	$100,000	0.43%	$ 729.93	$ 0.94
13 - Special Construction (Swimming Pool)	137	106,915	$0	0.00 %	$ -	$ -
14 - Conveying Equipment	137	106,915	$260,000	1.13%	$ 1,897.81	$ 2.43
21 - Fire Suppression	137	106,915	$962,235	4.17%	$ 7,023.61	$ 9.00
22.5 - HVAC & Plumbing	137	106,915	$4,525,196	19.63%	$ 33,030.63	$ 42.33
26 - Electrical	137	106,915	$2,127,609	9.23%	$ 15,529.99	$ 19.90
30 - Contingency	137	106,915	$625,000	2.71%	$ 4,562.04	$ 5.85
Building Total:	**137**	**106,915**	**$23,050,804**	**100.00%**	**$ 168,254.04**	**$ 196.00**

Titusville ALF Budget Worksheet

Floors	4
Beds	137
Area	106915

Description/Division	Qty	Unit	UP	Total	$/SF	$/Unit
Division 1						
General Conditions	1	LS	1095850	1,095,850.00	10.25	7,998.91
Subtotal				***1,095,850.00***	***10.25***	***7,998.91***
Division 2						
Site Work - By Others (Misc. Allowance)	0	LS		-	-	-
Irrigation & Landscaping - By Owner	0	LS	0	-	-	-
Bike Racks	0	EA	0	-	-	-
Subtotal				-	-	-
Division 3						
Tunnel-Form Construction	106915	SF	43	4,597,345.00	43.00	33,557.26
Subtotal				***4,597,345.00***	***43.00***	***33,557.26***
Division 4						
Masonry	106915	SF	9	962,235.00	9.00	7,023.61
Subtotal				***962,235.00***	***9.00***	***7,023.61***
Division 5						
Structural Steel	106915	SF	5.5	588,032.50	5.50	4,292.21
Subtotal				***588,032.50***	***5.50***	***4,292.21***
Division 6						
Rough Carpentry	1	LS	20000	20,000.00	0.19	145.99
Millwork	1	LS	500000	500,000.00	4.68	3,649.64
Guestroom Vanities & Tops	100	EA	175	17,500.00	0.16	127.74
Subtotal				***537,500.00***	***5.03***	***3,923.36***
Division 7						
Waterproofing	1	LS	10000	10,000.00	0.09	72.99
Caulking & Sealants	1	LS	40000	40,000.00	0.37	291.97
Fireproofing Steel	0	LS	0	-	-	-
EIFS System (100%)	106915	SF	6.1	652,181.50	6.10	4,760.45
TPO Roofing System	106915	SF	2.67	285,463.05	2.67	2,083.67
Subtotal				***987,644.55***	***9.24***	***7,209.08***
Division 8						
Doors, Frames, Hardware	1	LS	825000	825,000.00	7.72	6,021.90
Automatic Vestibule Door	0	LS	0	-	-	-
Storefront & Windows	1	LS	974000	974,000.00	9.11	7,109.49
Card Access Systems (NIC)	0	LS	0	-	-	-
Subtotal				***1,799,000.00***	***16.83***	***13,131.39***

Titusville ALF Budget Worksheet

Floors	4
Beds	137
Area	106915

Description/Division	Qty	Unit	UP	Total	$/SF	$/Unit
Division 9						
Framing, Insulation, Drywall (Hotel)	102915	SF	17	1,749,555.00	16.36	12,770.47
Framing, Insulation, Drywall (Shell Only)	4000	SF	18	72,000.00	0.67	525.55
Accoustical Ceilings	106915	SF	0.6	64,149.00	0.60	468.24
Flooring & Tile	106915	SF	4	427,660.00	4.00	3,121.61
Carpet (Install Only)	106915	SF	0.65	69,494.75	0.65	507.26
Paint & Install Wallcoverings	106915	SF	3.08	329,298.20	3.08	2,403.64
Subtotal				***2,712,156.95***	***25.37***	***19,796.77***
Division 10						
Lockers	1	LS	5000	5,000.00	0.05	36.50
Shower & Tub Surrounds	100	EA	550	55,000.00	0.51	401.46
Fire Extinguishers & Cabinets	1	LS	7500	7,500.00	0.07	54.74
Glass Shower Doors	100	EA	450	45,000.00	0.42	328.47
Bath Accessories	1	LS	35000	35,000.00	0.33	255.47
Storage Shelving BOH (NIC)		LS	0	-	-	-
Louvers, Vents, Screens	0	LS	20000	-	-	-
Patio Canopy	1	LS	23500	23,500.00	0.22	171.53
Exterior Bldg. Signage (NIC)	0	LS	0	-	-	-
Interior Bldg. Signage (NIC)	0	LS	0	-	-	-
Subtotal				***171,000.00***	***1.60***	***1,248.18***
Division 11						
Kitchen & Bar Equipment (NIC)	0	LS	0	-	-	-
Appliances (NIC)	0	LS	0	-	-	-
Fitness Equipment (NIC)	0	LS	0	-	-	-
Laundry Equipment (NIC)	0	LS	0	-	-	-
Ice Machines (NIC)	0	LS	0	-	-	-
Guest Laundry (NIC)	0	LS	0	-	-	-
Subtotal				***-***	***-***	***-***
Division 12						
FF&E Installation (Warehousing By Others)	1	LS	100000	100,000.00	0.94	729.93
Subtotal				***100,000.00***	***0.94***	***729.93***
Division 13						
Swimming Pool w/ADA Lift	0	LS	175000	-	-	-
Pool Fence & Gates	0	LS	30000	-	-	-
Hardscape Brick Pavers	0	LS	50000	-	-	-
Subtotal				***-***	***-***	***-***

Titusville ALF Budget Worksheet

Floors	4
Beds	137
Area	106915

Description/Division	Qty	Unit	UP	Total	$/SF	$/Unit
Division 14						
Elevators	8	STOPS	32500	260,000.00	2.43	1,897.81
Linen Chute	0	LS		-	-	-
Subtotal				***260,000.00***	***2.43***	***1,897.81***
Division 15						
Fire Sprinkler System	106915	SF	9	962,235.00	9.00	7,023.61
Plumbing (Hotel)	102915	SF	17	1,749,555.00	16.36	12,770.47
Plumbing (Shell Only)	4000	SF	15	60,000.00	0.56	437.96
HVAC	106915	SF	25.4	2,715,641.00	25.40	19,822.20
Subtotal				***5,487,431.00***	***51.33***	***40,054.24***
Division 16						
Electrical (Hotel)	102915	SF	18	1,852,470.00	17.33	13,521.68
Electrical (Shell Only)	4000	SF	18	72,000.00	0.67	525.55
Fire Alarm	106915	SF	1.25	133,643.75	1.25	975.50
BDA System	106915	SF	0.65	69,494.75	0.65	507.26
Data Cabling (NIC)	0	LS	0	-	-	-
Data & Comm Equip. (NIC)	0	LS	0	-	-	-
Subtotal				***2,127,608.50***	***19.90***	***15,529.99***
Division 17						
Contingency	1	LS	625000	625,000.00	5.85	4,562.04
Subtotal				***625,000.00***	***5.85***	***4,562.04***
			Subtotal Direct Cost:	**22,050,803.50**	**206.25**	**160,954.77**
			Fee:	**1,000,000.00**	**9.35**	**7,299.27**
			Grand Total:	**23,050,803.50**	**215.60**	**168,254.04**

SECTION 15, TOWNSHIP 22 SOUTH, RANGE 35 EAST, BREVARD COUNTY, FLORIDA

DESCRIPTION

TITUSVILLE RESORT AND DESTINATION – PHASE 1A, PARCEL 2 DESCRIPTION
A PARCEL OF LAND LYING IN SECTION 15, TOWNSHIP 22 SOUTH, RANGE 35 EAST, BREVARD COUNTY, FLORIDA, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCE AT THE POINT OF INTERSECTION BETWEEN THE SOUTH RIGHT OF WAY LINE OF COUNTRY CLUB DRIVE (FORMER TAYLOR STREET) AND THE WEST RIGHT OF WAY LINE OF SOUTH WASHINGTON STREET (US 1); THENCE RUN N89°46'14"W, ALONG SAID SOUTH RIGHT OF WAY LINE OF COUNTRY CLUB DRIVE A DISTANCE OF 497.00 FEET TO THE POINT OF BEGINNING; THENCE LEAVING SAID SOUTH RIGHT OF WAY LINE RUN S00°13'46"W, A DISTANCE OF 249.97 FEET TO A POINT ON A NON TANGENT CURVE CONCAVE EASTERLY, HAVING A RADIUS OF 94.39 FEET, A CHORD BEARING OF S 13°42'16" E AND A CHORD DISTANCE OF 39.10 FEET; THENCE RUN SOUTHEASTERLY, ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 23°54'35", A DISTANCE OF 39.39 FEET TO A POINT OF COMPOUND CURVATURE WITH A CURVE CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 36.00 FEET, A CHORD BEARING OF S 32°01'27" E AND A CHORD DISTANCE OF 7.29 FEET; THENCE RUN SOUTHERLY, ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 11°37'46", A DISTANCE OF 7.31 FEET; THENCE RUN N89°46'14"W, A DISTANCE OF 336.46 FEET; THENCE RUN N00°13'46"E, A DISTANCE OF 294.05 FEET TO A POINT ON THE AFORE MENTIONED SOUTH RIGHT OF WAY LINE OF COUNTRY CLUB DRIVE; THENCE RUN S89°46'14"E ALONG SAID SOUTH RIGHT OF WAY LINE A DISTANCE OF 322.96 FEET TO THE POINT OF BEGINNING.

CONTAINING 2.185 ACRES MORE OR LESS.

NOTES

1. BEARINGS SHOWN HEREON ARE BASED UPON THE SOUTH RIGHT OF WAY LINE OF COUNTRY CLUB DRIVE (FORMERLY KNOWN AS TAYLOR STREET), BREVARD COUNTY, FLORIDA SAID LINE BEING N89°46'14"W PER FLORIDA STATE PLANE COORDINATES ZONE EAST.
2. THIS SKETCH WAS PREPARED WITHOUT THE BENEFIT OF A TITLE AND MAY BE SUBJECT TO EASEMENTS, RESTRICTIONS, RIGHT OF WAY AND OTHER MATTERS OF RECORD.
3. THIS DOCUMENT CONSISTS OF 2 SHEETS AND WOULD BE CONSIDERED INCOMPLETE IF OTHERWISE.

LEGEND

Δ	=	DELTA
R	=	RADIUS
L	=	ARC LENGTH
CH	=	CHORD DISTANCE
CB	=	CHORD BEARING
N.T.	=	NON-TANGENT
O.R.B.	=	OFFICIAL RECORDS BOOK
PG.	=	PAGE
P.B.	=	PLAT BOOK
P.C.C.	=	POINT OF COMPOUND CURVATRURE
R/W	=	RIGHT OF WAY
US	=	UNITED STATES
Ⓛ	=	LIGHT POLE

I HEREBY CERTIFY: THAT THIS "BOUNDARY AND TOPOGRAPHIC SURVEY" WAS PREPARED UNDER MY DIRECTION AND IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF AND FURTHER, THAT SAID SURVEY MEETS THE INTENT OF THE APPLICABLE PROVISIONS OF THE "STANDARDS OF PRACTICE FOR LAND SURVEYING IN THE STATE OF FLORIDA," PURSUANT TO RULE 5J-17 OF THE FLORIDA ADMINISTRATIVE CODE AND ITS IMPLEMENTING LAW, CHAPTER 472.027 OF THE FLORIDA STATUTES.

BY: ______________________
DANIEL E. GENTRY, JR.
Florida Registration No. 5047
Survey Date: August 1, 2024

DANIEL E. GENTRY, JR.
CERTIFICATE
5047
STATE OF
FLORIDA
REGISTERED SURVEYOR

NOTICE: NOT VALID WITHOUT THE SIGNATURE AND ORIGINAL RAISED SEAL OR ORIGINAL ELECTRONIC SIGNATURE AND SEAL OF A FLORIDA LICENSED SURVEYOR AND MAPPER. ADDITIONS OR DELETIONS TO SURVEY MAPS AND REPORTS BY OTHER THAN THE SIGNING PARTY OR PARTIES ARE PROHIBITED WITHOUT THE WRITTEN CONSENT OF THE SIGNING PARTY OR PARTIES. THIS NOTICE IS REQUIRED PURSUANT TO RULE 5J-17 OF THE FLORIDA ADMINISTRATIVE CODE.

SHEET 1 OF 2

BOUNDARY SURVEY

PREPARED FOR AND CERTIFIED TO:
TITUSVILLE MALL, LLC

JOB NO.
C23-C015-01

REVISIONS

ON POINT SURVEYING, INC.
502 OAKLAND TERRACE
LAKE MARY, FLORIDA 32746
407-989-8102
WWW.ON-POINTSURVEYING.COM
LICENSE BUSINESS NUMBER 8319

ON POINT SURVEYING, INC.

203 N. La Salle Street, Suite 2100
Chicago, IL 60601
+1 888 800 7258 main
+1 773 263 4544 direct
byounge@horwathhtl.com

Bryan Younge, Managing Partner
Valuation Advisory Practice Leader - US

Bryan Younge, MAI, ASA, FRICS, has successfully led and architected specialty practice groups at three major commercial real estate firms. Throughout his 25-year career, he has completed appraisal, financial reporting, and consulting assignments for various property types, including resorts, hotels, stadiums, golf courses, and amusement parks, around the globe. He has also provided litigation support for tax appeal, bankruptcy, special servicing, condemnation, estate planning, receivership, and other court-administered matters.

Before joining Horwath HTL, Younge held similar leadership roles at Newmark where he served as EVP, Specialty Practice Leader—Hospitality, Gaming and Leisure; and at Colliers where he served as Managing Director and National Practice Leader of the Hospitality and Leisure specialty group. He also spent 13 years at Cushman & Wakefield, where he was the National Practice Leader of the Sports and Entertainment Group and a senior member of the Hospitality and Gaming Group.

Early in his career, Younge held positions as a Senior Consultant with the Valuation Services groups of Andersen and Deloitte in Chicago, and with the Hospitality and Leisure Consulting group of PwC in Los Angeles. He also served as a Senior Consultant with HVS and acted as an interim acquisition, development, and investment analyst for Sage Hospitality Resources in Denver.

Professional Affiliations

- **Cornell Hotel Society,** Alumni Member
- **Cornell International Hotelier Association**, Member
- **Institute for Professionals in Taxation**, Member
- **National Ski Areas Association (NSAA)**, Member
- **Urban Land Institute (ULI),** Associate Member

Licenses and Designations

- **Royal Institution of Chartered Surveyors (FRICS)**, Fellow Member
- **Appraisal Institute (MAI)**, Designated Member
- **American Society of Appraisers (ASA),** Senior Member
- **Certified general real estate appraiser**, most U.S. States

Education

- **Cornell University**: Bachelor of Science, Dean's List
- **Northwestern University Kellogg School of Management**: Master's in Business Administration

Younge earned a Master of Business Administration degree in finance and real estate law from Northwestern University Kellogg School of Management and a Bachelor of Science degree in hotel real estate finance from Cornell University. As an undergraduate, he appeared on the National Dean's List and was a member of the National Honors Society. He also completed the Corporate Finance Summer Program at the University of California at Berkeley. Younge actively participates in continuing education programs on commercial property valuation, sponsored by the Appraisal Institute and other accredited institutions.

DBPR On-Line Services

If you need to mail additional information to DBPR please include this coversheet.

License Type:	**Temporary Practice Permit**
Application Type:	**Initial Temporary Permit**
File Number:	**11297**
Application Number:	**21106**
License Number:	
Application Date:	**06/26/2025 (mm/dd/yyyy)**
Last Name:	**Younge**
First Name:	**Bryan**
Middle Name:	

Mail To:
Department of Business and Professional Regulation
Central Intake Unit
2601 Blair Stone Road
Tallahassee, FL 32399-0783

If you have any questions please call our Customer Contact Center at 850-487-1395.

State of Florida
Department of Business and Professional Regulation
2601 Blair Stone Road
Tallahassee, FL 32399

Application Summary

Thank you for submitting your application.

Profession

License Type:	**Temporary Practice Permit**
Application Number:	**21106**
Application Type:	**Initial Temporary Permit**
Application Date:	**06/26/2025 (mm/dd/yyyy)**
License Number:	
File Number:	**11297**

Personal Detail

First Name:	**Bryan**
Last Name:	**Younge**
Birthdate:	**01/26/1976 (mm/dd/yyyy)**
Gender:	**Male**

Addresses

Main Address:	**6915 Inverway Drive** **Village of Lakewood, IL** **60014** **US**
Phone Number:	**7732634544**
Extension:	
E-mail Address:	

Current/Prior License

License Type:	**Certified General Appraiser**
State:	**Illinois**
Date of License:	**09/30/2023 (mm/dd/yyyy)**
Expiration Date:	**09/30/2025 (mm/dd/yyyy)**
License Number:	**153.001437**
Last Name:	**Younge**
First Name:	**Bryan**

Assignment Contact

Client Name	**Titusville Resort And Destination LLC**
Street Address	**22939 Hawthorne Blvd.**
City:	**Torrance**

State:	**California**
Zip Code:	**60505**
Country:	**United States**
Client Name:	**Mr. Jesse Wright**
Client Phone:	**877 337 6869**

Federal Organization

Federal Organization Type	**Department of Housing and Urban Development (HUD)**
Type of Licensure/Certification Held	**Certified General Appraiser**

Assignment Address

Property Description	**Multifamily**
Address:	**3550 S. Washington Ave**
City:	**Titusville**
State:	**Florida**
Zip Code:	**32780**

Attachments

Fees

Temporary Permit	**$50.00**
Total Amount Due:	**$50.00**

By submission of this application you affirmed the following:
I certify that I am empowered to execute this application as required by Section 559.79, Florida Statutes. I understand that my signature on this written declaration has the same legal effect as an oath or affirmation. Under penalties of perjury, I declare that I have read the foregoing application and the facts stated in it are true. I understand that falsification of any material information on this application may result in criminal penalty or administrative action, including a fine, suspension or revocation of the license.

I understand that an electronic signature shall have the same force and effect as a written signature.