

Integra Realty Resources

Atlanta

Appraisal of the Going Concern

Spanish Oaks Retreat & Hospice

Memory Care and Hospice Facility

8510 Whitefield Ave.

Savannah, Chatham County, Georgia 31406

Prepared For:

Colony Bank

Date of the Report:

December 5, 2025

Report Format:

Appraisal Report

IRR - Atlanta

File Number: 208-2025-0542



Subject Photographs



Spanish Oaks Retreat & Hospice
8510 Whitefield Ave.
Savannah, Georgia

Aerial Photograph





December 5, 2025

Ms. Rebecca Blake
Colony Bank
115 S Grant St
Fitzgerald, GA 31750

SUBJECT: Market Value Appraisal
 Spanish Oaks Retreat & Hospice
 8510 Whitefield Ave.
 Savannah, Chatham County, Georgia 31406
 IRR - Atlanta File No. 208-2025-0542

Dear Ms. Blake:

Integra Realty Resources – Atlanta is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop an opinion of the market value as is of the going concern, pertaining to the fee simple interest in the property.

The client for the assignment is Colony Bank. The intended user of this report is Colony Bank. The intended use of the report is for loan underwriting and/or credit decisions. No other party or parties may use or rely on the information, opinions, and conclusions contained in this report.

The subject is an existing memory care and hospice facility containing 36 units. The improvements were constructed in 1997 and are 100% occupied as of the effective appraisal date. The site area is 2.98 acres or 129,809 square feet.

The appraisal conforms to the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute, applicable state appraisal regulations, and the appraisal guidelines of Colony Bank. The appraisal is also prepared in accordance with the appraisal regulations issued in connection with the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA).

Standards Rule 2-2 (Content of a Real Property Appraisal Report) contained in the Uniform Standards of Professional Appraisal Practice (USPAP) requires each written real property

appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report. This report is prepared as an Appraisal Report as defined by USPAP under Standards Rule 2-2(a), and incorporates practical explanation of the data, reasoning, and analysis that were used to develop the opinion of value.

Based on the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, the concluded opinions of value are as follows:

Value Conclusion

Value Type & Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value As Is of the Going Concern	Fee Simple	November 7, 2025	\$12,130,000

Allocation of Value

Real Estate	\$10,520,000
FF&E	\$70,000
Intangible or Business Assets	\$1,540,000
Total Market Value	\$12,130,000

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. The subject operates under a grandfathered hospice license covering 23 counties. Approximately 99% of the hospice services provided are reimbursed by Medicare. We assume the license will remain with the facility upon transfer of sale.
2. Although the surrounding land parcels are under the same ownership, they are not included in the scope of this assignment.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. None noted.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

The opinions of value expressed in this report are based on estimates and forecasts which are prospective in nature and subject to considerable risk and uncertainty. Events may occur which could cause the performance of the property to differ materially from the estimates contained herein, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, the concluded opinions and forecasts are based partly on data obtained from interviews and third-party sources, which are not always completely reliable. Although the

Ms. Rebecca Blake
Colony Bank
December 5, 2025
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findings are considered reasonable based on available evidence, IRR is not responsible for the effects of future, unforeseen occurrences.

If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

Integra Realty Resources - Atlanta



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Quality Assurance

IRR Quality Assurance Program

At IRR, delivering a quality report is a top priority. Integra has an internal Quality Assurance Program in which managers review material and pass an exam in order to attain IRR Certified Reviewer status. By policy, every Integra valuation assignment is assessed by an IRR Certified Reviewer who holds the MAI designation, or is, at a minimum, a named Director with at least ten years of valuation experience.

This quality assurance assessment consists of reading the report and providing feedback on its quality and consistency. All feedback from the IRR Certified Reviewer is then addressed internally prior to delivery. The intent of this internal assessment process is to maintain report quality.

Designated IRR Certified Reviewer

An internal quality assurance assessment was conducted by an IRR Certified Reviewer prior to delivery of this appraisal report. This assessment should not be construed as an appraisal review as defined by USPAP.

Executive Summary

Property Name	Spanish Oaks Retreat & Hospice	
Address	8510 Whitefield Ave. Savannah, Chatham County, Georgia 31406	
Property Type	Senior Housing	
Owner of Record	Spanish Oaks Properties LLC	
Tax ID	1047702009	
Land Area	2.98 acres; 129,809 SF	
Gross Building Area	25,865 SF	
Rentable Area	25,865 SF	
Percent Leased	100%	
Year Built; Year Renovated	1997; Various	
Number of Units and Beds	Units	Beds
	36	36
Zoning Designation	P-R-2/EO, Two Family Residential - Environmental Overlay	
Highest and Best Use - As if Vacant	Residential use	
Highest and Best Use - As Improved	Continued senior housing use	
Exposure Time; Marketing Period	6 to 9 months; 6 to 9 months	
Effective Date of the Appraisal	November 7, 2025	
Date of the Report	December 5, 2025	
ValuationType	Going Concern	
Property Interest Appraised	Fee Simple	
Market Value Indications		
Cost Approach (Excluding Intangibles)	Not Used	
Sales Comparison Approach	\$12,060,000	(\$335,000/Unit)
Income Capitalization Approach	\$12,130,000	(\$336,944/Unit)
Market Value Conclusion	\$12,130,000	(\$336,944/Unit)
The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than Colony Bank may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.		

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. The subject operates under a grandfathered hospice license covering 23 counties. Approximately 99% of the hospice services provided are reimbursed by Medicare. We assume the license will remain with the facility upon transfer of sale.
2. Although the surrounding land parcels are under the same ownership, they are not included in the scope of this assignment.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. None noted.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

Strengths, Weaknesses, Opportunities, Threats (SWOT Analysis)

The analyses presented in this report consider the internal strengths and weaknesses of the subject property, as well as opportunities and external threats. The overall valuation influences are summarized in the following table.

Valuation Influences

Strengths

- The subject's memory care units are 100% occupied and 100% private pay.
- In Chatham County, 9.98% of the population is aged 65–74, 4.87% is aged 75–84, and 1.67% is 85 or older. This equates to an estimated 4,936 residents aged 85 and above, the demographic with the highest likelihood of requiring both memory care and end-of-life services.
- The subject operates under a grandfathered hospice license covering 23 counties. Approximately 99% of the hospice services provided are reimbursed by Medicare.

Weaknesses

- If the subject only offered its hospice care services to the 36 units within its physical facility, its annual revenue would be significantly lower than current levels.
- The subject's improvements are older and exhibit signs of physical depreciation.

Opportunities

- Since the surrounding land parcels are owned by the facility's owner, there is potential for future expansion.

Threats

- As interest rate cuts are likely to continue and inflation has cooled, the emerging threat to the U.S. economy is a weakening jobs market. While unemployment is still historically low, the unemployment rate has increased slightly over the course of 2024. Jobless benefits have also risen over the past year indicating lost jobs are not being replaced as quickly. Finally, there has been a decrease in full-time jobs while part-time jobs have increased which shows a softening of the labor market. The risk of a recession jumps significantly when hiring ceases and unemployment rises.
 - Potential reductions to Medicare rates.
-

Identification of the Appraisal Problem

Subject Description

The subject is an existing memory care and hospice facility containing 36 units. The improvements were constructed in 1997 and are 100% occupied as of the effective appraisal date. The site area is 2.98 acres or 129,809 square feet. A legal description of the property is provided in the addenda .

Property Identification

Property Name	Spanish Oaks Retreat & Hospice
Address	8510 Whitefield Ave. Savannah, Georgia 31406
Tax ID	1047702009
Owner of Record	Spanish Oaks Properties LLC

Sale History

The most recent closed sale of the subject is summarized as follows:

Sale Date	January 1, 2012
Seller	Keith F. Munger
Buyer	Spanish Oaks Properties LLC
Sale Price	\$0
Recording Instrument Number	Deed Book 375D, Page 19 in the Chatham County Register of Deeds
Comments	Between related parties.

No known sales or transfers of ownership have taken place within a three-year period prior to the effective appraisal date.

Pending Transactions

The property has a signed LOI as of the effective appraisal date. The contract is summarized as follows:

Letter of Intent Date	October 17, 2025
Seller	Spanish Oaks Properties LLC
Buyer	Not Disclosed
Sale Price	\$12,200,000
Comments	See Below.

The subject is listed for sale by Ernie Anaya, with Bull Realty. The subject was listed for \$11,800,000 in March 2025.

The owner reported that four qualified parties were interested in the facility, with two submitting offers. He indicated that he is inclined to accept the LOI. The prospective buyer also owns and operates a facility in Statesville, NC. The owner noted that the sale would include seller financing.

The LOI price of \$12,200,000 is consistent with our market value conclusion of \$12,130,000.

License Information

The following table summarizes the current license information.

License Information	
License Type	Assisted Living/ Memory Care
Number of Licensed beds	36

The subject is a memory care facility with 36 licensed beds, which are 100% private pay.

The subject also operates under a grandfathered hospice license covering 23 counties. Approximately 99% of the hospice services provided are reimbursed by Medicare.

Appraisal Purpose

The purpose of the appraisal is to develop the following opinion of value:

- The market value as is of the going concern, pertaining to the fee simple interest in the subject property as of the effective date of the appraisal, November 7, 2025

The date of the report is December 5, 2025. The appraisal is valid only as of the stated effective date or dates.

Value Type Definitions

The definitions of the value types applicable to this assignment are summarized below.

Market Value

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

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

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

Market Value

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

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

Appraisal Premise Definitions

The definitions of the appraisal premises applicable to this assignment are specified as follows.

As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.³

Market Value of the Going Concern

The market value of an established and operating business including the real property, personal property, financial assets, and the intangible assets of the business.⁴

Property Rights Definitions

The property rights appraised which are applicable to this assignment are defined as follows.

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.⁵

¹ 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

² 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

³ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022)

⁴ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022)

⁵ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022)

Assets Appraised

The subject is a going concern, and the valuation of it is based upon the going concern premise. A going concern includes tangible and intangible assets; specifically, real property, tangible personal property (i.e., FF&E), and intangible assets. The intangible assets are comprised of intangible personal property and goodwill.

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

A definition of each of these terms is included in the definition section of the report addenda.

Client and Intended User

The client and intended user is Colony Bank. No other party or parties may use or rely on the information, opinions, and conclusions contained in this report.

Intended Use

The intended use of the appraisal is for loan underwriting and/or credit decisions. The appraisal is not intended for any other use.

Applicable Requirements

This appraisal report conforms to the following requirements and regulations:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute;
- Applicable state appraisal regulations;
- Appraisal requirements of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), revised April 9, 2018;
- Interagency Appraisal and Evaluation Guidelines issued December 10, 2010;
- Appraisal guidelines of Colony Bank.

Report Format

Standards Rule 2-2 (Content of a Real Property Appraisal Report) contained in the Uniform Standards of Professional Appraisal Practice (USPAP) requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report. This report is prepared as an Appraisal Report as defined by USPAP under Standards Rule 2-2(a), and incorporates practical explanation of the data, reasoning, and analysis used to develop the opinion of value.

Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have performed no 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 the agreement to perform this assignment.

Appraiser Competency

No steps were necessary to meet the competency provisions established under USPAP. The assignment participants have appraised several properties similar to the subject in physical, locational, and economic characteristics, and are familiar with market conditions and trends; therefore, appraiser competency provisions are satisfied for this assignment. Appraiser qualifications and state credentials are included in the addenda of this report.

Scope of Work

Introduction

The appraisal development and reporting processes require gathering and analyzing information about the assignment elements necessary to properly identify the appraisal problem. The scope of work decision includes the research and analyses necessary to develop credible assignment results, given the intended use of the appraisal. Sufficient information includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed.

To determine the appropriate scope of work for the assignment, the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors were considered. The concluded scope of work is described below.

Research and Analysis

The type and extent of the research and analysis conducted are detailed in individual sections of the report. The steps taken to verify comparable data are disclosed in the addenda of this report. Although effort has been made to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

Subject Property Data Sources

The legal and physical features of the subject property, including size of the site and improvements, flood plain data, property zoning, existing easements and encumbrances, access and exposure, and condition of the improvements were confirmed and analyzed.

The financial data of the subject, including occupancy statistics reports, historical income/expense figures, and tax and assessment records was analyzed. This information, as well as trends established by confirmed market indicators, is used to forecast future performance of the subject property.

Contacts

In addition to public records and other sources cited in this appraisal, information pertaining to the subject was obtained from the following party: Mr. Ernie Anaya, Broker.

Inspection

Details regarding the property inspection conducted as part of this appraisal assignment are summarized as follows:

Property Inspection		
Party	Inspection Type	Inspection Date
John D. Scott, Jr., MAI	None	N/A
Matthew V. Albigese, MAI	Interior and exterior	November 7, 2025

Interior Inspection

Unit No.	Unit Type	Bed/Bath	Occupancy Status
125	Memory Care	1/1	Occupied
131	Memory Care	1/1	Occupied
136	Memory Care	1/1	Occupied
No. of Units Inspected:			3
% of Total:			8%

It is assumed the remaining units not personally inspected are similar in terms of condition and finish to those inspected.

Valuation Methodology

Three approaches to value are typically considered when developing a market value opinion for real property. These are the cost approach, the sales comparison approach, and the income capitalization approach. Use of the approaches in this assignment is summarized as follows:

Approaches to Value

Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Applicable	Utilized

The income capitalization approach is the most reliable valuation method for the subject due to the following:

- The probable buyer of the subject would base a purchase price decision primarily on the income generating potential of the property and an anticipated rate of return.
- Sufficient market data regarding income, expenses, and rates of return is available for analysis.

The sales comparison approach is an applicable valuation method because:

- There is an active market for similar properties, and sufficient sales data is available for analysis.
- This approach directly considers the prices of alternative properties having similar utility.

The cost approach is not applicable to the assignment considering the following:

- The age of the property would limit the reliability of an accrued depreciation estimate.
- This approach is not typically used by market participants, except for new (or proposed) or nearly new properties.

Significant Appraisal Assistance

It is acknowledged that Claudia J. Ray made a significant professional contribution to this appraisal, consisting of conducting research on the subject and transactions involving comparable properties, performing appraisal analyses, and assisting in report writing, under the supervision of the persons signing the report.

Economic Analysis

Savannah MSA Area Analysis

The subject is located in the Savannah, GA Metropolitan Statistical Area, hereinafter called the Savannah MSA, as defined by the U.S. Office of Management and Budget. The Savannah MSA is 1,349 square miles in size, and ranks 129 in population out of the nation's 387 metropolitan statistical areas.

Population

The Savannah MSA has an estimated 2025 population of 436,057, which represents an average annual 1.5% increase over the 2020 census of 404,798. The Savannah MSA added an average of 6,252 residents per year over the 2020-2025 period, and its annual growth rate exceeded the State of Georgia rate of 0.9%.

Looking forward, the Savannah MSA's population is projected to increase at a 1.2% annual rate from 2025-2030, equivalent to the addition of an average of 5,389 residents per year. The Savannah MSA's growth rate is expected to exceed that of Georgia, which is projected to be 0.8%.

Population Trends

	Population			Compound Ann. % Chng	
	2020 Census	2025 Estimate	2030 Projection	2020 - 2025	2025 - 2030
Savannah, GA Metro	404,798	436,057	463,001	1.5%	1.2%
Georgia	10,711,908	11,217,400	11,673,844	0.9%	0.8%
USA	331,449,281	337,643,652	345,735,705	0.4%	0.5%

Source: Claritas

Employment

Total employment in the Savannah MSA was estimated at 209,500 jobs at year-end 2024. Between year-end 2014 and 2024, employment rose by 38,900 jobs, equivalent to a 22.8% increase over the entire period. There were gains in employment in nine out of the past ten years. The Savannah MSA's rate of employment growth over the last decade surpassed that of Georgia, which experienced an increase in employment of 18.4% or 780,000 jobs over this period.

Employment Trends						
Year	Total Employment (Year End)				Unemployment Rate (Ann. Avg.)	
	Savannah MSA	% Change	Georgia	% Change	Savannah MSA	Georgia
2014	170,600		4,241,900		7.1%	7.1%
2015	175,900	3.1%	4,359,000	2.8%	5.8%	6.1%
2016	180,900	2.8%	4,460,500	2.3%	5.1%	5.4%
2017	184,400	1.9%	4,535,300	1.7%	4.4%	4.8%
2018	187,900	1.9%	4,618,900	1.8%	3.6%	4.0%
2019	194,600	3.6%	4,708,900	1.9%	3.3%	3.6%
2020	187,000	-3.9%	4,531,800	-3.8%	6.9%	6.6%
2021	198,700	6.3%	4,752,100	4.9%	3.9%	3.9%
2022	202,900	2.1%	4,908,000	3.3%	3.0%	3.2%
2023	207,800	2.4%	4,977,000	1.4%	3.0%	3.3%
2024	209,500	0.8%	5,021,900	0.9%	3.1%	3.5%
Overall Change 2014-2024	38,900	22.8%	780,000	18.4%		
Avg Unemp. Rate 2014-2024					4.5%	4.7%
Unemployment Rate - April 2025					2.6%	3.1%

Source: U.S. Bureau of Labor Statistics and Moody's Analytics. Employment figures are from the Current Employment Survey (CES). Unemployment rates are from the Current Population Survey (CPS). The figures are not seasonally adjusted.

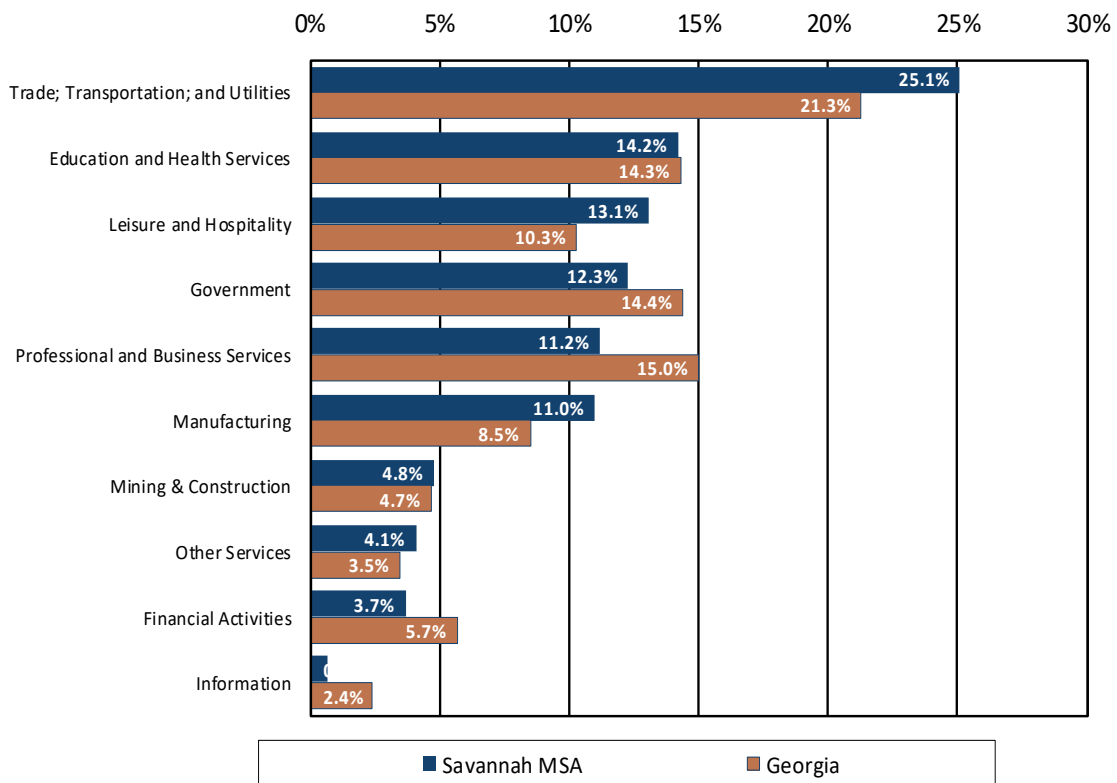
A comparison of unemployment rates is another way of gauging an area's economic health. Over the past decade, the Savannah MSA unemployment rate has been generally lower than that of Georgia, with an average unemployment rate of 4.5% in comparison to a 4.7% rate for Georgia. A lower unemployment rate is a positive indicator.

Recent data shows that the Savannah MSA unemployment rate is 2.6% in comparison to a 3.1% rate for Georgia, a positive sign that is consistent with the fact that the Savannah MSA has outperformed Georgia in the rate of job growth over the past two years.

Employment Sectors

The composition of the Savannah MSA job market is depicted in the following chart, along with that of Georgia. Total employment for both areas is broken down by major employment sector, and the sectors are ranked from largest to smallest based on the percentage of Savannah MSA jobs in each category.

Employment Sectors - 2024



Source: U.S. Bureau of Labor Statistics and Moody's Analytics

The Savannah MSA has greater concentrations than Georgia in the following employment sectors:

1. Trade; Transportation; and Utilities, representing 25.1% of the Savannah MSA payroll employment compared to 21.3% for Georgia as a whole. This sector includes jobs in retail trade, wholesale trade, trucking, warehousing, and electric, gas, and water utilities.
2. Leisure and Hospitality, representing 13.1% of the Savannah MSA payroll employment compared to 10.3% for Georgia as a whole. This sector includes employment in hotels, restaurants, recreation facilities, and arts and cultural institutions.
3. Manufacturing, representing 11.0% of the Savannah MSA payroll employment compared to 8.5% for Georgia as a whole. This sector includes all establishments engaged in the manufacturing of durable and nondurable goods.
4. Mining & Construction, representing 4.8% of the Savannah MSA payroll employment compared to 4.7% for Georgia as a whole. This sector includes construction of buildings, roads, and utility systems, as well as mining, quarrying, and oil and gas extraction.



The Savannah MSA is underrepresented in the following sectors:

1. Education and Health Services, representing 14.2% of the Savannah MSA payroll employment compared to 14.3% for Georgia as a whole. This sector includes employment in public and private schools, colleges, hospitals, and social service agencies.
2. Government, representing 12.3% of the Savannah MSA payroll employment compared to 14.4% for Georgia as a whole. This sector includes employment in local, state, and federal government agencies.
3. Professional and Business Services, representing 11.2% of the Savannah MSA payroll employment compared to 15.0% for Georgia as a whole. This sector includes legal, accounting, and engineering firms, as well as management of holding companies.
4. Financial Activities, representing 3.7% of the Savannah MSA payroll employment compared to 5.7% for Georgia as a whole. Banking, insurance, and investment firms are included in this sector, as are real estate owners, managers, and brokers.

Major Employers

Major employers in the Savannah MSA are shown in the following table.

Major Employers - Savannah, GA Metro		
	Name	Number of Employees
1	Memorial Health Univ Med Ctr	1000 to 4999
2	Gulfstream Aerospace Corp	1000 to 4999
3	Savannah College-Art-Design	1000 to 4999
4	Savannah College-Art-Design	1000 to 4999
5	Candler Hospital	1000 to 4999
6	US Air National Guard	1000 to 4999
7	Georgia-Pacific	1000 to 4999
8	Georgia Ports Authority	1000 to 4999
9	Chatham County Police Dept	500 to 999
10	Savannah Acid	500 to 999

Source: <https://explorer.gdol.ga.gov/vosnet>

Gross Domestic Product

Gross Domestic Product (GDP) is a measure of economic activity based on the total value of goods and services produced in a defined geographic area, and annual changes in Gross Domestic Product (GDP) are a gauge of economic growth.

Economic growth, as measured by annual changes in GDP, has been somewhat higher in the Savannah MSA than Georgia overall during the past decade. The Savannah MSA has grown at a 3.3% average annual rate while the State of Georgia has grown at a 3.1% rate. The Savannah MSA continues to perform better than Georgia. GDP for the Savannah MSA rose by 4.9% in 2023 while Georgia's GDP rose by 1.9%.

The Savannah MSA has a per capita GDP of \$60,379, which is 2% less than Georgia's GDP of \$61,296. This means that Savannah MSA industries and employers are adding relatively less value to the economy than their counterparts in Georgia.

Gross Domestic Product				
Year	(\$,000s)		(\$,000s)	
	Savannah MSA	% Change	Georgia	% Change
2013	18,517,399	–	499,900,200	–
2014	19,319,962	4.3%	517,511,900	3.5%
2015	19,890,908	3.0%	540,108,500	4.4%
2016	20,658,771	3.9%	561,718,300	4.0%
2017	21,178,366	2.5%	583,543,300	3.9%
2018	21,468,332	1.4%	600,934,700	3.0%
2019	22,332,189	4.0%	620,744,900	3.3%
2020	22,209,835	-0.5%	604,745,900	-2.6%
2021	23,918,621	7.7%	643,013,800	6.3%
2022	24,535,798	2.6%	665,678,100	3.5%
2023	25,732,577	4.9%	678,201,200	1.9%
Compound % Chg (2013-2023)		3.3%		3.1%
GDP Per Capita 2023	\$60,379		\$61,296	

Source: U.S. Bureau of Economic Analysis (BEA) and Moody's Analytics; data released December 2024.

The release of state and local GDP data has a longer lag time than national data. The data represents inflation-adjusted "real" GDP stated in 2017 dollars.

Household Income

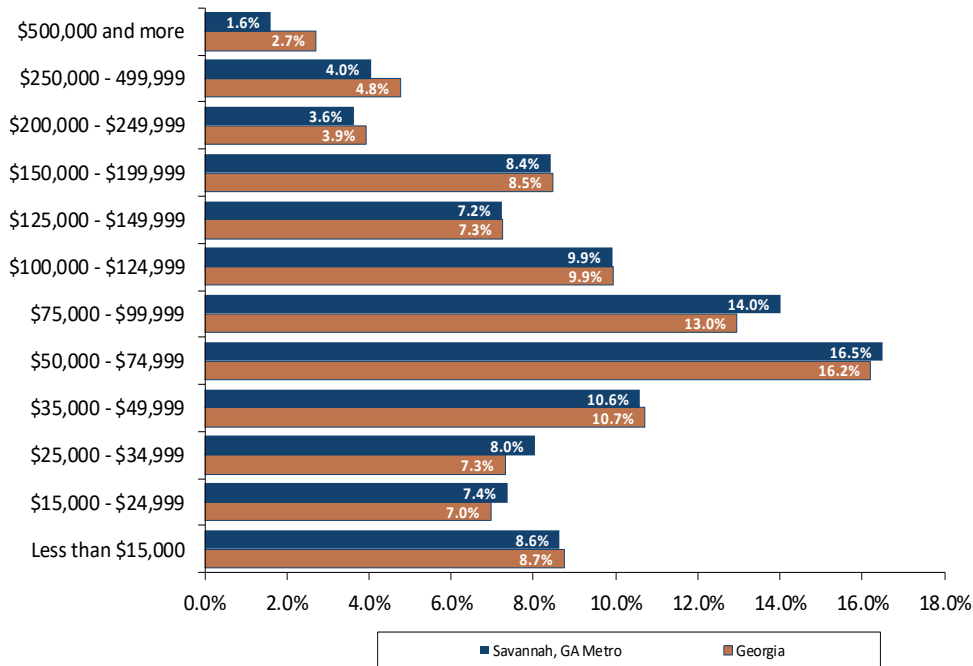
The Savannah MSA has a lower level of household income than Georgia. Median household income for the Savannah MSA is \$73,158, which is 2.6% less than the corresponding figure for Georgia.

Median Household Income - 2025	
	Median
Savannah, GA Metro	\$73,158
Georgia	\$75,105
Comparison of Savannah, GA Metro to Georgia	- 2.6%

Source: Claritas

The following chart shows the distribution of households across twelve income levels. The Savannah MSA has a greater concentration of households in the middle income levels than Georgia. Specifically, 48% of Savannah MSA households are between the \$50,000 - \$150,000 levels in household income as compared to 46% of Georgia households. A lesser concentration of households is apparent in the higher income levels, as 18% of Savannah MSA households are at the \$150,000 or greater levels in household income versus 20% of Georgia households.

Household Income Distribution - 2025



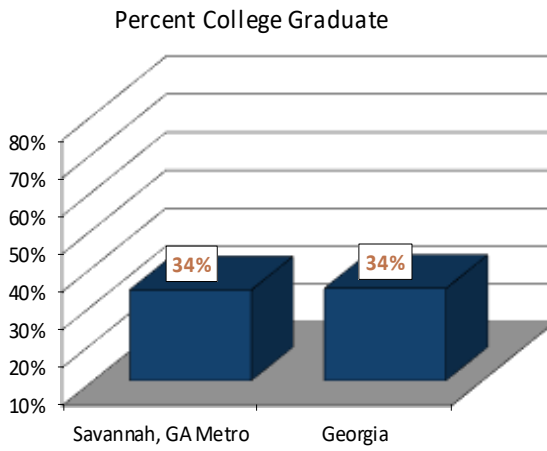
Source: Claritas

Education Levels

Residents of the Savannah MSA have a similar level of educational attainment to those of Georgia. An estimated 34% of Savannah MSA residents are college graduates with four-year degrees, which is the same percentage as Georgia residents.



Education Levels - 2025

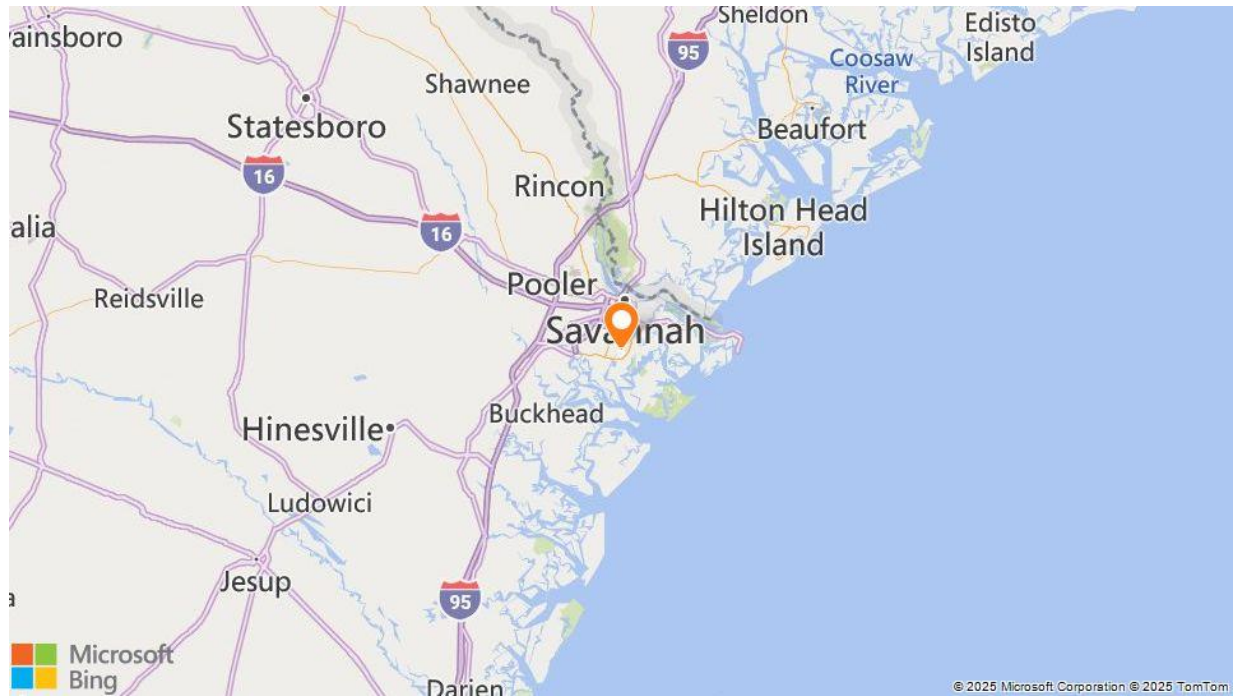


Source: Claritas

Conclusion

The Savannah MSA economy will be affected by a growing population base and a lower level of median household income. The Savannah MSA experienced growth in the number of jobs and has maintained a generally lower unemployment rate than Georgia over the past decade. Moreover, the Savannah MSA exhibits a higher rate of GDP growth than Georgia overall. It is anticipated that the Savannah MSA economy will improve, and employment will grow, strengthening the demand for real estate.

Area Map



Surrounding Area Analysis

Area boundaries and delineation are indicated in the following table. A map identifying the location of the property follows this section.

Boundaries & Delineation	
Boundaries	
Market Area	Savannah, GA
Submarket	Outlying Chatham County
Area Type	Suburban
Delineation	
North	US Route 80
South	Harry S Truman Parkway
East	Harry S Truman Parkway
West	Interstate 95

Access and Linkages

Primary access and linkages to the subject area, including highways, roadways, public transit, traffic counts, and airports, are summarized in the following table.

Access & Linkages	
Vehicular Access	
Major Highways	Interstate 95 and Interstate 516
Primary Corridors	Georgia State Route 204
Vehicular Access Rating	Average
Public Transit	
Providers	Chatham Area Transit (CAT)
Nearest Stop/Station	Montgomery Cross & Laberta WB
Transit Access Rating	Average
Airport(s)	
Name	Savannah/Hilton Head International Airport
Distance	17.8 miles
Driving Time	30 minutes
Primary Transportation Mode	Automobile

Demographics

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

Surrounding Area Demographics				Savannah, GA	
2025 Estimates	1-Mile Radius	3-Mile Radius	5-Mile Radius	Metro	Georgia
Population 2020	7,741	50,975	120,675	404,798	10,711,908
Population 2025	7,630	50,635	120,163	436,057	11,217,400
Population 2030	7,586	50,729	120,732	463,001	11,673,844
Compound % Change 2020-2025	-0.3%	-0.1%	-0.1%	1.5%	0.9%
Compound % Change 2025-2030	-0.1%	0.0%	0.1%	1.2%	0.8%
Households 2020	3,409	21,204	49,086	156,817	4,020,808
Households 2025	3,426	21,548	50,008	170,134	4,225,055
Households 2030	3,447	21,862	50,885	181,332	4,407,217
Compound % Change 2020-2025	0.1%	0.3%	0.4%	1.6%	1.0%
Compound % Change 2025-2030	0.1%	0.3%	0.3%	1.3%	0.8%
Median Household Income 2025	\$57,567	\$58,180	\$56,105	\$73,158	\$75,105
Average Household Size	2.2	2.3	2.3	2.5	2.6
College Graduate %	34%	31%	33%	34%	34%
Owner Occupied %	49%	49%	52%	60%	63%
Renter Occupied %	51%	51%	48%	40%	37%
Median Owner Occupied Housing Value	\$311,971	\$303,435	\$339,877	\$354,789	\$349,039
Median Year Structure Built	1977	1977	1972	1992	1991
Average Travel Time to Work in Minutes	24	23	22	28	31

Source: Claritas

As shown above, the current population within a 3-mile radius of the subject is 50,635, and the average household size is 2.3. Population in the area has declined since the 2020 census, but the trend is projected to be flat over the next five years. This differs from the population of the Savannah MSA, which is projected to grow, as discussed previously.

Median household income is \$58,180, which is lower than the household income for the Savannah MSA. Residents within a 3-mile radius have a lower level of educational attainment than those of the Savannah MSA, while median owner-occupied home values are considerably lower.

Land Use

Land use characteristics of the area are summarized below.

Immediate Surroundings	
North	St. James Catholic School
South	Single-family Residential
East	Single-family Residential
West	Marsh Land

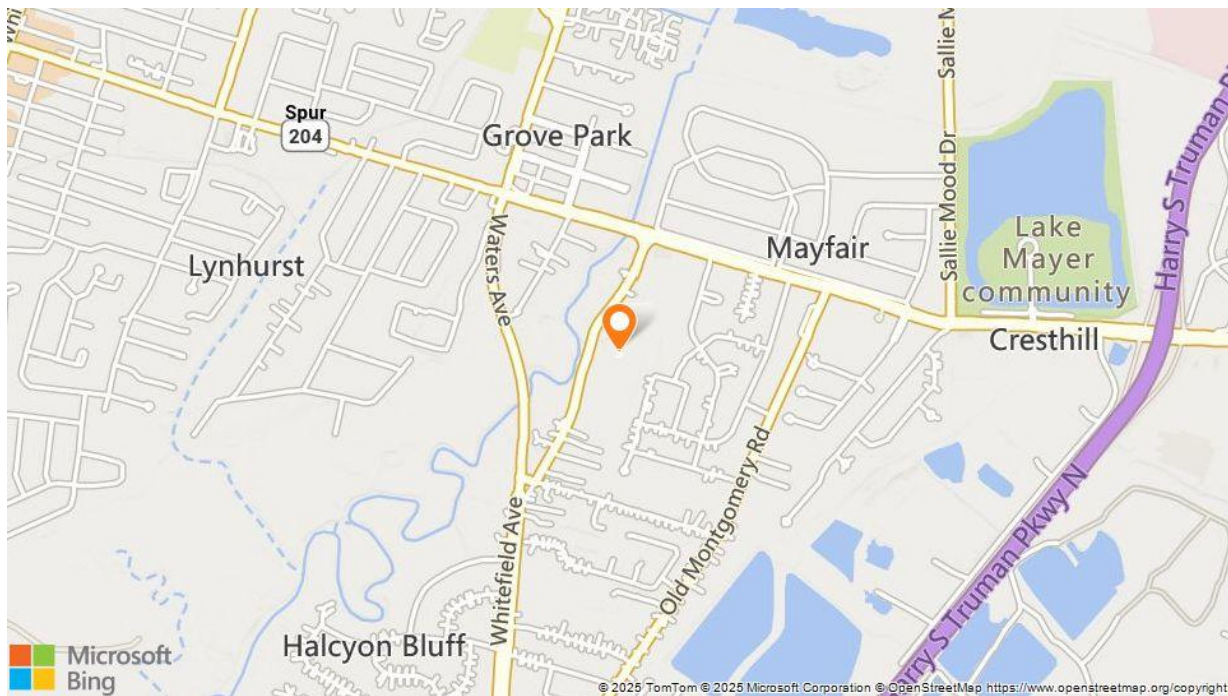
Outlook and Conclusions

The area is in the growth stage of its life cycle. Given the history of the area and the growth trends, it is anticipated that property values will increase in the near future.

In comparison to other areas in the region, the area is rated as follows:

Surrounding Area Ratings	
Highway Access	Above Average
Demand Generators	Above Average
Convenience to Support Services	Average
Convenience to Medical Services	Above Average
Convenience to Public Transit	Average
Employment Stability	Average
Neighborhood Amenities	Above Average
Police and Fire Protection	Average
Barriers to Competitive Entry	Average
Price/Value Trends	Average
Property Compatibility	Average

Surrounding Area Map



Marketability Analysis

Market analysis is a study of the supply and demand in a specific area for a specific property type. Marketability analysis expands on the information from the market analysis by focusing on how a specific property will perform in the specified area. The marketability analysis provides critical information that is used to identify the highest and best use of the property. Furthermore, the information obtained in the marketability analysis is relied upon in the valuation of the property. The steps in the study are:

- Property productivity analysis
- Market delineation
- Supply analysis
- Demand analysis
- Subject capture forecast

Property Productivity Analysis

Productivity analysis is the process in which attributes of a property are examined to determine its marketability in terms of the specific services it provides and the needs it satisfies. Simply put, this step evaluates how the market perceives the subject property relative to other properties. The specific attributes are grouped into four general categories: locational, physical, legal, and operational/management.

Relative to competing properties in the market, the subject is located in a similar area. The physical aspects of the subject were discussed in the site and improvement section. The subject was constructed in 1997. The subject is of similar age to the market average and similar in condition. There are no known legal issues that make the subject materially different than the comparables. Given the locational, physical, legal, and operational aspects of the subject, the subject is similar to the market average. Overall, the subject is expected to command a similar share of residents in comparison to the market overall.

Based on the preceding productivity analysis, the subject will be able to compete with the typical property in the market.

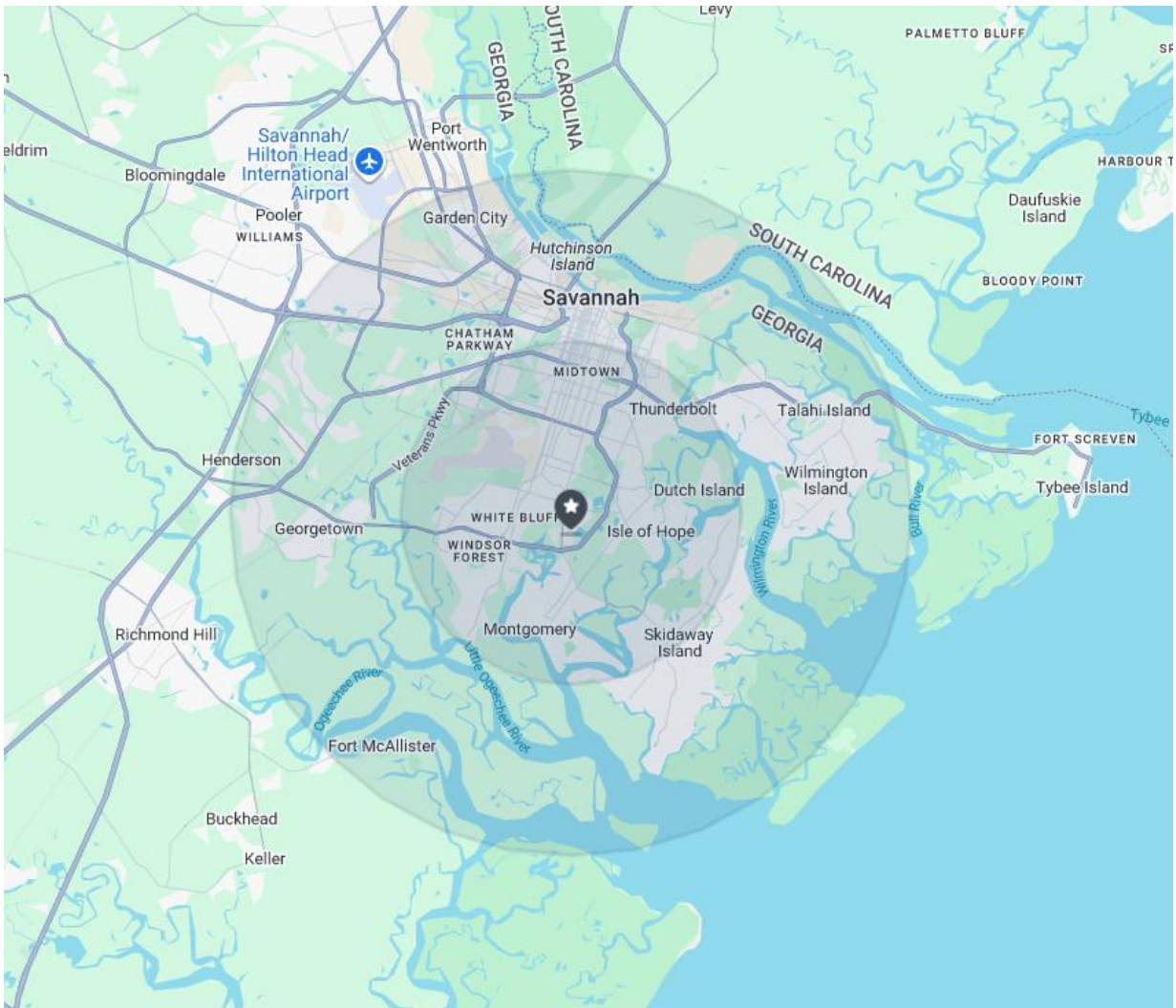
Market Delineation

There are many considerations that influence a facility's market service area – type of service or care levels offered, population density, distances from competitors, political and physical boundaries, and socioeconomic characteristics. The subject market area is determined by a review of geographic and socioeconomic boundaries, and competitor interviews. Experience and judgement are also applied.

Generally, the market area should include the geographic area between the subject and the closest primary competitors in most or all directions. Often the market area will include only a portion of the

city, county, or metropolitan area and may cross municipal and county boundaries. For larger markets, primary market areas tend to cluster according to levels of household income and residential property values. Residents of areas with higher economic attainment typically desire to remain in comparable areas, whereas residents from areas with lower economic attainment generally have difficulty affording senior housing located in higher income areas. As a result, these considerations must be considered when delineating market area configurations.

Reflecting the data reviewed and noted considerations, the subject’s Primary Market Area (PMA) is believed to be a five-mile ring centered on the subject property. An area twice the size of the PMA is included as the Secondary Market Area (SMA). While these competitors are not located within the PMA, they overlap in the PMA and are included in the analysis.



Supply Analysis – Memory Care

Identification of Competitive Properties in the Market Area

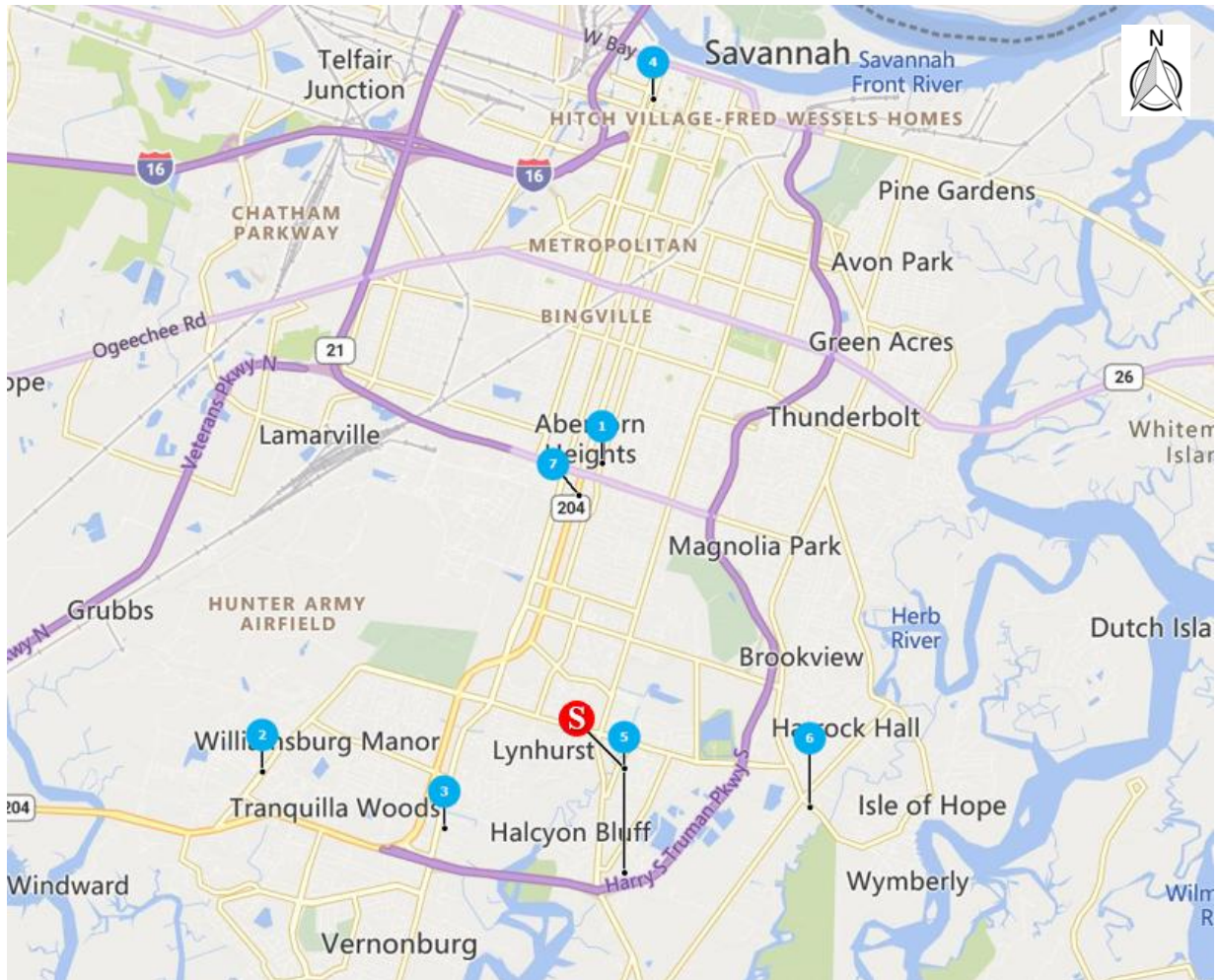
The market area was previously described. All existing and proposed competitive properties within the defined areas are included in the competitive supply set. By assigning standardized market sizes to every facility, market overlap is established and a degree of competitiveness for each competitor is mathematically estimated. That measure is used to assign a rate of inclusion to the competitor's bed supply, yielding an estimate of true competitive supply. There may be clearly identifiable factors that impact the decisions and purchasing or use patterns of residents living in and peripheral to the market area. Therefore, subjective adjustments may be made, such as overriding rates of inclusion when a competitive property is not comparable, or has a clearly different location; for instance, a major geographic boundary (state line, major river dividing the spatial arrangement, etc.).

Identification of Current Competitive Set

The following properties are considered the most direct competition to the subject (competitive supply). The property-specific information has been compiled from a survey by Integra - Healthcare & Senior Housing. Further detail regarding these competitors is provided in the addenda.

A map of these competitors are shown on the following page.

Memory Care Map of subject and Competitive Set



Source: NIC MAP® Data Service

The following table presents the market comparables and supply of memory care units. The table shows the number of total beds/units, the location the inclusion rate, and the total included beds in the market. The “market included” number of beds is primarily based on distance, but can further be refined by competitive inclusion.

Market Comparables - Memory Care Supply

No.	Facility Name	Address	Year Built	Distance	Total Units	MC Units	Location Inclusion	Market Included Supply
1	Oaks at Habersham	5200 Habersham St., Savannah, GA	1997	2.8	72	18	65%	12
2	The Social at Savannah	1 Peachtree Dr, Savannah, GA	1998	3.3	173	36	58%	21
3	Sunabella at Savannah	11310 White Bluff Rd, Savannah, GA	1998	1.7	36	36	78%	28
4	Sunabella Senior Living	231 W Montgomery Cross Rd, Savannah, GA	1990-1992	2.0	58	15	75%	11
5	Harmony at Savannah	9136 Old Montgomery Rd, Savannah, GA	2019	0.9	191	35	89%	31
6	Oaks at Savannah	7410 Skidaway Rd, Savannah, GA	1997	1.8	75	20	78%	16
7	Buckingham South	5450 Abercorn St, Savannah, GA	1998	2.5	92	24	68%	16
S	Subject		1997		36	36	100%	36
Market Total Units/Beds						220		171

Source: NIC MAP® Data Service

Identification of Proposed Competitive Set

The proposed competitive set is established by reviewing the CBRE-EA/Dodge Pipeline report, and online internet searches. These investigations may not disclose all possible additions to the competitive supply. An attempt was made to be as comprehensive as possible; however, those interviewed may have overlooked or concealed some meaningful supply information.

Supply Entry Projection

The following table shows no projection for any proposed units entering the market throughout the forecast.

Additions to Supply

	Year 1 11/30/2026	Year 2 11/30/2027	Year 3 11/30/2028	Year 4 11/30/2029	Year 5 11/30/2030
Care Segment					
Memory Care	0	0	0	0	0

Supply Projection

As shown below, no new supply is added to the existing competitive supply.

Supply Forecast

	Existing Supply	Year 1 11/30/2026	Year 2 11/30/2027	Year 3 11/30/2028	Year 4 11/30/2029	Year 5 11/30/2030
Care Segment						
Memory Care	171	171	171	171	171	171

These supply figures reflect current, and no known new supply expected to enter the market. The occupancy forecast also considers additional supply when, and if, the estimated demand from age-qualified growth exceeds market occupancy thresholds that warrant more development to satisfy the increased demand. This analysis is presented in the subject capture forecast (later in this analysis) by applying frictional vacancy.



Demand Analysis

Demographic Information

Although people are increasingly entering senior housing at older ages, due in part to better health, population statistics for the elderly age cohorts provide the highest correlation to demand for senior housing and healthcare facilities. The following table profiles the most critical aspects of the population considered in the demand forecasting.

Total Population Information								
	5 mi.		10 mi.		Chatham County, GA		Georgia	
	Population	Annual % Change	Population	Annual % Change	Population	Annual % Change	Population	Annual % Change
Total Population								
2010	119,551	-	224,919	-	265,130	-	9,687,650	-
2020	119,532	0.0%	234,362	0.4%	295,291	1.1%	10,711,908	1.0%
2024	118,988	-0.1%	238,430	0.4%	308,827	1.1%	11,217,400	1.2%
2029	119,523	0.1%	243,737	0.4%	321,918	0.8%	11,673,844	0.8%
Ages 75 to 84								
2010	5,480	-	9,425	-	10,433	-	311,802	-
2020	6,153	1.2%	11,714	2.2%	13,619	2.7%	455,464	3.9%
2024	7,818	6.2%	15,056	6.5%	17,985	7.2%	577,456	6.1%
2029	9,510	4.0%	18,629	4.4%	22,581	4.7%	731,779	4.9%
Age 85 and Over								
2010	2,760	-	4,081	-	4,392	-	113,791	-
2020	2,602	-0.6%	4,208	0.3%	4,861	1.0%	147,329	2.6%
2024	2,964	3.3%	5,032	4.6%	5,865	4.8%	172,883	4.1%
2029	3,459	3.1%	6,076	3.8%	7,236	4.3%	217,244	4.7%

Source: Claritas; compiled by Integra Realty Resources, Inc.

Demand Forecast

The demand forecast for the primary market area is estimated using Claritas and primary research.

A fundamental trended market demand model is used in this analysis. The model analyzes current market demand and provides an estimate of future demand based on changes in the 75+ and 85+ age demographics for the PMA. Adjustments for trends, such as attrition and displaced demand, are also included in this model.

Trended Demand

Trended demand starts by measuring existing demand (occupied units). Future demand is forecast based on changes expected in the 75+ and the 85+ demographic forecasts, obtained from Claritas, for the defined market area. When a market is saturated, this method, coupled with anticipated age-qualified population change, is a reliable technique to forecast demand.

Given the relatively saturated market conditions that exist, this method is relied upon.

In recent decades, demand growth for senior housing has outpaced the population growth in the age-appropriate cohort due to greater acceptance of the senior housing lifestyle. However, there has been some flattening of this trend more recently.

IRR Surveyed Occupancy – Primary Data

Market occupancy by level of care has been determined by surveying the rent comparables and through secondary sources, if available. The concluded occupancy levels are summarized in the following table.

Integra Survey Demand Estimate	
Supply	171
Occupancy	90.4%
Demand	155

Annual Growth Trend

The following table presents the five-year annual rate of population change for the 75-84 age cohort, the 85+ cohort, and total 75+ population for the primary market. Generally, the 85+ population cohort demands more senior housing and healthcare services than the 75-84 population.

Population Growth Rate - Primary Market Area			
	Map Point 1 - 5 mi.		
	75-84	85+	Total Population (75+)
2024 Population	7,818	2,964	10,782
2029 Population	9,510	3,459	12,969
Compound Annual Growth Rate	4.00%	3.14%	3.76%
Weight	30.00%	40.00%	30.00%
Selected Growth Rate			3.58%

Source: Claritas; compiled by Integra Realty Resources, Inc.

“Trended Demand” Forecast Conclusion

The following table shows the estimated initial demand and the annual trending (3.58%), as previously concluded.

Demand Projection								
	Current Demand	Initial Growth	Annual Growth Rate	Year 1 11/30/26	Year 2 11/30/27	Year 3 11/30/28	Year 4 11/30/29	Year 5 11/30/30
Memory Care	155	0.5%	3.6%	156	161	167	173	179

Subject Capture Forecast

Memory Care Occupancy Forecast

The demand analysis indicates that supply and demand are in balance in the primary market area. The following table presents the subject's historical occupancy.

Memory Care Occupancy History	
Period	Occupancy
12/31/2023	100%
12/31/2024	100%
9/30/2025 YTD	100%
Average	100%

The following table contains occupancy information for the rent comparables. The rent comparables are the most similar comparables in the market to the subject. Thus, similar occupancies are expected

Rent Comparables - Memory Care							
No.	Facility Name	Year Built	MC Units	Inclusion Rate	Included Units	Occupancy Rate	Occupied Units
1	Oaks at Habersham	1997	18	65%	12	90%	11
2	The Social at Savannah	1998	36	58%	21	97%	20
3	Harmony at Savannah	2019	35	89%	31	75%	23
4	Oaks at Savannah	1997	20	78%	16	90%	14
5	Subject	1997	36	100%	36	100%	36
Total / Average					116	90%	105

The rent comparables vary from 75% to 100% with an average of 90%.

Note that the one bedroom units at the Harmony at Savannah are 100% occupied. These one bedroom units are comparable to the units at our subject.

Based on the property productivity analysis, the subject is expected to perform at an occupancy that is higher than the market average.

Memory Care Occupancy Forecast	
Source	Occupancy Rate
Subject Historical Average	100%
Rent Comp Average	90%
Subject Current Occupancy	100%
Forecast	100%

Five-Year Forecast

Frictional vacancy for the subject is forecast at 1.0%. Frictional vacancy for the market is forecast at 1.0%. New supply is expected to enter the market when and if occupancy exceeds 99.0%. The demand forecast is expected to exceed frictional vacancy in Year 4 of the forecast period.

The following table presents the supply, demand, and market occupancy over the five-year forecast period. A capture rate is applied to the market occupancy to arrive at the subject's forecast occupancy. A capture rate of 100% indicates that the subject operates at "market" levels and maintains its fair share.

Memory Care Occupancy Forecast						
	Current	Year 1	Year 2	Year 3	Year 4	Year 5
Demand	155	155	160	165	170	173
Existing Supply	171	171	171	171	171	172
Proposed Supply		0	0	0	0	0
Frictional Supply		0	0	0	1	3
Total Supply	171	171	171	171	172	175
Market Occupancy	90.6%	90.6%	93.6%	96.5%	98.8%	98.9%
Capture Rate	110.3%	110.0%	109.5%	108.9%	108.4%	107.8%
Subject Occupancy	100.0%	99.7%	99.0%	99.0%	99.0%	99.0%

The discounted cash flow utilizes the five year forecast where the subject's forecast capture rate for Year One is 110.0%, which reflects an expectation that the subject will outperform the market.

While the occupancy forecast can vary from year to year based on supply and demand, the stabilized occupancy forecast used in the direct capitalization approach is 99.7%.

Marketability Analysis Conclusion – Memory Care

The Marketability Analysis began with critiques of the locational, physical, and operational attributes of the subject. Those analyses show that the subject is an average building in an average location. The market was delineated, and the supply analysis presented both the existing competitors as well as any proposed properties in the market. The market demand section revealed strong demand for healthcare and senior housing. The market condition analysis shows the occupancy forecast for the market demand over time and how the subject's occupancy is expected to increase. New supply is not expected to be added to the market and the market will become more competitive. The market analysis concludes that the subject is an average property and is located within a strong market that is expected to have an average amount of growth in demand over the next decade.

Hospice Marketability Analysis

The subject property operates under two businesses: Spanish Oaks Retreat Memory Care and Spanish Oaks Hospice Care. The subject's hospice business is Medicare and Medicaid Certified and is a part of the National Hospice and Palliative Care Organization (NHPCO), and the Georgia Hospice and Palliative Care Organization (GHPCO).

Spanish Oaks Hospice is licensed to operate in Chatham County and in the other 22 surrounding counties. The business has a current census of 50 patients and offers four levels of hospice care with 24/7 support. The four levels of care are as follows:

1. **Routine Care:** Care provided at home by the family or caregiver, assisted by the Hospice staff. The term *home* refers to wherever the patient lives (private residence, nursing home, assisted living facility, etc.).
2. **Respite Care:** Care provided in a skilled facility for five consecutive days for the purpose of giving caregivers a break. Hospice continues to manage patient care as if the patient were at home, allowing families and/or caregivers to rest and recuperate. Care must be received in a facility with which Spanish Oaks Hospice has a legal contract for services.
3. **Continuous Care:** Care provided in the home mostly by nurses, assisted by other staff, for periods of 8 to 24 hours per day. This is done for very short time periods (generally 3-5 days). The goal of continuous care is to manage uncontrolled symptoms and prevent hospitalization.
4. **General Inpatient Care:** Care provided in a skilled facility when pain or other symptoms cannot be safely managed or controlled in the home. Care must be received in a facility with which Spanish Oaks Hospice has a legal contract for services. When symptoms are controlled, the patient returns to their place of residence.

Based on discussions with ownership, the facility currently maintains a patient census of 50, representing a significant decrease from the 100 patients prior to COVID-19. The subject property contains 36 memory care units, 18 of which are also hospice patients. The potential to grow the patient census is supported by the aging population in Chatham County and the surrounding counties.

The age demographics for the subject's county (Chatham) and the surrounding counties are summarized as follows.

Age Demographics

County	Total Population	% Population 65+	Total Population			
			65+	65 - 75	75 - 84	85+
Chatham (Subject)	295,291	17%	48,814	29,473	14,405	4,936
Effingham	64,769	13%	8,248	5,333	2,197	718
Bryan	44,738	11%	5,018	3,137	1,487	394
Bulloch	81,099	12%	9,836	6,165	2,776	895

Source: United States Census Bureau

The average life expectancy and number one cause of death for Chatham County and the surrounding counties are summarized as follows.

Life Expectancy

County	Average Life Expectancy (Age)	Number One Cause of Death
Chatham (Subject)	77.6	Heart disease
Effingham	76.1	Heart disease
Bryan	76.1	Heart disease
Bulloch	76.5	Heart disease
State of Georgia	75.9	Heart disease
United States	78.4	Heart disease

Source: Georgia Rural Health (Mercer University School of Medicine) and CDC

Based on information from Georgia Rural Health (Mercer University School of Medicine) and the CDC, the average life expectancy in Chatham County and the surrounding counties ranges from 76.1 to 77.6 years, which is approximately 1.0% to 3.0% below the national average.

The number on cause of death in all four counties, the state of Georgia, and in the United States is heart disease.

According to ownership and the property broker, the subject's hospice competitors are as follows.

Market Competitors

Hospice Agency	Ownership Type	Average Daily Census	Counties Served in Target Area
Hospice Savannah	Non-Profit	Large (125-199)	Chatham, Bryan, Effingham
Amedisys Hospice	For-Profit	Small (20-49)	Chatham, Effingham
Pruitt Health Hospice	For-Profit	Not Disclosed	Chatham, others
Island Hospice	Non-Profit	Extra Small (0-19)	Chatham
Spanish Oaks Hospice	For-Profit	Small (50)	Chatham, Effingham, Bryan, Bulloch

Source: National Hospice Analytics

The market evaluation indicates an opportunity for census growth and revenue expansion for Spanish Oaks Hospice across the surrounding counties. As the regional population continues to age, demand for hospice services is expected to increase throughout Chatham, Effingham, Bryan, and Bulloch counties.

Property Analysis

Land Description and Analysis

Location

The property is located on the east side of Whitefield Ave approximately 0.3 mile south of its intersection with E Montgomery Cross Road.

Land Area

The following table summarizes the subject's land area.

Land Area Summary		
Tax ID	SF	Acres
1047702009	129,809	2.98
Total	129,809	2.98

Shape and Dimensions

The site is irregular in shape, with dimensions of approximately 246 feet in width and 527 to 770 feet in depth. Site utility based on shape and dimensions is average.

Topography

The site is gently sloping. The topography does not result in any particular development limitations.

Drainage

No particular drainage problems were observed or disclosed at the time of field inspection. This appraisal assumes that surface water collection, both on-site and in public streets adjacent to the subject, is adequate.

Flood Hazard Status

The following table indicates applicable flood hazard information for the subject property, as determined by review of available flood maps obtained from the Federal Emergency Management Agency (FEMA).

Flood Hazard Status	
Community Panel Number	13051C0276G
Date	August 16, 2018
Zone	X
Description	Outside of 500-year floodplain
Insurance Required?	No

Environmental Hazards

An environmental assessment report was not provided for review, and during the inspection, no obvious signs of contamination on or near the subject were observed. However, environmental issues are beyond the scope of expertise of the assignment participants. It is assumed the property is not adversely affected by environmental hazards.

Ground Stability

A soils report was not provided for review. Based on the inspection of the subject and observation of development on nearby sites, there are no apparent ground stability problems. However, soils analyses are beyond the scope of expertise of the assignment participants. It is assumed the subject's soil bearing capacity is sufficient to support the existing improvements.

Streets, Access and Frontage

Details pertaining to street access and frontage are provided in the following table.

Streets, Access and Frontage	
Street	Whitefield
Frontage Feet	250
Paving	Asphalt
Curbs	None
Sidewalks	Yes
Lanes	2 way, 1 lane each way
Direction of Traffic	North and south
Condition	Average
Traffic Levels	Moderate
Signals/Traffic Control	None
Access/Curb Cuts	One
Visibility	Average

Utilities

Utilities available to the subject are summarized below.

Utilities	
Service	Provider
Water	City of Savannah
Sewer	City of Savannah
Electricity	Georgia Power
Natural Gas	Multiple Providers
Local Phone	Multiple Providers

Zoning

The subject is within the Two Family Residential - Environmental Overlay zone. The following table summarizes the applicable zoning requirements affecting the subject.

Zoning Summary	
Zoning Jurisdiction	Chatham County
Zoning Designation	P-R-2/EO
Description	Two Family Residential - Environmental Overlay
Legally Conforming?	Appears to be legally conforming
Zoning Change Likely?	No
Permitted Uses	Single-family detached homes, community centers, and personal care homes
Category	Zoning Requirement
Minimum Lot Area	20,000 SF
Minimum Lot Width (Feet)	70'
Minimum Setbacks (Feet)	Front: 20', Side: 15', Rear: 25'.
Maximum Building Height	36'
Maximum Site Coverage	45%
Maximum Density	12 dwellings per acre
Parking Requirement	Varies Per Use

The uses permitted in the EO district shall be the same as the uses permitted in the underlying districts, unless otherwise specified in this section. The minimum greenspace in nonresidential developments shall be 30% in the Islands Community, as defined in Section 2, and 25% in the Southeast Community, as defined in Section 2. Greenspace may include non-common areas such as buffers, parking islands, 166.60 Revised 12/05/03 and other landscaped areas.

Interpretation of zoning ordinances is beyond the scope of expertise of the assignment participants. An appropriately qualified land use attorney should be engaged if a determination of compliance is required.

Other Land Use Regulations

There are no other known land use regulations that would affect the property.

Easements, Encroachments and Restrictions

Based upon a review of the deed, there are no apparent easements, encroachments, or restrictions that would adversely affect value. This valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.

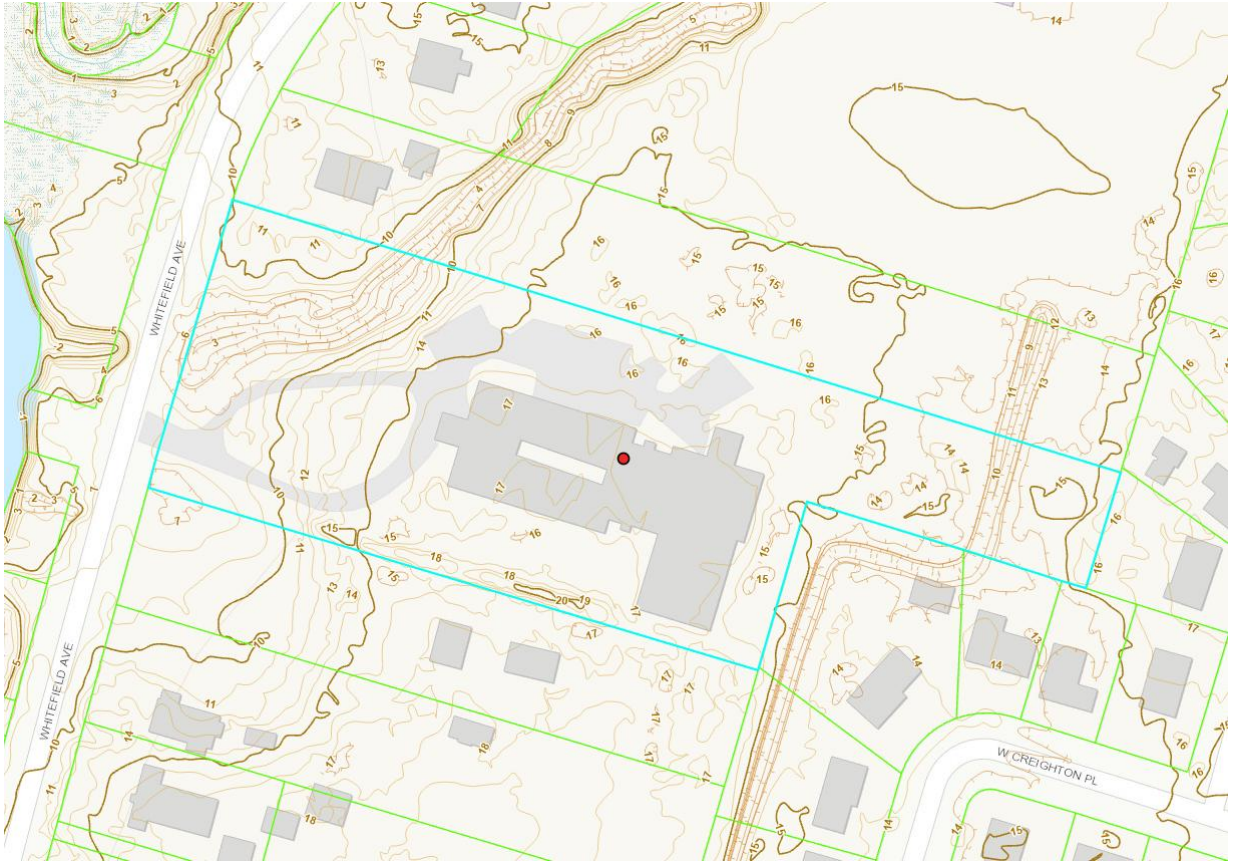
Conclusion of Site Analysis

Overall, the physical characteristics and the availability of utilities result in a functional site, suitable for a variety of uses including those permitted by zoning.

Aerial Photograph



Topographic Map



Flood Map

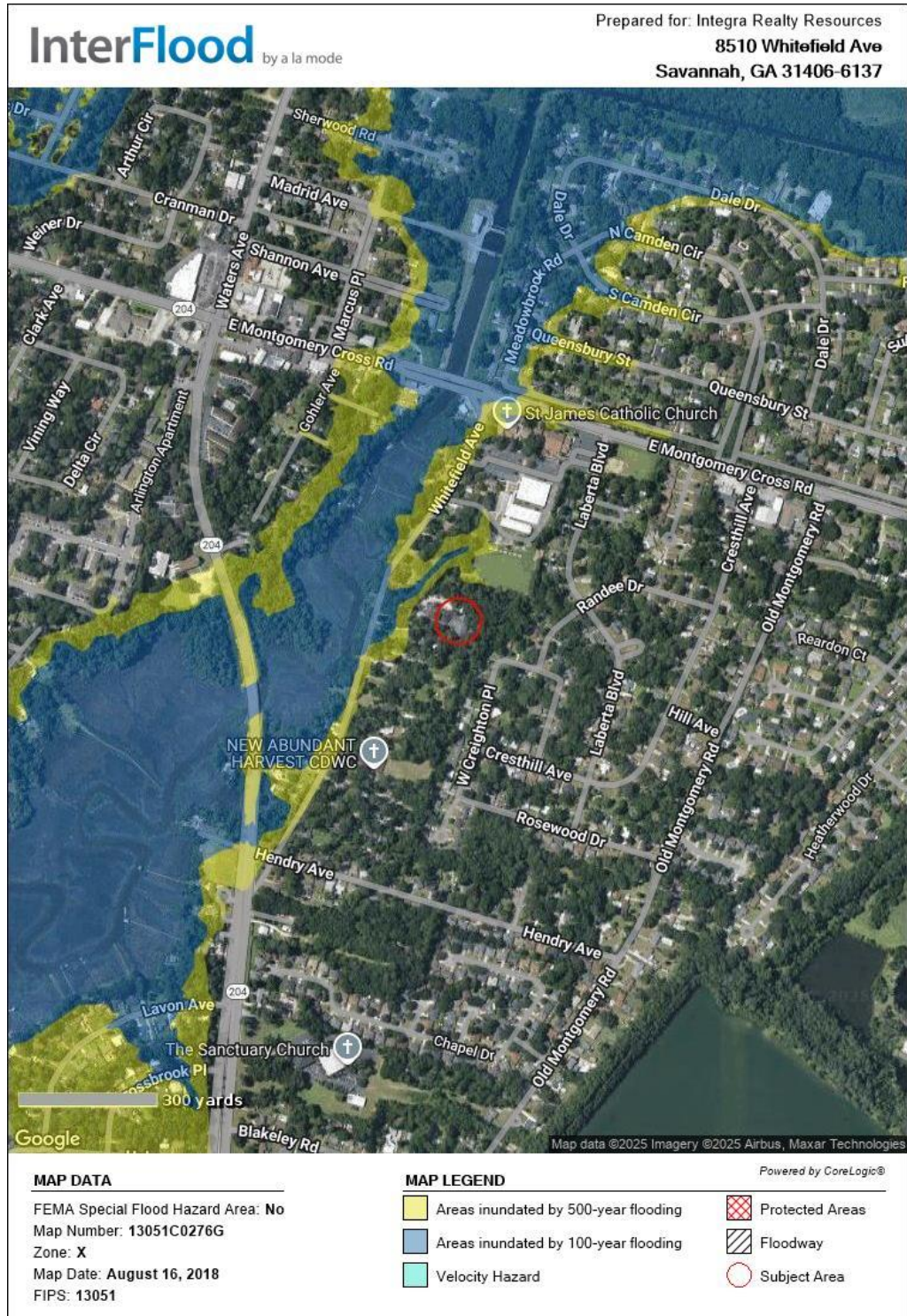
The subject's improvements are outside the 500 Year Flood Zone.



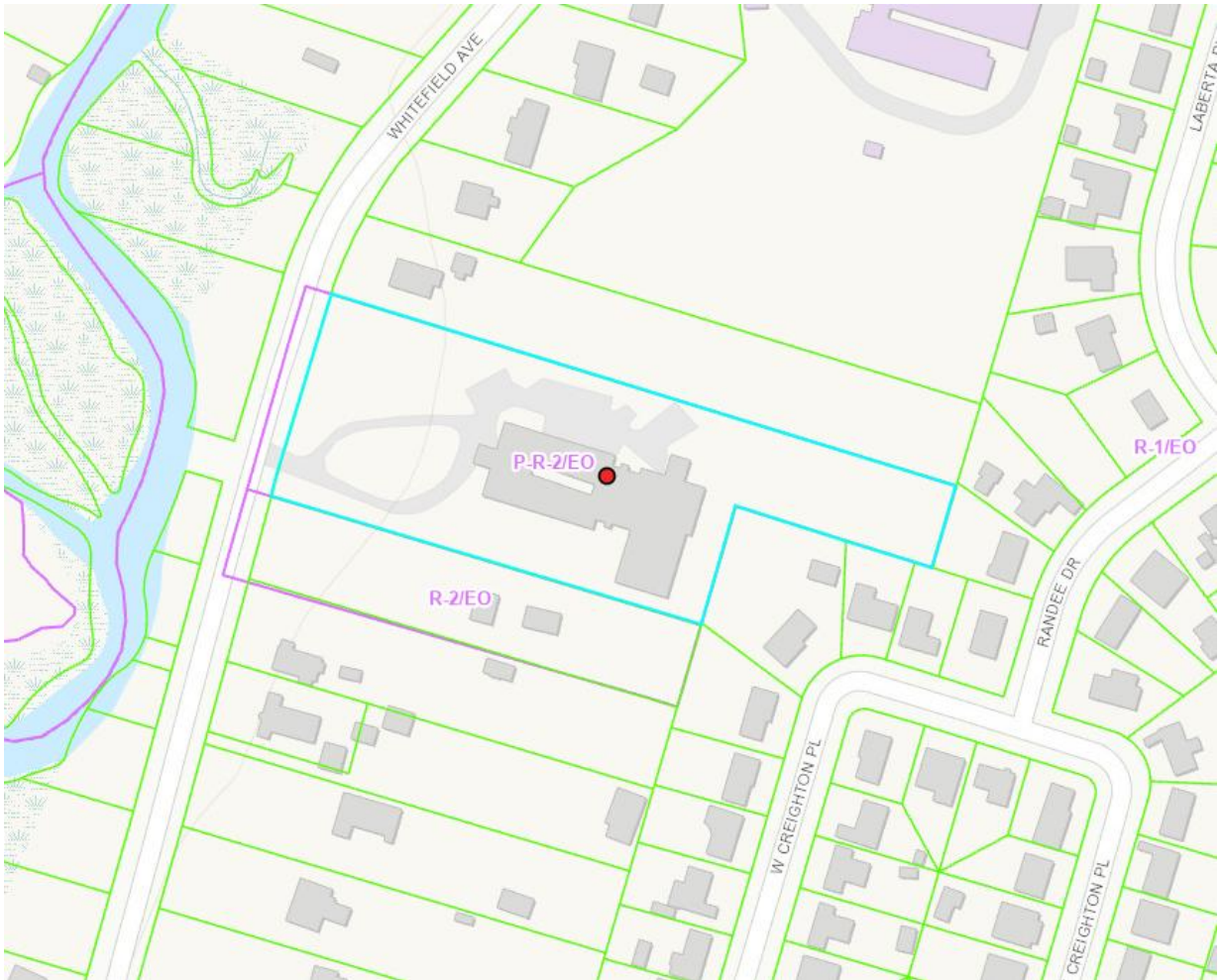
Effective Flood Zones (2018)

- AE - Inside the 100 year Flood Zone
- A - Inside the 100 year Flood Zone
- AE Floodway - Inside a Regulatory Floodway
- VE - Inside the 100 year Flood Zone w/ Velocity Hazard
- X_500 - Inside the 500 year Flood Zone
- X - Outside the 500 year Flood Zone

Flood Hazard Map



Zoning Map



Improvements Description and Analysis

Overview

The subject is an existing memory care and hospice facility containing 36 units. The improvements were constructed in 1997 and are 100% occupied as of the effective appraisal date. The site area is 2.98 acres or 129,809 square feet. The following description is based on the inspection of the property, discussions with ownership and property broker.

Improvements Description	
Name of Property	Spanish Oaks Retreat & Hospice
General Property Type	Senior Housing
Property Sub Type	Memory Care and Hospice Facility
Occupancy Percent	100%
Number of Buildings	1
Stories	1
Construction Class	D
Construction Type	Wood frame
Construction Quality	Average
Condition	Average
Number of Units	36
Units per Acre (Density)	12.1
Gross Building Area (SF)	25,865
Rentable Area (SF)	25,865
Land Area (SF)	129,809
Floor Area Ratio (RA/Land SF)	0.20
Floor Area Ratio (GBA/Land SF)	0.20
Building Area Source	Broker
Year Built	1997
Year Renovated	Various
Actual Age (Yrs.)	28
Estimated Effective Age (Yrs.)	25
Estimated Economic Life (Yrs.)	60
Remaining Economic Life (Yrs.)	35
Number of Parking Spaces	Adequate
Source of Parking Count	Inspection
Parking Type	Concrete

Note there is a storage building on the property which is in below average condition. This building is not included in the gross building area.

Construction Details

Foundation	Concrete slab
Basement	None
Structural Frame	Wood frame
Exterior Walls	Stucco
Windows	Aluminum framed
Roof	Asphalt shingles
Interior Finishes	Average
Floors	Resident rooms feature carpet flooring, while common areas and bathrooms are finished with tile.
Walls	Painted drywall
Ceilings	Stipple
Lighting	Fluorescent
HVAC	Central
Heating	Assumed adequate
Air Conditioning	Assumed adequate
Elevators	N/A
Sprinklers	Wet
Call Systems	Yes
Unit Description	
Entry Type	Interior
Interior Walls	Painted drywall
Laundry Facilities	Common facility
Bathroom Fixtures	Each bathroom includes a walk-in shower and a single sink with a vanity.

Economic/Revenue Unit of Measure

Senior Care can be analyzed on a per-bed or per-unit basis. Typically, memory care is analyzed on a per-unit basis, while skilled nursing is analyzed on a per-bed basis. For properties that offer semi-private assisted living or memory care accommodations, a per-bed unit of measure may be utilized. The following table presents the physical unit count, the bed-unit count, as well as the unit of measure utilized in the analysis. This results in the final economic unit of measure used throughout the analysis.

Care/Housing Type Mix

Care Type	Number of Units	Number of Beds	Unit of Measure	Total Units/Beds
Memory Care	36	36	Unit	36
Total/Average	36	36		36

Unit Mix

The subject's unit mix, building areas, and occupancy rate are detailed in the following table.

Unit Mix and Occupancy

Floor Plan	Units	Beds	% of Total	Occupied Units/Beds	Vacant Units/Beds	% Occupied
Memory Care Units						
Private	36	36	100.0%	36	0	100%
Total/Average	36	36	100.0%	36	0	100%
Total Units	36	36	100.0%	36	0	100%

*Includes employee and model units, as applicable.

Current occupancy is 100%, which is generally consistent with the market.

Quality and Condition

The improvements are of average quality construction and are in average condition.

According to Marshall & Swift, the life expectancy for a Class D, average quality facility of the subject's use is 45 years, which is considered low. To support a more appropriate economic life, the implied life assigned to buildings involved in recent transactions can be examined. Valuations of several large portfolios of seniors housing facilities, including a mix of nursing facilities and assisted living, have been conducted. Important statistics are as follows:

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

Based upon the preceding, the total economic life for the subject is concluded at 60 years. The subject was built in 1997; thus, the actual chronological age is 28 years. The subject was updated at various times over the years. The level of maintenance received appears to have been average. The effective age of the subject is concluded to be 25 years. Therefore, the concluded remaining economic life for the subject is 35 years (60 years less 25 years).

The quality of the subject is consistent with competing properties. Maintenance has been consistent with competing properties. Overall, the market appeal of the subject is consistent with competing properties, considering the subject effective age.

Functional Utility

The improvements appear to be adequately suited to their current use.

Deferred Maintenance

No deferred maintenance is apparent from the property inspection, and none is identified based on discussions with ownership.

ADA Compliance

Based on the property inspection and information provided, there are no apparent ADA issues. However, ADA matters are beyond the scope of expertise of the assignment participants, and further study by an appropriately qualified professional would be recommended to assess ADA compliance.

Hazardous Substances

An environmental assessment report was not provided for review, and environmental issues are beyond the scope of expertise of the assignment participants. No hazardous substances were observed during the inspection of the improvements; however, detection of such substances is outside the scope of expertise of the assignment participants. Qualified professionals should be consulted. Unless otherwise stated, it is assumed no hazardous conditions exist on or near the subject.

Personal Property

Personal property items included in the appraisal are as follows:

Furniture, Fixtures & Equipment	
Department	Description
Administrative	Telephone system, office supplies, copier, filing cabinets, desks, chairs, facsimile machine, etc.
Common Areas	Dining room tables and chairs, lounge area chairs and couches, activity supplies, etc.
Kitchen	Fully equipped commercial kitchen
Housekeeping	Mops, brooms, vacuum cleaners, buckets, carts, etc.
Laundry and Linen	Laundry carts, washing machines, dryers, etc.
Maintenance	Tools and supplies for lawn maintenance, building repairs, and decorating
Resident Rooms	Beds, chairs, wardrobes, tables
Resident Care	Nurse station FF&E, bathing FF&E, therapy FF&E, charting systems

Intangible Items

In addition to the preceding tangible items (real estate and FF&E), the following intangible items are included:

Marketing and management skill	Assembled workforce
Working capital	Trade names
Franchises	Patents
Trademarks	Contracts
Leases	Customer base
Operating agreements	Systems and procedures
Referral network	Name recognition

Conclusion of Improvements Analysis

In comparison to competitive properties in the market, the subject improvements are rated as follows:

Improvements Ratings

Design and Appearance	Average
Age/Condition	Average
Room Sizes and Layouts	Average
Bathrooms	Average
Landscaping	Average
Unit Features	Average

Overall, the quality, condition, and functional utility of the improvements are average for their age and location.



Exterior View of Subject Property



Exterior View of Subject Property



Exterior View of Subject Property



Exterior View of Subject Property



Exterior View of Subject Property



Exterior View of Outdoor Storage (Below Average Condition)



Exterior View of Subject Property



Exterior View of Outdoor Area



Interior View of Office Area



Interior View of Common Dining Area



Interior View of Common Space



Interior View of Common Space



Interior View of Common Space



Interior View of Typical Hallway



Interior View of Typical Hallway



Interior View of Unit 125



Interior View of Unit 131



Interior View of Unit 131



Interior View of Unit 136



Interior View of Unit 136



Interior View of Salon



Interior View of Commercial Kitchen

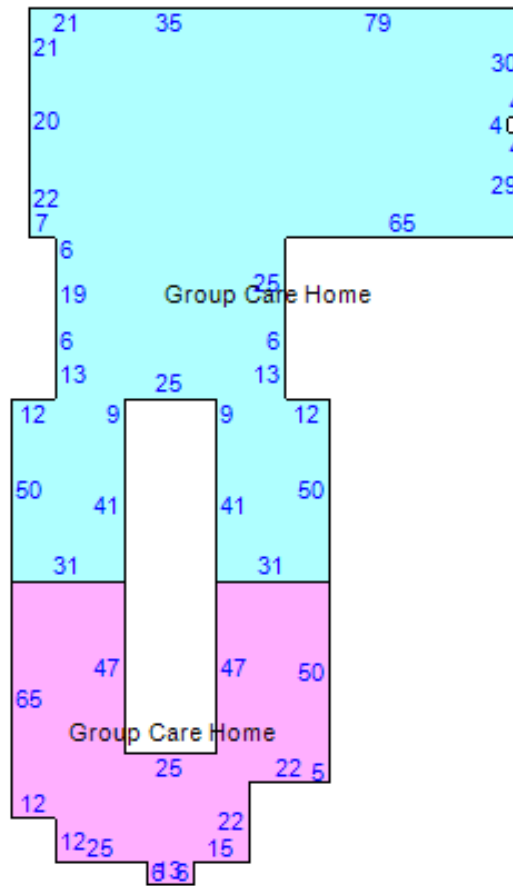


View Looking South on Whitefield Ave



View Looking North on Whitefield Ave

Floor Sketch



Real Estate Taxes

Real estate tax assessments are administered by the Chatham County Tax Commissioners Office and are estimated by jurisdiction on a county basis for the subject. The property is located in Chatham County. Real estate taxes in this state and this jurisdiction represent ad valorem taxes, meaning a tax applied in proportion to value. The real estate taxes for an individual property may be determined by dividing the assessed value for a property by 40%, then multiplying the estimate by the composite rate. The composite rate is based on a consistent state tax rate throughout this state, in addition to one or more local taxing district rates.

In Georgia property is required to be assessed at 40% of the fair market value unless otherwise specified by law. (O.C.G.A. § 48-5-7) Property is assessed at the county level by the Board of Assessors. The State Revenue Commissioner is responsible for examining the digests of counties in Georgia in order to determine that property is assessed uniformly and equally between and within the counties. (O.C.G.A. § 48-5-340). The subject’s current assessed market value is summarized in the following chart.

Assessor's Market Value			
Tax ID	Land	Improvements	Total
1047702009	\$324,500	\$1,776,300	\$2,100,800

The subject property is located in Chatham County. The 2025 total millage rate for the subject property is 35.128.

It is noted that the Chatham County Tax Assessor’s office has access to transactions and permits the assessor to use sale transactions when establishing fair market value if the sale is deemed to be arm’s length. Therefore, consideration has been given to a reassessment after a sale transaction. Reportedly, the assessor’s office will typically try to conclude a market value between 85% to 95% of a recent sale transaction. Thus, our market value conclusion of \$10,500,000 and a ratio of 90% implies a taxable value of \$9,450,000. Further, the estimated taxable value of \$9,450,000 implies a taxable assessed value of \$3,780,000.

Projected real estate taxes and assessments for the current tax year are shown in the following table. Additionally, we project taxes for the subject based on our value conclusion and used the 2025 millage rates. We project taxes of \$132,784.

Taxes and Assessments - 2025									
Tax ID	Assessed Value			Equalization Factor	Taxable Assessed Value	Taxes and Assessments			
	Land	Improvements	Total			Tax Rate	Ad Valorem Taxes	Total	
1047702009	\$324,500	\$1,776,300	\$2,100,800	0.4000	\$840,320	35.128	\$29,519	\$29,519	

Projected Taxes and Assessments - 2025									
Tax ID	Value Conclusion (Real Estate Only)	90% of Value Conclusion	Equalization Factor	Taxable Assessed Value	Ad Valorem				
					Tax Rate	Taxes	Total		
1047702009	\$10,500,000	\$9,450,000	0.4000	\$3,780,000	35.128	\$132,784	\$132,784		



Highest and Best Use

The highest and best use of a property is the reasonably probable use resulting in the highest value, and represents the use of an asset that maximizes its productivity.

Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as though vacant, and as improved or proposed. By definition, the highest and best use must be:

- Physically possible.
- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

As Though Vacant

First, the property is evaluated as though vacant, with no improvements.

Physically Possible

The physical characteristics of the site do not appear to impose any unusual restrictions on development. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses.

Legally Permissible

The site is zoned P-R-2/EO, Two Family Residential - Environmental Overlay. Permitted uses include single-family detached homes, community centers, and personal care homes. There are no apparent legal restrictions, such as easements or deed restrictions, effectively limiting the use of the property. Given prevailing land use patterns in the area, only residential use is given further consideration in determining highest and best use of the site, as though vacant.

Financially Feasible

Based on the accompanying analysis of the market, there is currently adequate demand for residential use in the subject's area. It appears a newly developed residential use on the site would have a value commensurate with its cost. Therefore, residential use is considered to be financially feasible.

Maximally Productive

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than residential use. Accordingly, residential use, developed to the normal market density level permitted by zoning, is the maximally productive use of the property.

Conclusion

Development of the site for residential use is the only use which meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property as though vacant.

As Improved

The subject site is developed with a senior housing facility, which is consistent with the highest and best use of the site as though vacant. The existing improvements are currently leased and produce a significant positive cash flow that is expected to continue. Several scenarios are examined to analyze feasibility, as follows:

Demolition: The value of the existing improved property exceeds the value of the site, as though vacant. Thus, demolition is not feasible.

Conversion: A repurposing of the subject property is not likely to result in significantly higher rental rates or property value. Converting the subject property to an alternative use is not applicable in this case, nor is it likely.

Expansion: The subject property comprises 2.98 acres. The site is improved with senior housing facility. Since the surrounding land parcels are owned by the facility's owner, there is potential for future expansion. The property's building to land ratio of 0.20 falls within the typical range observed among competing properties. Expansion appears unlikely.

Renovation: The subject has an overall effective age of 25 years, and is in average condition. It does not appear that renovation of the property would significantly increase rental rates or property value.

Continuation: The current use of the subject property as a senior housing facility appears to meet the four criteria for highest and best use. Based on the analysis above, a continuation of the current use is concluded to be financially feasible.

Most Probable Buyer

Taking into account the size and characteristics of the property and its occupancy, the likely buyer is a local or regional investor.

Valuation

Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties and vacant land.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Applicable	Utilized

Sales Comparison Approach

The sales comparison approach develops an indication of value by comparing the subject to sales of similar properties. The steps taken to apply the sales comparison approach are:

- Identify relevant property sales;
- Research, assemble, and verify pertinent data for the most relevant sales;
- Analyze the sales for material differences in comparison to the subject;
- Reconcile the analysis of the sales into a value indication for the subject.

To apply the sales comparison approach, the research focused on transactions within the following parameters:

- Property Type: Senior Living Facilities containing Memory Care and Respite Care
- Location: Eastern United States
- Size: 120 units or less
- Unit Mix: The subject contains 36 units memory care units. Within those 36 units, 18 units also receive hospice care which is reimbursed by Medicare.
 - Comparable 1: Clintion Creek: AL units (35), MC (25)
 - Comparable 2: Harbor Chase of Wilmington: AL units (64), MC (32)
 - Comparable 3: Benton House of Narcoossee: 73 units total
 - Comparable 4: Starling at Ponte Vedra: AL units (64), MC (22)
 - Comparable 5: The Summit at Lakewood Ranch: 117 units total
 - Comparable 6: Arbor Terrace Fairfax: MC units (48)
 - Comparable 7: Restoration Senior Living of Simpsonville: AL units (66), MC (16)
- Transaction Date: Comparable used had sale dates between February 2023 to March 2025.

For this analysis, price per unit is used as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The sales considered most relevant are summarized in the following tables.

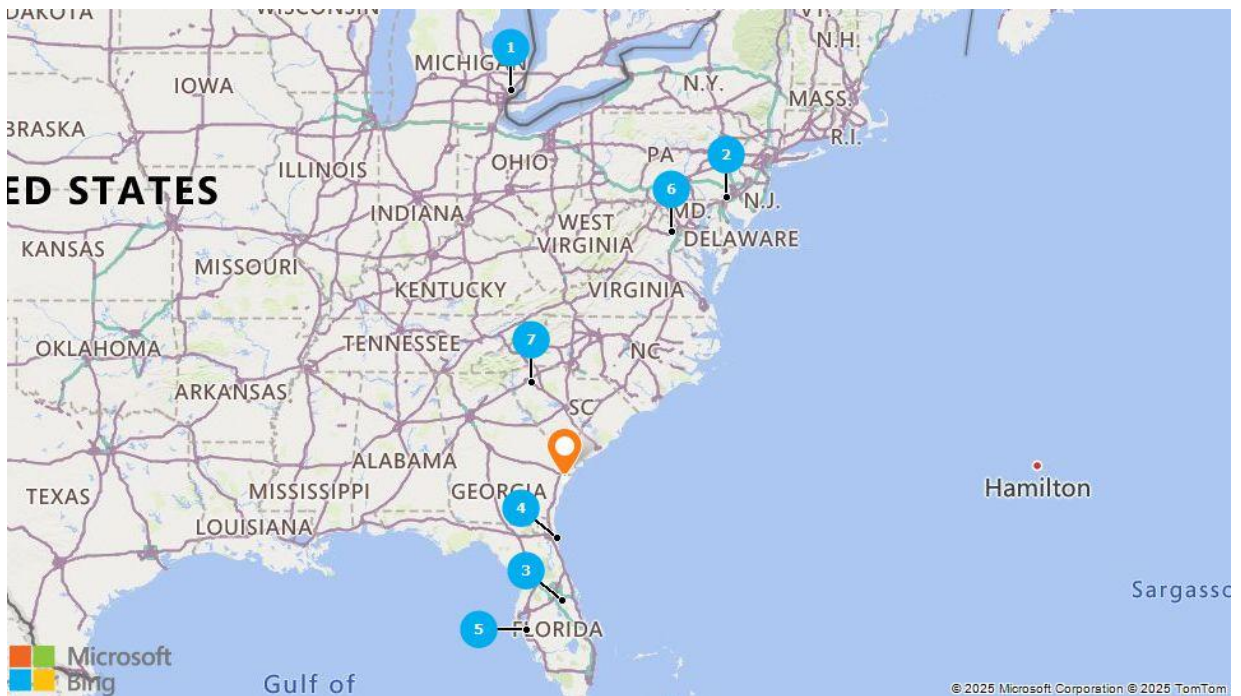
Summary of Comparable Improved Sales

No.	Name/Address	Sale Date; Status	Yr. Blt.; # Stories; % Occ.	# Units; Gross SF	Sale Price	\$/Unit; \$/SF	NOI/Unit; NOI/SF; Exp. Ratio	Cap Rate
1	Clinton Creek Assisted Living & Memory Care 40500 Garfield Rd. Clinton Township Macomb County MI	Mar-25 Closed	2018 1	60 36,293	\$13,550,000	\$225,833 \$373.35	\$20,000 \$33.06 70%	8.86%
	<i>Comments: The property was reportedly stabilized at time of sale, however seller would not disclose occupancy at time of sale or financials. IRR surveyed the property in May of 2025 and occupancy was reported at 92%. The financials are based on an IRR proforma which includes rents offered at time of sale, a 10% vacancy, projected other income sources, and market expenses including a projected uncapping of the real estate taxes, 5% management fee, and \$400/unit in reserves.</i>							
2	HarborChase of Wilmington 2004 Shipley Rd. Wilmington New Castle County DE	Oct-24 Closed	2018 -	96 90,393	\$46,000,000	\$479,167 \$508.89	\$40,729 \$43.26 -	8.50%
	<i>Comments: HarborChase of Wilmington is located in northeast Delaware, 30 miles southwest of Philadelphia. The neighborhood is residential. Surrounding uses include single-family housing and a church. The population of Wilmington is approximately 71,675. The population of New Castle County is approximately 578,592.</i>							
	<i>HarborChase of Wilmington is an assisted living and memory care community. It has 96 units/101 beds (64 AL units/32 MC units). The buyer, Ventas Inc., is a publicly-traded real estate investment trust. The seller, Bourne Financial Group, is a Florida-based private equity firm. Harbor Retirement Associates will continue to manage the community for the buyer. The financials used in this report reflect trailing performance, trended to Year 1 at 3.5%. They include 5.0% management fee and were also adjusted for \$500/unit in replacement reserves. The reported year 1 proforma capitalization rate for the buyer was 7.31 percent prior to replacement reserves. Many public publications show a sale of \$45,000,000, however, the total consideration was \$46,000,000 as the buyer worked with the seller to pay more-than-typical closing costs.</i>							
3	Benton House of Narcoossee 2910 Narcoossee Rd. St. Cloud Osceola County FL	Sep-24 Closed	2021 -	73 50,000	\$17,900,000	\$245,205 \$358.00	\$19,925 \$29.09 71%	8.13%
	<i>Comments: The subject and seven sister facilities are selling as part of a portfolio sale. The overall portfolio sale price is \$102,900,000 or \$181,481 per revenue unit. The subject contains 73 revenue units and the purchase price is \$245,205 per revenue unit.</i>							
4	Starling at Ponte Vedra 405 Solana Rd. Ponte Vedra Beach St. Johns County FL	Feb-24 Closed	2015 2	86 76,140	\$22,100,000	\$256,977 \$290.25	\$20,056 \$22.65 72%	7.80%
	<i>Comments: This property is located in the southeastern portion of the Jacksonville metropolitan area. The average household income in a 5-mile market radius from the subject property is approximately \$108,799, which is 150 percent of the metropolitan average. The forecasted population change through 2024 for the 75+ aged segment in the 5-mile market radius is 4.98 percent. The neighborhood location is very high end and is considered to have excellent appeal for senior housing.</i>							
	<i>The property has 86 total units (64 AL and 22 MC). In Assisted Living they offer studio, 1BR and 2BR units. The monthly rental rates are \$5,200 for a studio, \$5,850 for a 1BR, and \$6,850 for a 2BR. In Memory Care they have all private studios with a monthly rental rate of \$8,200.</i>							
5	The Summit at Lakewood Ranch 11705 Evening Walk Dr. Lakewood Ranch Manatee County FL	Jan-24 Closed	2016 4	117 109,010	\$27,500,000	\$235,043 \$252.27	\$18,803 \$20.18 -	8.00%
	<i>Comments: This 117-unit assisted living facility is located along the north side of Evening Walk Drive, east of Lakewood Ranch Boulevard in Bradenton, Manatee County, Florida. The masonry improvements were constructed in 2016, have been adequately maintained, and remain in average condition. The lot contains 6.70 acres or 304,699 square feet, all of which is usable. The property was 89% leased at the time of sale. The reported NOI for 2023 was \$2,200,000, equating to an 8% cap rate. The buyer financed the transaction with a seven year loan for 16,500,000 with Walker & Dunlop, LLC. The Summit of Lakewood Ranch last sold on January 19, 2024 for \$27,500,000 or \$235,043 per unit. The allocated real estate value was \$20,700,000 and the business value was \$6,800,000.</i>							

Summary of Comparable Improved Sales

No.	Name/Address	Sale Date; Status	Yr. Blt.; # Stories; % Occ.	# Units; Gross SF	Sale Price	\$/Unit; \$/SF	NOI/Unit; NOI/SF; Exp. Ratio	Cap Rate
6	Arbor Terrace Fairfax 3925 Downs Dr. Chantilly Fairfax County VA	Mar-23 Closed	2016 1 93%	48 33,550	\$15,000,000	\$312,500 \$447.09	\$27,083 \$38.75 75%	8.67%
<p><i>Comments: Arbor Terrace Fairfax is located in northeast Virginia, 7 miles northwest of Fairfax and 24 miles west of Washington D.C. The neighborhood is a mix of residential and commercial. Surrounding uses include single-family housing, a restaurant, a carwash, a gas station and a retail plaza. The population of Chantilly is approximately 23,744. The population of Fairfax County is approximately 1.142 million.</i></p> <p><i>Arbor Terrace Fairfax is a 48-unit/54-bed memory care community. The community leased up in record time, reaching 93% occupancy within eight months of opening its doors. The facility remained full and stabilized for two consecutive years leading up to the pandemic. The community demonstrated resiliency throughout 2020 and 2021, never losing profitability, and quickly rebounded once the local lockdowns were lifted. Upon fully restabilizing in Q1 2022, the seller, Capital Seniors Housing, moved to sell at that time to collect on its successful development. The broker received several bids and ultimately selected the Hamister Group, a Buffalo, NY-based owner-operator, as the buyer. Hamister is an experienced investor in both Seniors and Hotel assets and has an existing presence in the region. The facility had an EBITDAR of \$1.3 million on \$5.29 million of revenue translating to an operating margin of 24.6%.</i></p>								
7	Restoration Senior Living of Simpsonville AL/MC 125 Kufner Ct. Simpsonville Greenville County SC	Feb-23 Closed	2022 1 -	82 75,000	\$23,425,268	\$285,674 \$312.34	- -	-
<p><i>Comments: On February 16, 2023 a total of 75,000 square feet or 82 AL/MC units at 125 Kufner Court, Simpsonville, SC sold for \$23,425,268 or \$312.34/sf. Restoration Senior Living purchased the property from Realty Link. The tenant, Restoration Senior Living, exercised an option in their lease to purchase the property. The property was built in 2022 and opened in mid 2023.</i></p>								
Subject			1997	36			\$28,641	
Spanish Oaks Retreat & Hospice			1	25,865			\$78.70	
Savannah, GA			100%				78%	

Comparable Improved Sales Map





Sale 1
Clinton Creek Assisted Living & Memory Care



Sale 2
HarborChase of Wilmington



Sale 3
Benton House of Narcoossee



Sale 4
Starling at Ponte Vedra



Sale 5
The Summit at Lakewood Ranch



Sale 6
Arbor Terrace Fairfax





Sale 7
Restoration Senior Living of Simpsonville AL/MC

Analysis and Adjustment of Sales

Adjustments are based on a rating of each comparable sale in relation to the subject. The adjustment process is typically applied through either quantitative or qualitative analysis, or a combination of both analyses. Quantitative adjustments are often developed as dollar or percentage amounts, and are most credible when there is sufficient data to perform a paired sales analysis.

While percentage adjustments are presented in the adjustment grid, they are based on qualitative judgment rather than empirical research, as there is not sufficient data to develop a sound quantitative estimate. Although the adjustments appear to be mathematically precise, they are merely intended to illustrate an opinion of typical market activity and perception. With the exception of market conditions, the adjustments are based on a scale, with a minor adjustment in the range of 1-5% and a substantial adjustment considered to be 20% or greater.

The rating of each comparable sale in relation to the subject is the basis for the adjustments. If the comparable is superior to the subject, its sale price is adjusted downward to reflect the subject's relative attributes; if the comparable is inferior, its price is adjusted upward.

Transactional adjustments are applied for property rights conveyed, financing, conditions of sale, expenditures made immediately after purchase, and market conditions. In addition, property adjustments include – but are not limited to – location, access/exposure, size, quality, effective age, economic and legal characteristics, and non-realty components of value. Adjustments are considered for the following factors, in the sequence shown below.

Transactional Adjustments

Real Property Rights Conveyed

Property rights considerations encompass a wide range of factors including, for example, deed type, deed restrictions, and whether the property is encumbered by leases.

All of the comparables represent fee simple transactions, and adjustments for property rights are not necessary.

Financing

In analyzing the comparables, it is necessary to adjust for financing terms that differ from market terms. Typically, if the buyer retained third-party financing (other than the seller) for the purpose of purchasing the property, a cash price is presumed, and no adjustment is required. However, in instances where the seller provides financing as a debt instrument, a premium may have been paid by the buyer for below-market financing terms, or a discount may have been demanded by the buyer if the financing terms were above market. The premium or discounted price must then be adjusted to a cash equivalent basis. The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

Conditions of Sale

Adverse conditions of sale can account for a significant discrepancy from the sale price actually paid, compared to that of the market. This discrepancy in price is generally attributed to the motivations of the buyer and the seller. Certain conditions of sale are considered non-market and may include the following:

- a seller acting under duress (e.g., eminent domain, foreclosure);
- buyer motivation (e.g., premium paid for assemblage, certain 1031 exchanges);
- a lack of exposure to the open market;
- an unusual tax consideration;
- a sale at legal auction.

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

Expenditures Made Immediately After Purchase

This category considers expenditures incurred immediately after the purchase of a property. There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

Market Conditions

A market conditions adjustment is applied when market conditions at the time of sale differ from market conditions as of the effective date of value. Adjustments can be positive when prices are rising, or negative when markets are challenged by factors such as a deterioration of the economy or adverse changes in supply and/or demand in the market area. Consideration must also be given to when the property was placed under contract, versus when the sale actually closed.

In evaluating market conditions, changes between the comparable sale date and the effective date of this appraisal may warrant adjustment; however, if market conditions have not changed, then no adjustment is required.

The sales took place from February 2023 to March 2025. Market conditions have generally been strengthening. The adjustment grid accounts for this trend with upward adjustments applied over this period through the effective date of value.

Property Adjustments

Location

Location impacts the ability of the property to attract more profitable residents. Moreover, the location directly affects the remaining economic life of the improvements. Consideration is given to the neighborhood surroundings and to the income level and economic growth trends of the primary market area. A location adjustment for each sale comparable is estimated by accounting for the difference between the comparable and the subject's locational demographics within their respective zip codes.

Sales 2 and 6 are adjusted downward for superior location. Sales 1, 3, 4, 5 and 7 are adjusted upward for inferior location.

Project Size

Due to economies of scale, the market exhibits an inverse relationship between number of units and price per unit, such that communities with higher unit counts sell for a lower price per unit than smaller projects, all else being equal. To account for this relationship, applicable adjustments are applied for differences in number of units.

Sale 6 is similar to the subject and requires no adjustment. Sales 1, 2, 3, 4, 5 and 7 have more units than the subject and require upward adjustments.

Effective Age/Condition

Adjustments for age can be measured in the economic adjustments as differences in age, physical condition, and functional design directly impact the economic performance. Economic adjustment will not cover all physical property influences on price/value. Adjustments to each sale are made for physical and functional differences that are not incorporated into the economic adjusting.

All of the comparables are newer than the subject, and downward adjustments are applied.

Quality of Construction

This category accounts for construction quality, amenities, market appeal and functional utility.

Sale 1 is similar to the subject and requires no adjustment. Sales 2, 3, 4, 5, 6 and 7 are superior to the subject. Downward adjustments are applied.

Unit Features

This category compares unit sizes as well as unit features and amenities of the subject and the comparables.

Sales 1, 3, 4, 5, 6 and 7 are similar to the subject and require no adjustment. Sale 2 has more amenities and is superior. A downward adjustment is applied.

Project Amenities

This category compares building/property amenities of the subject and the comparables.

All of the comparables are similar to the subject. No adjustments are necessary.

Occupancy Rate

The level of occupancy is important to financial performance. A facility that has traditionally experienced a low occupancy rate is less valuable than a similar facility having a high occupancy rate. An adjustment is made based on the assumption that value is roughly proportionate to occupancy rate since value is measured on a per-bed basis. The sales have been adjusted by a factor of 1.0% for each one percent difference in occupancy.

Sale 7 is similar to the subject and requires no adjustment. Sales 1, 2, 3, 4, 5 and 6 have lower occupancy levels than the subject. Upward adjustments are applied.

Short-term Mix (Hospice Care)

Per-bed prices increase with higher short-term mix (Medicare). Facilities with higher short-term mixes typically achieve higher occupancy rates and other performance benchmarks. Medicare is more profitable, and differences are adjusted. NOI or EBITDAR margins increase with price and short-term mix.

All of the comparables are inferior to the subject. Upward adjustments are applied.

This adjustment accounts for the subject's additional revenue generated from its hospice care off-site.

Adjustments Summary

The following table summarizes the adjustments discussed above and applied to each sale.

Improved Sales Adjustment Grid								
Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6	Comparable 7	
Property Name	Spanish Oaks Retreat & Hospice	Clinton Creek Assisted Living & Memory Care	HarborChase of Wilmington	Benton House of Narcoossee	Starling at Ponte Vedra	The Summit at Lakewood Ranch	Arbor Terrace Fairfax	Restoration Senior Living of Simpsonville AL/MC
Address	8510 Whitefield Ave.	40500 Garfield Rd.	2004 Shipley Rd.	2910 Narcoossee Rd.	405 Solana Rd.	11705 Evening Walk Dr.	3925 Downs Dr.	125 Kufner Ct.
City	Savannah	Clinton Township	Wilmington	St. Cloud	Ponte Vedra Beach	Lakewood Ranch	Chantilly	Simpsonville
County	Chatham	Macomb	New Castle	Osceola	St. Johns	Manatee	Fairfax	Greenville
State	Georgia	MI	DE	FL	FL	FL	VA	SC
Sale Date		Mar-25	Oct-24	Sep-24	Feb-24	Jan-24	Mar-23	Feb-23
Sale Status		Closed	Closed	Closed	Closed	Closed	Closed	Closed
Sale Price		\$13,550,000	\$46,000,000	\$17,900,000	\$22,100,000	\$27,500,000	\$15,000,000	\$23,425,268
Effective Sale Price		\$13,550,000	\$46,000,000	\$17,900,000	\$22,100,000	\$27,500,000	\$15,000,000	\$23,425,268
Gross Building Area	25,865	36,293	90,393	50,000	76,140	109,010	33,550	75,000
Number of Units	36	60	96	73	86	117	48	82
Year Built	1997	2018	2018	2021	2015	2016	2016	2022
Occupancy	100%	~90%	93%	94%	93%	89%	93%	-
Cap Rate	8.50%	8.86%	8.50%	8.13%	7.80%	8.00%	8.67%	-
NOI per Unit	\$28,641	\$20,000	\$40,729	\$19,925	\$20,056	\$18,803	\$27,083	-
Price per Unit		\$225,833	\$479,167	\$245,205	\$256,977	\$235,043	\$312,500	\$285,674
Transactional Adjustments								
Property Rights		Fee Simple Going Concern	Fee Simple Going Concern	Fee Simple Going Concern	Fee Simple Going Concern	Fee Simple Going Concern	Fee Simple Going Concern	Fee Simple Going Concern
% Adjustment		-	-	-	-	-	-	-
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		-	-	-	-	-	-	-
Conditions of Sale		Arm's-length	Arm's-length	Arm's-length	Arm's-length	Arm's-length	Arm's-length	Arm's-length
% Adjustment		-	-	-	-	-	-	-
Expenditures Made Immediately After Purchase		-	-	-	-	-	-	-
\$ Adjustment		-	-	-	-	-	-	-
Market Conditions	11/7/2025	Mar-25	Oct-24	Sep-24	Feb-24	Jan-24	Mar-23	Feb-23
Annual % Adjustment	3%	2%	3%	3%	5%	5%	8%	8%
Cumulative Adjusted Price		\$230,350	\$493,542	\$252,562	\$269,826	\$246,795	\$337,500	\$308,528
Property Adjustments								
Location		10%	-20%	15%	5%	5%	-10%	5%
Project Size		10%	10%	10%	10%	15%	-	10%
Effective Age/Condition		-15%	-15%	-15%	-15%	-15%	-15%	-15%
Quality of Construction		-	-20%	-10%	-15%	-15%	-10%	-10%
Unit Features		-	-10%	-	-	-	-	-
Project Amenities		-	-	-	-	-	-	-
Occupancy Rate		10%	7%	6%	7%	11%	7%	-
Short-term Mix (Hospice Care)		25%	25%	25%	25%	25%	25%	25%
Net Property Adjustments (\$)		\$92,140	-\$113,515	\$78,294	\$45,870	\$64,167	-\$10,125	\$46,279
Net Property Adjustments (%)		40%	-23%	31%	17%	26%	-3%	15%
Final Adjusted Price		\$322,490	\$380,027	\$330,856	\$315,696	\$310,962	\$327,375	\$354,807
Range of Adjusted Prices								
		\$310,962 - \$380,027						
Average								
		\$334,602						
Indicated Value								
		\$335,000						



Value Indication

Prior to adjustment, the sales reflect a range of \$225,833 - \$479,167 per unit. After adjustment, the range is narrowed to \$310,962 - \$380,027 per unit, with an average of \$334,602 per unit. To arrive at an indication of value, primary weight is given to Comparable 6 as its units are 100% memory care. Secondary support is provided by Comparables 1, 3, 4, 5, and 7 because of the mixed unit type. Minimal reliance is placed on Comparable 2 due to its superior location, effective age, and quality of construction.

Based on the preceding analysis, the value indication by the sales comparison approach is as follows:

Value Indication by Sales Comparison

Indicated Value per Unit	\$335,000
Subject Units	36
Indicated Value	\$12,060,000
Rounded	\$12,060,000

Income Capitalization Approach

The income capitalization approach converts anticipated economic benefits of owning real property into a value estimate through capitalization. The steps taken to apply the income capitalization approach are:

- Analyze the revenue potential of the property.
- Consider appropriate allowances for vacancy, collection loss, and operating expenses.
- Calculate net operating income by deducting vacancy, collection loss, and operating expenses from potential income.
- Apply the most appropriate capitalization methods to convert anticipated net income to an indication of value.

The two most common capitalization methods are direct capitalization and discounted cash flow analysis. In direct capitalization, a single year's expected income is divided by an appropriate capitalization rate to arrive at a value indication. In discounted cash flow analysis, anticipated future net income streams and a future resale value are discounted to a present value at an appropriate yield rate.

In this analysis, we only use the direct capitalization method.

Occupancy and Rental Rates

The unit mix and occupancy status of the subject are shown in the table that follows.

Unit Mix and Occupancy						
Floor Plan	Units	Beds	% of Total	Occupied Units/Beds	Vacant Units/Beds	% Occupied
Memory Care Units						
Private	36	36	100.0%	36	0	100%
Total/Average	36	36	100.0%	36	0	100%
Total Units	36	36	100.0%	36	0	100%

*Includes employee and model units, as applicable.

As of the effective valuation date, the subject is 100% occupied. The property is considered to be at stabilized occupancy.

Pricing Structure

Seniors housing facilities typically (1) charge a monthly rental rate (Rental) or (2) have an extensive agreement with an upfront entry fee and a monthly service fee charged thereafter (Entry Fee). Some facilities offer both systems of payment. Many facilities impose additional charges specific to care needs, meals and other services. Most entry fee programs provide a payment option whereby a portion of the entry fee is refunded when the residency is terminated, and the unit is reoccupied. The subject offers a monthly rental option only.

Base Rates

A summary of rental rates by unit type is shown next.

Subject Rental Rates

Unit Type	Total Units/Beds	Asking Rent ¹	Contract Rent ²
		Average	Average
Memory Care	36	\$5,300	\$5,200
TOTAL/AVG.	36	\$5,300	\$5,200

1. Includes employee & model units, if any.

2. Figures are for tenant-occupied units only. Excludes any employee or model units.

The subject property is currently achieving private pay rates of \$5,200 per month, with plans to increase to \$5,300 per month.

Services Included in Base Rate

Base services typically include a specified number of meals, housekeeping and linen service, recreational and social activities, transportation, security systems and emergency call systems. Facilities may include some or all additional care services needed by residents in their base rates. Utilities provided may include phone (P), cable (C), telephone (T) and internet (I). The following table details the base services included at the subject facility.

Base Rate Services

Additional Care	All-inclusive
Housekeeping & Laundry	Weekly
Meals per Day	3
Full Activities Program	Yes
Utilities	All but cable/tel

Activities of Daily Living (ADL) Charges

Assisted living /and / memory care residents typically receive assistance in the activities of daily living (ADL) -- eating, bathing, getting dressed, toileting, transferring, and continence. There are various ways for AL and MC facilities to charge for ADL assistance. A brief description of the most common pricing structures is as follows:

- **A La Carte:** Additional services are charged on an individual need basis.
- **Tiered Rate:** Typically, a need assessment of each resident is performed to determine the care level required for the individual and the amount of staff assistance needed. This structure is widely accepted by assisted living providers.
- **Flat or All-Inclusive Rate:** Residents are charged a flat fee based on the unit that they occupy. All necessary ADL assistance is provided at the flat rate.

The subject facility offers an all-inclusive rate structure.

Effective Gross Income

In addition to the subject's historical financials, the following sources are used to construct the Effective Gross Income forecast.

- **Rent Comparable Survey** : Base rent

Market Rent Analysis

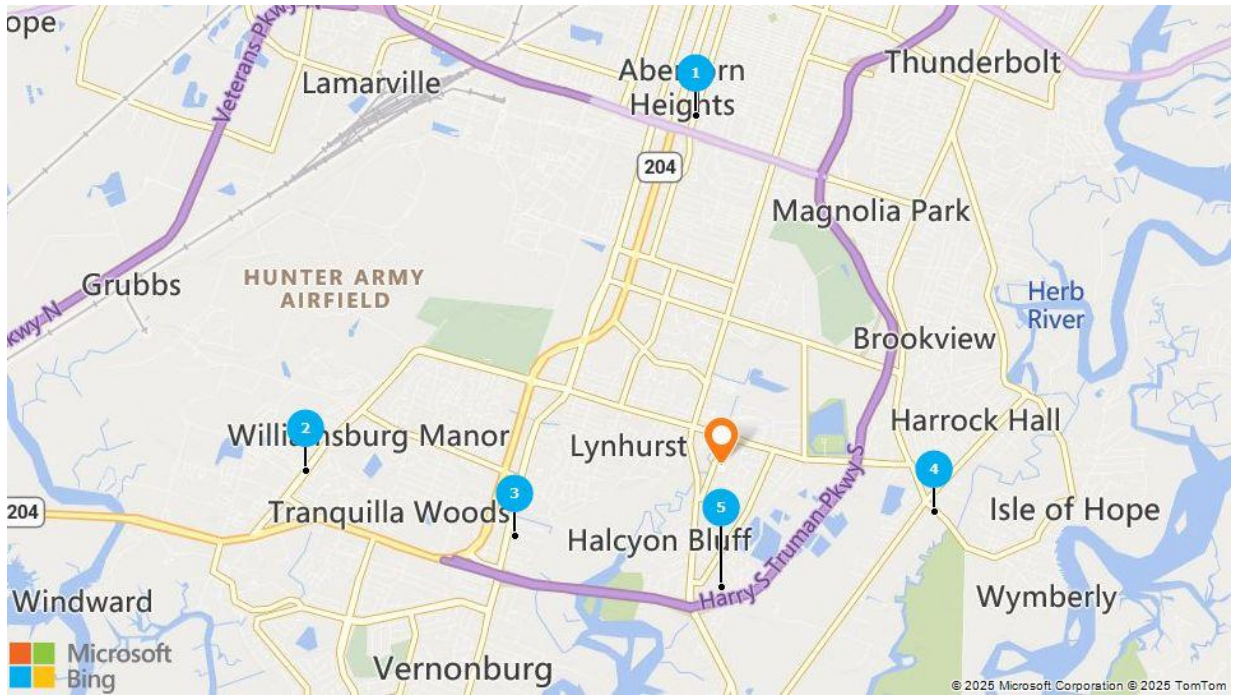
In addition to contract rent, the analysis considers the market rent of each basic unit type offered by the subject. To estimate market rent, comparable rentals within the following parameters are analyzed:

- Location: Within the City of Savannah, GA
- Care Type: Memory Care
- Unit Type: Studio/ One Bedroom Private
- Building Age: Within 10 years of the subject's year built. Note that we included one comparable property which was constructed in 2019.

Comparable rentals considered most relevant are summarized in the following table.

Summary of Comparable Rentals

No.	Property Name; Address	Survey Date	Yr Built; Stories	Unit Mix	Quoted Rent	Rent Basis
1	Oaks at Habersham 5200 Habersham St. Savannah	12/3/2025	1997 2	MC - Studio Priv.	\$4,730	Month
2	The Social at Savannah 1 Peachtree Dr. Savannah	12/3/2025	1989 1	MC - Studio Priv. MC - 1/1 Priv.	\$5,040 \$6,000	Month Month
3	Sunabella at Savannah 11310 White Bluff Rd. Savannah	12/3/2025	1998 1	MC - Studio Priv.	\$4,395	Month
	Utilities Included:		All but cable/tel			
4	Oaks at Savannah 7410 E. Skidaway Rd. Savannah	12/3/2025	1997 2	MC - Studio Priv.	\$2,700	Month
	Utilities Included:		All but cable/tel			
5	Harmony at Savannah 9136 Old Montgomery Rd. Savannah	12/3/2025	2019 1	MC - Studio Priv. MC - 1/1 Priv.	\$6,200 \$7,385	Month Month
	Utilities Included:		All but cable			





Rent Survey 1
Oaks at Habersham



Rent Survey 2
The Social at Savannah



Rent Survey 3
Sunabella at Savannah



Rent Survey 4
Oaks at Savannah



Rent Survey 5
Harmony at Savannah

Spanish Oaks Retreat & Hospice



Rental Analysis Factors

Our analysis of the comparable rentals are shown below.

Memory Care

Overall, the subject and market comparables offer similar services and rents are generally in line. The following table presents memory care, private studio or one bedroom rates.

Rental Analysis Summary - Memory Care Units						
No.	Property Name	Unit Type	Avg Rent/Mo	ADL Plan	Overall Comparison to Subject	Comments
1	Oaks at Habersham	Studio Priv.	\$4,730	Base + levels	Similar	Levels not disclosed.
2	The Social at Savannah	Studio Priv.	\$5,040	All-inclusive	Similar	
3	The Social at Savannah	1/1 Priv.	\$6,000	All-inclusive	Similar	
4	Sunabella at Savannah	Studio Priv.	\$4,395	All-inclusive	Inferior	
5	Oaks at Savannah	Studio Priv.	\$2,700	Base + levels	Similar	Levels approx. \$500 - \$2,500.
6	Harmony at Savannah	Studio Priv.	\$6,200	All-inclusive	Superior	
7	Harmony at Savannah	1/1 Priv.	\$7,385	All-inclusive	Superior	
Rental Ranges and Averages						
	Range		Average			
Comparables	\$2,700 - \$7,385		\$5,207			
Subject Contract Rents	\$5,200 - \$5,200		\$5,200			
Recent Subject Leases	---		\$5,200			
Subject Asking Rent	\$5,300 - \$5,300		\$5,300			
Concluded Market Rent			\$5,300			

The subject property is currently achieving private pay rates of \$5,200 per month, with plans to increase to \$5,300 per month. We have concluded to a market rent of \$5,300 for our analysis.

Memory Care Revenue Forecast

Base rental income from memory care is calculated by applying the estimated market rent of \$5,300 to the subject's 36 units.

EGI Forecast by Unit Plan - Memory Care			
Unit Type	Total Units/Beds	Rent/ Month	Potential Rent
Memory Care	36	\$5,300	\$2,289,600
Potential Gross Revenue	36		\$2,289,600
Occupancy			99.7%
Effective Gross Income			\$2,282,905

The subject has been at 100% occupancy for the previous three years. As previously shown in the market analysis, we have concluded to a market occupancy of 99.7%.

Medicare/Medicaid Hospice Revenue Forecast

The subject property operates under two businesses: Spanish Oaks Retreat Memory Care and Spanish Oaks Hospice Care. The subject's hospice business is Medicare and Medicaid Certified and is a part of the National Hospice and Palliative Care Organization (NHPCO), and the Georgia Hospice and Palliative Care Organization (GHPCO).

Spanish Oaks Hospice is licensed to operate in Chatham County and in 22 surrounding counties. The business has a current census of 50 patients and offers four levels of hospice care with 24/7 support. The four levels of care are as follows:

5. **Routine Care:** Care provided at home by the family or caregiver, assisted by the Hospice staff. The term *home* refers to wherever the patient lives (private residence, nursing home, assisted living facility, etc.).
6. **Respite Care:** Care provided in a skilled facility for five consecutive days for the purpose of giving caregivers a break. Hospice continues to manage patient care as if the patient were at home, allowing families and/or caregivers to rest and recuperate. Care must be received in a facility with which Spanish Oaks Hospice has a legal contract for services.
7. **Continuous Care:** Care provided in the home mostly by nurses, assisted by other staff, for periods of 8 to 24 hours per day. This is done for very short time periods (generally 3-5 days). The goal of continuous care is to manage uncontrolled symptoms and prevent hospitalization.
8. **General Inpatient Care:** Care provided in a skilled facility when pain or other symptoms cannot be safely managed or controlled in the home. Care must be received in a facility with which Spanish Oaks Hospice has a legal contract for services. When symptoms are controlled, the patient returns to their place of residence.

The subject's historical hospice revenue by payor type is as follows. Note these revenues include off and on site.

Hospice Revenue by Payor			
Type	Year 2023	Year 2024	Annualized 2025
Routine Home Care - Medicare	\$2,170,538	\$2,046,757	\$2,166,611
Routine Home Care - Medicaid	\$69,601	\$110,343	\$100,858
Respite Care - Medicare	\$4,349	\$29,214	\$11,852
General Inpatient - Medicare	\$3,879	\$1,991	\$5,597
Continuous Care - Medicare	\$2,397		
Nursing Home Room and Board	\$335,780	\$244,747	\$158,858
Per Diem - Insurance		\$27,064	\$6,585
Respite Care - Insurance		\$4,525	
General Inpatient - Insurance		\$7,326	\$7
Contributions		\$19,002	
Total	\$2,586,544	\$2,490,969	\$2,450,370

As shown on the following page, Routine Home Care - Medicare care level accounts for approximately 95% of the subject's total hospice revenue.

Based on the subject's historical performance, the hospice revenue is projected as shown below.

Medicare/Medicaid Hospice Forecast				
Year	2023	2024	Annualized 2025	IRR Projection
Annual Medicare/Medicaid Revenues	\$2,586,544	\$2,490,969	\$2,450,370	\$2,450,370
Annual Percentage Change	Not Provided	-3.7%	-1.7%	<u>0.5%</u>
				\$2,462,622
Subject's Percentage of Revenue (Medicare)	97.3%	93.2%	95.6%	
Subject's Percentage of Revenue (Medicaid)	2.7%	4.4%	4.1%	
Subject's Percentage of Revenue (Other)		2.3%	0.3%	
Medicare Beneficiaries Under Hospice Care	61.2265	61.413	Not Available	61.720
Statutory Cap Amount for the Cap Year	x \$32,486.41	x \$33,494.01	\$34,465.34	x \$34,465.34
Allowable Medicare Payments	\$1,989,029	\$2,056,968		\$2,127,201
Allowable Medicare Payments	\$1,989,029	\$2,056,968		\$2,127,201
Annual Medicare/Medicaid Revenues	÷ \$2,586,544	÷ \$2,490,969		÷ \$2,462,622
Statutory Cap Amount as a % of Annual Revenue	77%	83%		86%

The subject's annualized 2025 total hospice revenue is 2,450,370, representing an approximate -1.7% decrease compared to 2024. Based on the historical percentage change over the last two years and the increase in the Statutory Cap Amount from \$33,494 to \$34,465, we have projected a 0.5% increase in the IRR Projection compared to the annualized 2025.

Our IRR projection of \$2,462,622 is supported by an estimated Allowable Medicare Payment of \$2,127,201. This amount was derived by applying the historical 0.5% increase to the Medicare beneficiary count, arriving at 61.720 beneficiaries, and then applying the 2025 Statutory Cap Amount of \$34,465. Note that Medicare hospice beneficiaries are calculated on a prorated basis, dividing each patient's days on hospice by 365 to determine their fractional contribution. The sum of these fractions yields the total beneficiaries, which may be adjusted for historical trends and then multiplied by the Statutory Cap Amount to determine the Allowable Medicare Payment. The Statutory Cap Amount is determined at the federal level by the Centers for Medicare & Medicaid Services (CMS).

Historically, Allowable Medicare Payments have represented 77% to 83% of the subject's total hospice revenue. Our projection estimates the Allowable Medicare Payment at 86% of total revenue, which supports our hospice revenue projection.

Medicare/Medicaid Hospice Revenue Forecast	
Care Segment	Annual Income
Medicare/Medicaid Hospice	\$2,462,622

Gross Income Estimate

Stabilized Base Rent Forecast

The following table presents the base rent forecast for memory care.

Stabilized Base Rent Forecast			
Care Segment	Units/Beds	Occupancy	Annual Income
Memory Care	36	99.71%	\$2,282,905
Total	36	99.71%	\$2,282,905

The stabilized occupancy, as shown in the market section, is 99.71% which is consistent with historical levels.

Total Revenue Forecast

Total Stabilized Revenue Forecast	
Care Segment	Annual Income
Memory Care	\$2,282,905
Medicare/Medicaid Hospice	\$2,462,622
Total	\$4,745,527

The subject's estimated total revenue, based on memory care private-pay rent and hospice revenue, is \$4,745,527.

Concessions

Rent concessions are not customary at the subject or typical in the market; therefore, no deductions are made.

Effective Gross Income

Based on the preceding estimates of gross income less any allowances for vacancy, collection loss, and concessions, effective gross income is calculated at \$4,745,527, or \$131,820 per unit.

Operating Expenses

Two years of historical operating data was requested, as well as year-to-date figures and a current budget for the property. All information was given, excluding the 2023 historical income for private pay memory care and a detailed 2026 budget.

To develop projections of stabilized operating expenses, the subject's historical expenses and comparable data were analyzed. The owner's operating expenses were reclassified into standard categories, excluding items that do not reflect normal operating costs for this type of property. Based on the documents provided and discussions with the broker, certain expenses have been excluded from the 2024 and annualized 2025 figures shown below. These exclusions are discussed in further detail later in the analysis.

Per resident day expense data for the subject and comparable properties are summarized below.

Expense Analysis per Resident Day									
	Comp Data*					Subject			
	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Historical and Projected Expenses			
Resident Days	31,475	35,616	15,147	22,225	29,777	13,140	13,140	13,140	13,102
Occupancy	94%	98%	83%	94%	93%	100%			100%
Operating Data Type	In Place	In Place	In Place	Pro-forma Owner	In Place	Actual	Annualized	Budget	IRR
Year	2025	2025	2023	2026	2022	2024	2025	2026	Projection
Direct Care	\$178.20	\$181.23	\$144.72	\$162.44	\$150.24	\$172.92	\$166.38	\$270.29	\$159.36
Administrative & General	\$36.81	\$37.66	\$53.50	\$28.65	\$30.75	\$59.78	\$42.01	v	\$32.97
Marketing/ Activities	\$6.12	\$4.43	\$5.44	\$5.84	\$4.76	\$3.46	\$4.49	v	\$4.12
Property/Professional/Liability Insurance	\$4.41	\$4.26	\$1.36	\$7.16	\$28.70	\$18.24	\$15.16	v	\$15.11
Management Fee	\$22.54	\$21.12	\$18.98	\$14.46	\$18.54	Included in A & G	\$28.13	v	\$18.11
Dietary	\$22.20	\$21.77	\$25.99	\$26.52	\$18.11	\$17.60	\$19.85	v	\$20.06
Housekeeping & Laundry	\$8.23	\$9.03	\$13.12	\$10.61	\$13.31	\$4.68	\$5.16	v	\$5.22
Plant Operations	\$8.70	\$7.62	\$7.31	\$7.43	\$5.35	\$14.34	\$5.78	v	\$5.77
Utilities	\$6.17	\$6.60	\$5.75	\$7.64	\$5.26	\$7.88	\$6.21	v	\$6.32
Employee Benefits	\$5.83	\$4.64	\$17.11	\$15.91	\$6.26	\$0.72	\$0.68	v	\$5.50
Property Taxes	\$3.26	\$3.05	\$1.54	\$5.93	\$0.93	\$2.15	\$2.37	v	\$10.13
Replacement Reserves	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	v	\$0.82
Total	\$302.46	\$301.41	\$294.81	\$292.59	\$282.21	\$301.77	\$296.21	\$270.29	\$283.50
Operating Expense Ratio	67.8%	72.1%	87.6%	-	-	85.0%	83.0%	79.0%	78.0%
	*Comp 1: Confidential- Raleigh, NC Comp 2: Confidential- Fuquay-Varina, NC Comp 3: Confidential- Gastonia, NC Comp 4: Confidential Comp 5: Confidential								

The comparables above range from \$282.21 to \$302.46 per resident day. The subject's historical expenses range from \$296.21 to \$301.77 per resident day. Our IRR Projection is estimated to be \$283.50 per resident day.

Per unit/bed expense data for the subject and comparable properties are summarized below.

Expense Analysis per Unit/Bed									
	Comp Data*					Subject			
	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Historical and Projected Expenses			
Number of Units	90	100	50	65	88	36	36	36	36
Operating Data Type	In Place	In Place	In Place	Pro-forma Owner	In Place	Actual	Annualized	Budget	IRR
Year	2025	2025	2023	2026	2022	2024	2025	2026	Projection
Direct Care	\$62,320	\$64,547	\$43,841	\$55,542	\$50,837	\$63,114	\$60,729	\$98,657	\$58,000
Administrative & General	\$12,873	\$13,412	\$16,207	\$9,796	\$10,405	\$21,822	\$15,332	v	\$12,000
Marketing/ Activities	\$2,139	\$1,577	\$1,648	\$1,997	\$1,611	\$1,262	\$1,639	v	\$1,500
Property/Professional/Liability Insurance	\$1,543	\$1,518	\$413	\$2,448	\$9,711	\$6,656	\$5,532	v	\$5,500
Management Fee	\$7,881	\$7,524	\$5,749	\$4,944	\$6,273	Included in A & G	\$10,269	v	\$6,591
Dietary	\$7,763	\$7,754	\$7,874	\$9,068	\$6,128	\$6,425	\$7,245	v	\$7,300
Housekeeping & Laundry	\$2,877	\$3,216	\$3,974	\$3,628	\$4,504	\$1,709	\$1,884	v	\$1,900
Plant Operations	\$3,043	\$2,715	\$2,214	\$2,540	\$1,810	\$5,234	\$2,109	v	\$2,100
Utilities	\$2,156	\$2,349	\$1,741	\$2,612	\$1,780	\$2,878	\$2,265	v	\$2,300
Employee Benefits	\$2,039	\$1,653	\$5,183	\$5,440	\$2,118	\$263	\$249	v	\$2,000
Property Taxes	\$1,140	\$1,087	\$466	\$2,028	\$315	\$783	\$864	v	\$3,688
Replacement Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	v	\$300
Total	\$105,776	\$107,351	\$89,310	\$100,043	\$95,493	\$110,146	\$108,116	\$98,657	\$103,179
Operating Expense Ratio	67.8%	72.1%	87.6%	Not Disclosed	Not Disclosed	85.0%	83.0%	79.0%	78.0%
	*Comp 1: Confidential- Raleigh, NC Comp 2: Confidential- Fuquay-Varina, NC Comp 3: Confidential- Gastonia, NC Comp 4: Confidential Comp 5: Confidential								

The comparables above range from \$89,310 to \$107,351 per unit. The subject's historical expenses range from \$108,116 to \$110,146 per unit. Our IRR Projection is estimated to be \$103,179 per unit.

The comparables above have an operating expense ratio range of 67.8% to 87.6%. The subject's historical range is 83.0% to 85.0%. Our IRR Projection for the subject's operating expense ratio is 78.0%.

Operating Expense Analysis by Category

Discussions of the operating expense projections are presented in the following paragraphs.

Direct Care

This expense category varies greatly among senior housing facilities. It includes the wages for nursing and medical supplies. These expenses are relatively variable, and fluctuations in the occupancy can influence the total expenses. The projection is based on the subject's historical and comparable data as shown below.

Direct Care Expense									
	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Actual	Annualized		IRR
						2024	2025	Budget	Projection
Total	–	–	–	–	–	\$2,272,105	\$2,186,229	–	\$2,088,000
\$/Unit/Bed	\$62,320	\$64,547	\$43,841	\$55,542	\$50,837	\$63,114	\$60,729	–	\$58,000
\$ PRD	\$178.20	\$181.23	\$144.72	\$162.44	\$150.24	\$172.92	\$166.38	–	\$159.36

Administrative & General

This category includes the wages of the executive director or administrator, any assistant directors, and the office clerks, as well as business supplies, telephone costs, postage, legal fees, travel, accounting, and other professional fees. These expenses are predominantly fixed, and fluctuations in the occupancy should have a minor effect on the total expenses. The projection is based on the subject's historical and comparable data as shown below.

Administrative & General Expense									
	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Actual	Annualized		IRR
						2024	2025	Budget	Projection
Total	–	–	–	–	–	\$785,575	\$551,969	–	\$432,000
\$/Unit/Bed	\$12,873	\$13,412	\$16,207	\$9,796	\$10,405	\$21,822	\$15,332	–	\$12,000
\$ PRD	\$36.81	\$37.66	\$53.50	\$28.65	\$30.75	\$59.78	\$42.01	–	\$32.97

Marketing/ Activities

This category may include the wages of a marketing director and support staff, employee benefits, advertising, and miscellaneous supplies. These expenses are relatively fixed. However, fluctuations in the occupancy can have a minor effect on the total expenses. The projection is based on the subject's historical and comparable data as shown below.

Marketing/ Activities Expense									
	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Actual	Annualized		IRR
						2024	2025	Budget	Projection
Total	–	–	–	–	–	\$45,437	\$58,987	–	\$54,000
\$/Unit/Bed	\$2,139	\$1,577	\$1,648	\$1,997	\$1,611	\$1,262	\$1,639	–	\$1,500
\$ PRD	\$6.12	\$4.43	\$5.44	\$5.84	\$4.76	\$3.46	\$4.49	–	\$4.12

Property/Professional/Liability Insurance

This category includes general and professional liability insurance, which is a fixed cost. The projection is based on the subject's historical and comparable data as shown below.

Property/Professional/Liability Insurance Expense									
	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Actual	Annualized		IRR
						2024	2025	Budget	Projection
Total	–	–	–	–	–	\$239,613	\$199,168	–	\$198,000
\$/Unit/Bed	\$1,543	\$1,518	\$413	\$2,448	\$9,711	\$6,656	\$5,532	–	\$5,500
\$ PRD	\$4.41	\$4.26	\$1.36	\$7.16	\$28.70	\$18.24	\$15.16	–	\$15.11

Management Fee

This expense category includes overall supervision, financial services, long-range planning, and governmental relations. These services are generally conducted off-premises at corporate offices. The cost for management services is usually based on a percentage of gross revenue. According to a survey of operators, including several of the largest in the nation, typical management expenses before business profit generally range from roughly 3.0% to 7.0% of gross revenues. The percent spread in the management expenses typically correlates to the size of a facility and, more importantly, its revenues. Based on the size and complexity of the subject and the comparable data, a management fee of 4.5% is considered reasonable.

Management Fee Expense									
	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Actual	Annualized		IRR
						2024	2025	Budget	Projection
Total	–	–	–	–	–	Included in A & G	\$369,666	–	\$237,276
% of EGI	5.1%	5.1%	5.6%	–	–	–	7.9%	–	5.0%
\$/Unit/Bed	\$7,881	\$7,524	\$5,749	\$4,944	\$6,273	–	\$10,269	–	\$6,591
\$ PRD	\$22.54	\$21.12	\$18.98	\$14.46	\$18.54	–	\$28.13	–	\$18.11

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

The subject is managed by the owner. Typically, management fees charged by unaffiliated third-party companies are in the range of 4% to 7% of EGI for senior housing projects. Although the comparables reported a range of management expenses, a normalized expense of 4.0% is reflected so that the comparables can be compared to the subject on a consistent basis in the analysis of total expenses.

Management Fees (Percentage of Total Revenue)			
Community Type	Minimum	Average	Maximum
Assisted/Memory Care	1.20%	5.20%	10.70%
Memory Care	1.00%	4.80%	8.40%
CCRCs	1.50%	4.20%	11.90%

Source: The State of Seniors Housing 2022

Dietary

This expense category includes the cost of raw food, staff wages, supplies, maintenance, and consulting. These expenses are relatively variable, and fluctuations in the occupancy can influence the total expenses, especially for raw food. The projection is based on the subject's historical and comparable data as shown below.

Dietary Expense									
	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Actual	Annualized	Budget	IRR
						2024	2025		Projection
Total	–	–	–	–	–	\$231,293	\$260,817	–	\$262,800
\$/Unit/Bed	\$7,763	\$7,754	\$7,874	\$9,068	\$6,128	\$6,425	\$7,245	–	\$7,300
\$ PRD	\$22.20	\$21.77	\$25.99	\$26.52	\$18.11	\$17.60	\$19.85	–	\$20.06

Housekeeping & Laundry

This category includes supplies, salaries, and employee benefits. These expenses are relatively variable, and fluctuations in the occupancy can influence the total expenses. The projection is based on the subject's historical and comparable data as shown below.

Housekeeping & Laundry Expense									
	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Actual	Annualized	Budget	IRR
						2024	2025		Projection
Total	–	–	–	–	–	\$61,527	\$67,806	–	\$68,400
\$/Unit/Bed	\$2,877	\$3,216	\$3,974	\$3,628	\$4,504	\$1,709	\$1,884	–	\$1,900
\$ PRD	\$8.23	\$9.03	\$13.12	\$10.61	\$13.31	\$4.68	\$5.16	–	\$5.22

Plant Operations

This category includes wages for maintenance staff and contract/outside services, supply expenses, and other routine maintenance costs. These expenses are predominantly fixed, and fluctuations in the occupancy should have a minor effect on the total expenses. The projection is based on the subject's historical and comparable data as shown below.

Plant Operations Expense									
	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Actual	Annualized	Budget	IRR
						2024	2025		Projection
Total	–	–	–	–	–	\$188,441	\$75,932	–	\$75,600
\$/Unit/Bed	\$3,043	\$2,715	\$2,214	\$2,540	\$1,810	\$5,234	\$2,109	–	\$2,100
\$ PRD	\$8.70	\$7.62	\$7.31	\$7.43	\$5.35	\$14.34	\$5.78	–	\$5.77

Utilities

This category includes the costs of electricity, natural gas, cable TV, and propane. Utility expenses will vary depending on the age and level of deterioration of the structural and mechanical components, the average number of square feet per unit, the efficiency of the insulation and HVAC systems, and the amount of air conditioning supplied to the building. These expenses are predominantly fixed, and fluctuations in the occupancy should have a minor effect on the total expenses. The projection is based on the subject's historical and comparable data as shown below.

Utilities Expense									
	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Actual	Annualized		IRR
						2024	2025	Budget	Projection
Total	–	–	–	–	–	\$103,598	\$81,546	–	\$82,800
\$/Unit/Bed	\$2,156	\$2,349	\$1,741	\$2,612	\$1,780	\$2,878	\$2,265	–	\$2,300
\$ PRD	\$6.17	\$6.60	\$5.75	\$7.64	\$5.26	\$7.88	\$6.21	–	\$6.32

Employee Benefits

This category includes the employer's share of social security and Medicare, unemployment taxes, workers' compensation insurance, health insurance, and other benefits. Workers' compensation has been a rapidly increasing expense in recent years. The projection is based on the subject's historical and budgeted expenses, comparable data, and industry benchmarks, as shown below. The projection is based on the subject's historical and comparable data as shown below.

Employee Benefits Expense									
	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Actual	Annualized		IRR
						2024	2025	Budget	Projection
Total	–	–	–	–	–	\$9,470	\$8,958	–	\$72,000
\$/Unit/Bed	\$2,039	\$1,653	\$5,183	\$5,440	\$2,118	\$263	\$249	–	\$2,000
\$ PRD	\$5.83	\$4.64	\$17.11	\$15.91	\$6.26	\$0.72	\$0.68	–	\$5.50

Property Taxes

This expense category includes all local, county, and state property tax levies, including special assessments. The projection is based on the property assessment and tax rate for the subject, as discussed previously in the Real Estate Tax Analysis section of this report.

Property Taxes Expense									
	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Actual	Annualized		IRR
						2024	2025	Budget	Projection
Total	–	–	–	–	–	\$28,199	\$31,113	–	\$132,784
\$/Unit/Bed	\$1,140	\$1,087	\$466	\$2,028	\$315	\$783	\$864	–	\$3,688
\$ PRD	\$3.26	\$3.05	\$1.54	\$5.93	\$0.93	\$2.15	\$2.37	–	\$10.13

Replacement Reserves

Reserves for replacing short-lived building components and furniture, fixtures, and equipment are usually established to even out cash flows over the term of the investment. Replacing HVAC equipment, installing new carpeting, resurfacing parking lots, etc., involve substantial capitalized costs that do not occur on a consistent basis. Therefore, establishing a reserve for these eventual costs is considered prudent. The projection is based on the RealtyRates.com survey data.

Replacement Reserves Expense									
	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Actual 2024	Annualized 2025	Budget	IRR Projection
Total	-	-	-	-	-	-	-	-	\$10,800
\$/Unit/Bed	-	-	-	-	-	-	-	-	\$300
\$ PRD	-	-	-	-	-	-	-	-	\$0.82

Replacement Reserves Per Unit

Range	\$275 - \$750
Average	\$419

Source: RealtyRates.com Perm Financing Reserve Requirement - Q2 2022

Total Operating Expenses

Total operating expenses are projected at \$3,714,460 overall, or \$103,179 per unit.

Total Operating History and Projections

Total operating history and projections are presented below.

Note that the 2026 budget provided is not detailed. It was provided by the broker and is based on a 5.0% vacancy rate and a 79.0% expense ratio.

Operating History and Projections				
	Actual 2024	9 Months Annualized 2025	Budget 2026	IRR Projection
Income				
Memory Care	\$2,174,679	\$2,238,307	\$4,494,560	\$2,282,905
Medicare/Medicaid Hospice	2,490,969	2,450,370	Included ^	2,462,622
Routine Resident Income	\$4,665,648	\$4,688,676	\$4,494,560	\$4,745,527
Concessions @ 0.0%				0
Effective Gross Income	\$4,665,648	\$4,688,676	\$4,494,560	\$4,745,527
Expenses				
Direct Care	\$2,272,105	\$2,186,229	\$3,551,652	\$2,088,000
Administrative & General	785,575	551,969	Included v	432,000
Marketing/ Activities	45,437	58,987	v	54,000
Property/Professional/Liability Insurance	239,613	199,168	v	198,000
Management Fee	Included in A & G	369,666	v	237,276
Dietary	231,293	260,817	v	262,800
Housekeeping & Laundry	61,527	67,806	v	68,400
Plant Operations	188,441	75,932	v	75,600
Utilities	103,598	81,546	v	82,800
Employee Benefits	9,470	8,958	v	72,000
Property Taxes	28,199	31,113	v	132,784
Replacement Reserves	0	0	v	10,800
Total Expenses	\$3,965,258	\$3,892,192	\$3,551,652	\$3,714,460
Net Operating Income	\$700,390	\$796,485	\$942,908	\$1,031,067
Operating Expense Ratio**	85.0%	83.0%	79.0%	78.0%

**Replacement reserves, if any, are excluded from total expenses for purposes of determining the Operating Expense Ratio.

As previously stated, the owner's operating expenses were reclassified into standard categories, excluding items that do not reflect normal operating costs for this type of property. Based on the documents provided and discussions with the broker, certain expenses have been excluded from the 2024 and Annualized 2025 figures as they are not representative of typical annual expenses. These exclusions are detailed below.

Expense Exclusions			
Expense Category	Year 2024	YTD 2025	Excluded (Yes or No)
Keith Munger/Mike Johnson Salaries/PR Taxes		\$276,490	No
Repairs and Maintenance	\$52,852	\$21,139	Yes
Vehicle Lease	\$24,658	\$27,888	Yes
Auto/Fuel Expenses	\$15,633	\$9,946	Yes
Meals	\$9,913	\$8,208	Yes
Professional Fees (Contracted JSC Financial)	\$85,626	\$67,968	Yes
Software Maintenance (Primarily Axxess Software)	\$57,939	\$54,495	Yes
Hospice Medicare CAP Contractual	\$289,231	\$186,628	Yes
Employer Shared Responsibility Payment (ESRP)	\$32,250		Yes
Total Excluded	\$568,102	\$376,271	

Net Operating Income

Based on the preceding income and expense projections, stabilized net operating income is estimated at \$1,031,067, or \$28,641 per unit, as shown next.

Projection of Net Operating Income				
	Annual	\$/Unit/Bed	\$ PRD	\$/Occ. Unit/Bed
INCOME				
Memory Care	\$2,282,905	\$63,414	\$174.24	\$63,598
Medicare/Medicaid Hospice	\$2,462,622	\$68,406	\$187.96	\$68,605
Effective Rental Income	\$4,745,527	\$131,820	\$362.20	\$132,203
Effective Gross Income	\$4,745,527	\$131,820	\$362.20	\$132,203
EXPENSES				
Direct Care	\$2,088,000	\$58,000	\$159.36	\$58,168
Administrative & General	\$432,000	\$12,000	\$32.97	\$12,035
Marketing/ Activities	\$54,000	\$1,500	\$4.12	\$1,504
Property/Professional/Liability Insurance	\$198,000	\$5,500	\$15.11	\$5,516
Management Fee 5.00%	\$237,276	\$6,591	\$18.11	\$6,610
Dietary	\$262,800	\$7,300	\$20.06	\$7,321
Housekeeping & Laundry	\$68,400	\$1,900	\$5.22	\$1,906
Plant Operations	\$75,600	\$2,100	\$5.77	\$2,106
Utilities	\$82,800	\$2,300	\$6.32	\$2,307
Employee Benefits	\$72,000	\$2,000	\$5.50	\$2,006
Property Taxes	\$132,784	\$3,688	\$10.13	\$3,699
Replacement Reserves	\$10,800	\$300	\$0.82	\$301
Total Expenses	\$3,714,460	\$103,179	\$283.50	\$103,479
NET OPERATING INCOME	\$1,031,067	\$28,641	\$78.70	\$28,724

Capitalization Rate Selection

A capitalization rate is used to convert a single year's estimated net income into an indication of value. Selection of an appropriate capitalization rate considers the future income pattern of the property and investment risk associated with ownership. The following methods are used to derive a capitalization rate for the subject: analysis of comparable sales and the band of investment method.

Analysis of Comparable Sales

Capitalization rates derived from comparable sales are shown in the following table.

Capitalization Rate Comparables									
No.	Property Name	City	State	Year Built	Sale Date	% Occup.	No. Units	Price per Unit	Cap Rate
1	Clinton Creek Assisted Living & Memory Care	Clinton Township	MI	2018	3/7/2025	–	60	\$225,833	8.86%
2	HarborChase of Wilmington	Wilmington	DE	2018	10/1/2024	93%	96	\$479,167	8.50%
3	Benton House of Narcoossee	St. Cloud	FL	2021	9/30/2024	94%	73	\$245,205	8.13%
4	Starling at Ponte Vedra	Ponte Vedra Beach	FL	2015	2/29/2024	93%	86	\$256,977	7.80%
5	The Summit at Lakewood Ranch	Lakewood Ranch	FL	2016	1/19/2024	89%	117	\$235,043	8.00%
6	Arbor Terrace Fairfax	Chantilly	VA	2016	3/22/2023	93%	48	\$312,500	8.67%
Indicated Cap Rate Range:								7.80% - 8.86%	
Average (Mean) Cap Rate:								8.33%	

Capitalization rate data was researched for a variety of properties in the region that were leased at the time of sale. While the supplemental sales are less similar to the subject than the comparables used in the sales comparison approach previously presented, they represent recent leased fee transactions for which overall capitalization rates have been confirmed.

A capitalization rate within a range of 7.80% - 8.86% is expected for the subject, based on the preceding information.

National Investor Surveys

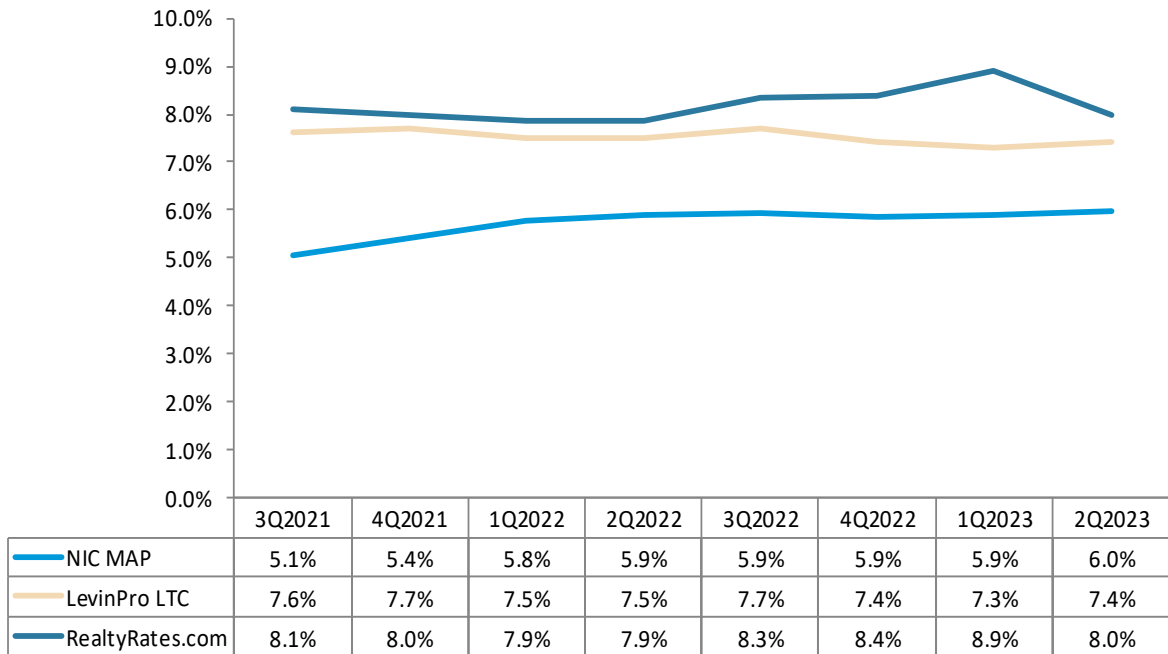
Data pertaining to investment grade properties from the PwC, ACLI, and Viewpoint surveys are summarized in the exhibits that follow.

Capitalization Rate Surveys – Seniors Housing

	Seniors Housing NIC MAP Q2 - 2023	Seniors Housing Levin & Associates Q2 - 2023	Seniors Housing RealtyRates.com Q2 - 2023
Prior YR/Range	5.9% to 6.0%	5.72% - 11.82%	5.72% - 11.82%
Average	6.0%	7.97%	7.97%

Source: NIC MAP and RealtyRates.com

Seniors Housing Cap Rate Trends



The NIC MAP Data Services information is given less weight compared to the other survey data. The NIC data includes going concern and leased fee transactions and includes trailing and proforma NOI figures in the averages. This data is useful to the extent that it illustrates the general trends, but is not representative of average capitalization rates for going concerns or leased fee interests.

Many developers and commission-based lenders will quote capitalization rates from sale-leaseback (leased fee) and portfolio transaction as if they are equivalent to single, one-off, fee simple assets. They are not equivalent, as both have fewer credit and investment risks. Often, capitalization rates from these types of transactions are included in capitalization rate surveys, without noting the critical distinction.

As a rule of thumb, REITs will typically enter sale-leasebacks for senior housing, whereby the going-in lease rate will range from 6.0% to 8.0% on the purchase price, and the tenant will be required to achieve a minimum rent coverage of at least 1.1:1 over the near term. Given these general parameters, the implied going-concern capitalization rate is 6.6% to 8.8%, if not higher (6.0×1.1 and 8.0×1.1), depending on the rent coverage requirement. Typically, REITs will seek newer, investment-grade properties, given lower lease rates to stronger tenants, and require higher coverage ratios for assisted living and memory care, as compared to independent living. REITs also recognize valuation premiums for larger asset portfolios.

Band of Investment

The band of investment method derives a capitalization rate from the weighted average of the mortgage and equity demands on net income generated from the property. This method involves an estimate of typical financing terms as well as an estimated rate of return on equity capital sufficient to attract investors. The Mortgage Interest Rate and the Equity Dividend Rate (EDR) are based on current market yields for similar investments as derived from RealtyRates, as shown in the table below.

Health Care & Senior Housing: Assisted Living						
Item	Input					OAR
Minimum						
Spread Over 10-Year Treasury	1.40%	DCR Technique	1.07	0.064626	0.90	6.24
Debt Coverage Ratio	1.07	Band of Investment Technique				
Interest Rate	5.70%	Mortgage	90%	0.064626	0.058163	
Amortization	38	Equity	10%	0.076170	0.007617	
Mortgage Constant	0.064626	OAR				6.58
Loan-to-Value Ratio	90%	Surveyed Rates				6.18
Equity Dividend Rate	7.62%					
Maximum						
Spread Over 10-Year Treasury	2.83%	DCR Technique	2.02	0.108733	0.60	13.16
Debt Coverage Ratio	2.02	Band of Investment Technique				
Interest Rate	7.13%	Mortgage	60%	0.108733	0.065240	
Amortization	15	Equity	40%	0.159730	0.063892	
Mortgage Constant	0.108733	OAR				12.91
Loan-to-Value Ratio	60%	Surveyed Rates				12.14
Equity Dividend Rate	15.97%					
Average						
Spread Over 10-Year Treasury	2.11%	DCR Technique	1.55	0.078836	0.75	9.14
Debt Coverage Ratio	1.55	Band of Investment Technique				
Interest Rate	6.41%	Mortgage	75%	0.078836	0.059127	
Amortization	26	Equity	25%	0.113772	0.028443	
Mortgage Constant	0.078836	OAR				8.76
Loan-to-Value Ratio	75%	Surveyed Rates				8.15
Equity Dividend Rate	11.38%					
*1st Quarter 2025 Data						
Realty Rates Investor Survey 2025 Q2						

The following chart presents a matrix of mortgage rates, capitalization rates and amortization periods, using contemporary rates to show the potential range in equity capitalization rates for senior housing. The highlighted column and line represent a reasonable fit for the subject.

Equity Capitalization Rate Extraction Matrix for Senior Housing Going Concerns												
Interest Rate	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
Amortization Period (years)	20	25	30	20	25	30	20	25	30	20	25	30
Mortgage Constant	8.947%	8.102%	7.585%	8.947%	8.102%	7.585%	9.667%	8.868%	8.391%	9.667%	8.868%	8.391%
Loan To Value Percentage	75.0%	75.0%	75.0%	65.0%	65.0%	65.0%	75.0%	75.0%	75.0%	65.0%	65.0%	65.0%
Overall Capitalization Rate	Equity Capitalization Rate											
6.00%	-2.8%	-0.3%	1.2%	0.5%	2.1%	3.1%	-5.0%	-2.6%	-1.2%	-0.8%	0.7%	1.6%
6.25%	-1.8%	0.7%	2.2%	1.2%	2.8%	3.8%	-4.0%	-1.6%	-0.2%	-0.1%	1.4%	2.3%
6.50%	-0.8%	1.7%	3.2%	2.0%	3.5%	4.5%	-3.0%	-0.6%	0.8%	0.6%	2.1%	3.0%
6.75%	0.2%	2.7%	4.2%	2.7%	4.2%	5.2%	-2.0%	0.4%	1.8%	1.3%	2.8%	3.7%
7.00%	1.2%	3.7%	5.2%	3.4%	5.0%	5.9%	-1.0%	1.4%	2.8%	2.0%	3.5%	4.4%
7.25%	2.2%	4.7%	6.2%	4.1%	5.7%	6.6%	0.0%	2.4%	3.8%	2.8%	4.2%	5.1%
7.50%	3.2%	5.7%	7.2%	4.8%	6.4%	7.3%	1.0%	3.4%	4.8%	3.5%	5.0%	5.8%
7.75%	4.2%	6.7%	8.2%	5.5%	7.1%	8.1%	2.0%	4.4%	5.8%	4.2%	5.7%	6.6%
8.00%	5.2%	7.7%	9.2%	6.2%	7.8%	8.8%	3.0%	5.4%	6.8%	4.9%	6.4%	7.3%
8.25%	6.2%	8.7%	10.2%	7.0%	8.5%	9.5%	4.0%	6.4%	7.8%	5.6%	7.1%	8.0%
8.50%	7.2%	9.7%	11.2%	7.7%	9.2%	10.2%	5.0%	7.4%	8.8%	6.3%	7.8%	8.7%
8.75%	8.2%	10.7%	12.2%	8.4%	10.0%	10.9%	6.0%	8.4%	9.8%	7.0%	8.5%	9.4%
9.00%	9.2%	11.7%	13.2%	9.1%	10.7%	11.6%	7.0%	9.4%	10.8%	7.8%	9.2%	10.1%

Again, the same factors that influence the overall capitalization rate also impact the equity capitalization rate. These factors include the physical qualities of the building, the location, and the economic characteristics. Besides these factors, the equity rate is impacted by the degree to which it is leveraged. In most senior housing facility sale transactions, we have noted that the greater the percentage of debt to price, the higher the equity capitalization rate. Based on this data, the capitalization rate indicated by the band of investment method is shown in the following table.

Based on this data, the capitalization rate indicated by the band of investment method is shown in the following table.

Band of Investment Method			
Mortgage/Equity Assumptions			
Loan To Value Ratio		70%	
Interest Rate		6.25%	
Amortization (Years)		25	
Mortgage Constant		0.0792	
Equity Ratio		30%	
Equity Dividend Rate		10.00%	
Weighted Average of Mortgage and Equity Requirements			
Mortgage Requirement	70%	x	7.92% = 5.54%
Equity Requirement	30%	x	10.00% = 3.00%
Indicated Capitalization Rate			8.54%
Rounded			8.50%

Capitalization Rate Conclusion

To conclude a capitalization rate, the following investment risk factors are considered to determine an impact on the appropriate rate. The direction of each arrow in the following table indicates a judgment of an upward, downward, or neutral impact of each factor.

Capitalization Rate Risk Factors			
Factor	Issues	Impact on Rate	Comments
Income Characteristics		↑	If the subject only offered its hospice care services to the 36 units within its physical facility, its annual revenue would be significantly lower than current levels.
- Census Mix Forecast	Census mix forecast relative to age, condition, and functional utility	↓	Favorable to profitability. 100% memory care base rent is private pay. The subject operates under a hospice license spanning 23 counties, and its hospice services are reimbursed by Medicare.
- Reimbursement Changes	Unfactored Medicaid reimbursement changes	↔	None.
- NOI Change over Forecast	Anticipated rate of NOI change over the forecast period	↓	Forecast is superior.
- NOI Forecast vs. Historical	The forecasted NOI in relation to the historical NOI	↔	Forecast is superior.
Competitive Market Position	Construction quality, market appeal, age/condition, Levels of Care, functional utility	↑	The subject is of older construction.
Location	Market area demographics and life cycle trends; proximity issues; access and support services	↓	In Chatham County, 9.98% of the population is aged 65–74, 4.87% is aged 75–84, and 1.67% is 85 or older. This equates to an estimated 4,936 residents aged 85 and above, the demographic with the highest likelihood of requiring both memory care and end-of-life services.
Market	Vacancy rates and trends; rental rate trends; supply and demand	↔	
Highest and Best Use	Upside potential from redevelopment, adaptation, and/or expansion	↓	Since the surrounding land parcels are owned by the facility's owner, there is potential for future expansion.
Overall Impact		↓	

Each method is considered, and primary weight is given to the Sale Comparables method. Secondary weight is given to the Band of Investment method. Accordingly, the capitalization rate is concluded as follows:

Capitalization Rate Conclusion

Method	Capitalization Rate Indication
Analysis of Comparable Sales	7.80% - 8.86%
National Investor Surveys	5.72% - 11.82%, Average 7.97%.
Band of Investment	8.50%
Primary Weight	Analysis of Comparable Sales
Secondary Weight	Band of Investments and National Investor Surveys
Conclusion	8.50%

Direct Capitalization Analysis

Net operating income is divided by the capitalization rate to indicate the stabilized value of the subject. Valuation of the subject by direct capitalization is shown below.

Direct Capitalization	
Effective Gross Income	\$4,745,527
Expenses	\$3,714,460
Net Operating Income	\$1,031,067
Capitalization Rate	8.50%
Indicated Value	\$12,130,196
Rounded	\$12,130,000

Effective Gross Income Multiplier

The Effective Gross Income Multiplier (EGIM) method is also used to support a value indication. The following table summarizes the effective gross income multipliers and operating expense ratios for the comparable sales.

Comparable Sales Analysis EGIM Summary					
Sale No.	Name	Address	City	Operating Expense Ratio	EGIM
1	Clinton Creek Assisted Living & Memory Care	40500 Garfield Rd.	Clinton Township	69.6%	3.4
3	Benton House of Narcoossee	2910 Narcoossee Rd.	St. Cloud	71.0%	3.6
4	Starling at Ponte Vedra	405 Solana Rd.	Ponte Vedra Beach	71.8%	3.6
6	Arbor Terrace Fairfax	3925 Downs Dr.	Chantilly	75.4%	2.8
Subject	Spanish Oaks Retreat & Hospice	8510 Whitefield Ave.	Savannah	78.0%	

The subject is most similar in terms of future income pattern and investment risk to Comparable 6, which demonstrates multipliers of 2.8. Considering the subject's operating expense ratio is slightly higher compared to these comparables, a lower multiplier can reasonably be expected for the subject. Accordingly, the value indication by the EGIM analysis is as follows:

EGIM Conclusion	
Effective Gross Income	\$4,745,527
EGIM	2.6
Indicated Value	\$12,338,370
Rounded	\$12,300,000

Value Indication

The income capitalization approach results in the following value indication.

Income Capitalization Approach - Indicated Value	
Direct Capitalization	\$12,130,000
EGIM Analysis	\$12,300,000
Reconciled Value	\$12,130,000
Rounded	\$12,130,000
\$ per Unit/Bed	\$336,944

Direct capitalization is given greatest weight because the subject's income levels are generally stabilized. The EGIM method is used as tertiary support of the direct capitalization value indication.

Reconciliation and Conclusion of Value

Reconciliation involves the weighting of alternative value indications, based on the judged reliability and applicability of each approach to value, to arrive at a final value conclusion. Reconciliation is required because different value indications result from the use of multiple approaches and within the application of a single approach. The values indicated by the preceding analyses are as follows:

Summary of Value Indications	
Cost Approach	Not Used
Sales Comparison Approach	\$12,060,000
Income Capitalization Approach	\$12,130,000
Reconciled	\$12,130,000

Cost Approach

The cost approach is most reliable for newer properties that have no significant amount of accrued depreciation. As previously discussed, the cost approach is judged to be inapplicable and is not utilized.

Sales Comparison Approach

The sales comparison approach is most reliable in an active market when an adequate quantity and quality of comparable sales data are available. In addition, it is typically the most relevant method for owner-user properties, because it directly considers the prices of alternative properties with similar utility for which potential buyers would be competing.

There is a reasonably active market for comparable properties, and this approach most closely reflects buyer behavior. Accordingly, the sales comparison approach is given secondary weight in the value conclusion.

Income Capitalization Approach

The income capitalization approach is usually given greatest weight when evaluating investment properties. The value indication from the income capitalization approach is supported by market data regarding income, expenses and required rates of return.

An investor is the most likely purchaser of the appraised property, and a typical investor would place greatest reliance on the income capitalization approach. For these reasons, the income capitalization approach is given greatest weight in the conclusion of value.

Final Opinion of Value

Based on the preceding valuation analysis and subject to the definitions, assumptions, and limiting conditions expressed in the report, the concluded opinion of value is as follows:

Value Conclusion

Value Type & Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value As Is of the Going Concern	Fee Simple	November 7, 2025	\$12,130,000

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. The subject operates under a grandfathered hospice license covering 23 counties. Approximately 99% of the hospice services provided are reimbursed by Medicare. We assume the license will remain with the facility upon transfer of sale.
2. Although the surrounding land parcels are under the same ownership, they are not included in the scope of this assignment.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. None noted.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

The opinions of value expressed in this report are based on estimates and forecasts that are prospective in nature and subject to considerable risk and uncertainty. Events may occur that could cause the performance of the property to differ materially from the stated estimates, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, these opinions and forecasts are based partly on data obtained from interviews and third-party sources, which are not always completely reliable. Although the findings are considered reasonable based on available evidence, the assignment participants are not responsible for the effects of future occurrences that cannot reasonably be foreseen at this time.

Exposure Time

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Exposure time is always presumed to precede the effective date of the appraisal. Based on review of recent sales transactions for similar properties and analysis of supply and demand in the local senior housing market, the probable exposure time for the subject at the concluded market value stated previously is 6 to 9 months.

Marketing Time

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value. As no significant changes in market conditions are foreseen in the near term, a reasonable marketing period for the subject is likely to be the same as the exposure time. Accordingly, the subject's marketing period is estimated at 6 to 9 months.

The estimate is supported by the following broker survey data.

Exposure Time Survey			
Broker	Company	Phone Number	Exposure Time
Jeff Binder	Senior Living Investment Brokerage	314.961.0070	6 to 7 Months
Mark Myers	Institutional Property Advisors	773.383.6821	5 to 6 Months
Amy Sitzman	BluePrint HCRE	310.893.7188	6 months
Alan McMurtry	DTZ Cushman Wakefield	813.349.8349	6 to 9 Months
Michael Mooney	Marcus & Millichap	503.303.0355	4 to 8 Months
Jeff Binder	Senior Living Investment Brokerage	314.961.0070	6 to 7 Months
Mark Myers	Institutional Property Advisors	773.383.6821	5 to 6 Months

Seniors Housing Average Marketing Time (Months)

	IRR-ViewPoint National Urban Multifamily
Range	3-12
Average	9
Source: CoStar	

Allocation of Value

Introduction and Assessment of Appropriate Allocation Techniques

The assets in the going-concern value of senior housing and nursing facilities include:

- Real estate—fee simple, leased fee, or leasehold
- Tangible personal property—furniture, fixtures, and equipment (FF&E)
- Intangible personal property—assembled work force, licenses, certifications, approvals (certificates of need, or CON), patient records, goodwill, and management; these assets are often referred to as business assets

Allocation methods are an ongoing debate. Generally, appraisers apply a top-down approach to allocation, whereby the going-concern value is developed first. Developing a total value can be well-supported by direct market evidence—i.e., sale comparables and the capitalization of unallocated NOI or EBITDAR; however, sales of just the real estate or just the business assets, without the real estate, occur less frequently. Buyers and sellers of nursing facilities do not contemplate the going-concern value by adding the value of the real estate to the separate values of the tangible and intangible personal property; rather, they focus on the overall value.

There is no single, absolute correct approach for performing an allocation of the going-concern value for this type of going concern. Several techniques are available and, when the allocation is a critical component of the appraisal, using several techniques will produce a more convincing allocation, similar to using more than one valuation approach.

The allocation of the going-concern value for the subject applies the market rent method, which is an income residual technique.

Valuation of the Tangible Personal Property (FF&E)

The subject facility contains the tangible personal property (FF&E) necessary for the operation of a 36-unit/bed property. FF&E are valued separately from the land and improvements in this approach. The valuation of the FF&E is based on a replacement cost less depreciation method. In order to estimate a value for the FF&E, data is considered from cost comparables. Based on significant experience in appraising healthcare and seniors housing facilities, adjustments are applied to reflect qualitative and quantitative features, such as facility size, condition, age, and other factors.

Since the FF&E are an integral part of the going-concern operation, they are more valuable under continued use than if they were removed and sold separately. Thus, the value is considered the “contributory value in use,” which is consistent with the premise of the going-concern value. The estimated aggregate value of the FF&E, net of estimated depreciation, is calculated as follows.

FF&E Value for Allocation				
	Cost Comp 1	Cost Comp 2	Cost Comp 3	As Is
Property Type	ALF/MC	IALF/MC	ALF	MC
Units/Beds	77	82	46	36
Cost Per Unit/Bed	\$5,455	\$4,000	\$5,300	\$5,400
Subtotal				\$194,400
Indirect Cost			15%	\$29,160
Replacement Cost New				\$223,560
Effective Age				10
Economic Life				15
Depreciation %				67%
Depreciation				-\$149,040
FF&E Value for Allocation				\$74,520
Rounded				\$70,000

The replacement cost new of the FF&E is approximately \$5,400 per unit. The unit cost has been estimated based on cost comparables, which are summarized in the table. Like the real estate improvement cost, the indirect cost is added to the replacement cost. The FF&E contributory value is net of depreciation.

Market Rent (Income) Method

The market rent approach is a residual technique that relies upon long-term property leases, set at market rent, under absolute net lease structures. Rent comparables are used to establish market rent for the subject, and the market rent is capitalized into a value of the leased assets. Assuming the capitalized rent or leased fee value is less than the going-concern value, the difference represents intangible value, or the value of the non-leased assets. Alternatively, market rent can be deducted from total going-concern NOI or EBITDAR, with the remainder representing the tenant or proprietor's earnings. The tenant or proprietary earnings can then be capitalized into a value, and that value deducted from the going-concern value, with the remainder being the value of the tangible assets or the leased assets.

To illustrate the concept, an example is presented in the following table that compares two market rent residual techniques: (1) capitalizing market rent, and (2) capitalizing tenant profit.

Market Rent Residual Examples - Rent Capitalization vs. Profit Capitalization			
	Going Concern	Leased Property	Tenant/Operator Profit
Net Operating Income	\$1,400,000		
Lease Coverage Ratio	1.4		
Market Rent		\$1,000,000	
Proprietary Earnings (Tenant/Operator Profit)			\$400,000
Capitalization Rate	12.5%	10.0%	33.0%
Going Concern Value, Rounded	\$11,200,000		
Tangible Asset Value, Rounded		\$10,000,000	
Intangible Asset Value, Rounded			\$1,200,000
Residual Intangible Asset Value		\$1,200,000	
Residual Real Estate Value			\$10,000,000

There are several methods used to develop market rent, but the rent-coverage method, which is essentially a percentage rent, driven off anticipated NOI, is heavily relied upon in the market. Per-unit rent comparisons may also be used, whereby rental adjustments are applied to more traditional location and physical plant differences; however, this technique is difficult to apply given the relative scarcity of rent comparables regionally.

For the market rent analysis, the concluded pro forma NOI is used.

Rent & NOI Relationship

The following table profiles typical market rent/lease coverage and rent percentages for each major class of the senior housing and healthcare sector. Note: some specialty care properties may fall outside the ranges presented below.

Senior Housing and Healthcare Market Rent Coverage Ratios and Rent Percentages		
	Low	High
Independent Living - Rent Coverage Ratios	1.10	1.20
Independent Living - Rent Percentages	90.9%	83.3%
Independent Living - Intangible Percentages	9.1%	16.7%
Assisted Living - Rent Coverage Ratios	1.10	1.25
Assisted Living - Rent Percentages	90.9%	80.0%
Assisted Living - Intangible Percentages	9.1%	20.0%
Memory Care Living - Rent Coverage Ratios	1.15	1.30
Memory Care Living - Rent Percentages	87.0%	76.9%
Memory Care Living - Intangible Percentages	13.0%	23.1%
SNF - Rent Coverage Ratios	1.25	1.50
SNF - Rent Percentages	80.0%	66.7%
SNF - Intangible Percentages	20.0%	33.3%

An NOI-to-rent coverage ratio that equals or exceeds initial market ratios provides the landlord with greater certainty that the tenant will perform under the terms of the lease because the tenant has sufficient economic incentive to comply with the lease. If the NOI is less than market, then there is greater risk that the tenant will not adhere to the terms of the lease. The selection of the leased fee capitalization rate and internal rate of return places substantial emphasis on the EBITDAR-to-rent coverage ratios across the anticipated lease term. Other factors influencing the coverage selection include property and competitive market qualities, guarantees, and the creditworthiness of the lessee.

Stifel Nicolaus performed an analysis of lease coverage ratios for healthcare REITs using first-quarter 2019 information. Review of more recent information from several of these same REITs indicates little change over this period. Lease coverage ratios have been monitored internally for several decades, and these ratios and percentages have been very consistent over time. Thus, the 2019 information is still relevant today.

HealthCare REIT Coverage Ratios by Asset Type				
EBITDAR Coverage				
REIT	Symbol	SNF	Senior Housig	Hospitals
CareTrust REIT	CTRE	1.80	1.22	-
Physicians Realty Trust	DOC	-	-	4.10
Welltower, Inc.	WELL	1.24	1.05	-
HCP, Inc.*	HCP	1.68	1.02	3.50
LTC Properties	LTC	1.24	1.21	-
Medical Properties Trust**	MPW	-	-	2.25
National Health Investors	NHI	2.07	0.99	1.52
Omega Health Investors	OHI	1.31	1.31	-
Sabra Health Care REIT	SBRA	1.24	1.07	2.89
Senior Housing Properties Trust	SNH	1.46	1.46	-
New Senior Investment Group	SNR	-	1.23	-
Veritas	VTR	1.20	0.96	1.64
Median		1.31	1.14	2.57
EBITDARM Coverage				
REIT	Symbol	SNF	Senior Housig	Hospitals
CareTrust REIT	CTRE	2.34	1.44	-
Physicians Realty Trust	DOC	-	-	5.47
Welltower, Inc.	WELL	1.55	1.21	-
HCP, Inc.*	HCP	2.06	1.19	3.49
LTC Properties	LTC	1.77	1.43	-
Medical Properties Trust**	MPW	-	-	3.00
National Health Investors	NHI	2.76	1.15	2.02
Omega Health Investors	OHI	1.67	1.67	-
Sabra Health Care REIT	SBRA	1.72	1.25	3.18
Senior Housing Properties Trust	SNH	1.52	1.52	-
New Senior Investment Group	SNR	-	1.40	-
Veritas	VTR	1.50	1.10	2.19
Median		1.72	1.33	3.09

*HCP, Inc. represents same-store for senior housing assets.

**Medical Properties Trust is an estimate: assumes 5% management fee; operating margin of 35% for AL/IL; 20% for SNF; 15% for Hospital.

Source: Company filings, Stifel estimates. Data as of March 31, 2019

Market Rent Conclusion

Based on the analysis of market rent coverage data, the estimated lease coverage ratio and resulting market rent for the tangible assets are as follows:

Market Rent for Tangible Assets	
Net Operating Income	\$1,031,067
Rent Coverage Ratio	1.25
Percentage of NOI Attributable to Tangible Assets	80.00%
NOI Attributable to Tangible Assets (Rent)	\$824,853

Market Rent Capitalization Rates

An examination of capitalization rates centers on comparable transaction data. The following capitalization rates, derived from recent sale-leaseback transactions, are considered the best market support for the market capitalization rate.

REIT Sale-Leaseback Cap Rates					
REIT			Initial Cap	Annual Rental	Annual Rent
Landlord	Tenant/Operator	Date	Rate	Increases	per Unit
LTC	English Meadows Senior Living <i>English Meadows Abingdon Campus in Abingdon, Virginia; 74 AL and MC unit, 90% occupancy, opened in 2015, two-story wood-frame construction.</i>	2/11/2019	7.40%	N/A	\$17,000
LTC	Koelsch Communities <i>Two locations, with 88 memory care units with 133 beds, Riverside in Fort Worth and Saddle Brook in Frisco, Texas, built in 2014 and 2015, single-story wood-frame construction</i>	7/17/2018	7.25%	N/A	\$20,761
WELL	Frontier Management <i>Overland Court, 10250 W. Smoke Ranch, Boise, ID (ALF & MC), and Paramount Court 3791 Crowell, Turlock, CA (ALF & MC). Both 1-story, wood frame construction; completed in 2000, and 2001, respectively.</i>	9/30/2019	6.30%	N/A	\$12,411
NHI	Cappella Living Solutions <i>Legacy Commons, 51-unit ALF, built in 1997-2008; 170 South Dacona Drive Pueblo West, Colorado. One-story, wood-frame, built in 1997 & 2088.</i>	7/1/2019	7.25%	2.0%	\$10,803
NHI	Comfort Care Senior Living <i>Brighton Manor, a 76-unit ALF, 1320 Rickett Road, Brighton, Michigan, opened in early 2019, rental increases start in year three. One-story, wood-frame.</i>	5/22/2019	7.75%	2.0%	\$14,332
NHI	Comfort Care Senior Living <i>Hampton Manor of Shelby, 51831 Van Dyke Ave, Shelby Twp, Michigan; currently has 60 existing ALF units and 14 MC units under construction (completion in August 2019); one-story wood frame, ALF opened in early 2019. Rental increases start in year three.</i>	5/1/2019	7.75%	2.0%	\$13,950
NHI	Holiday Retirement <i>Isles of Vero Beach, 1700 Waterford Drive, Vero Beach FL. Part of a Holiday Retirement restructure; 157 ILF and 75 ALF units; added to existing master lease. Three-story, frame, built in about 1990.</i>	2/4/2019	6.71%	2.5%	\$11,207
CTRE	Bayshire <i>Vista del Lago, 52-unit/96-bed MC, built in about 1990, 1817 Avenida Del Diablo, Escondido, CA.</i>	9/24/2019	8.17%	CPI	\$19,808

Allocation of the Going-Concern Value

The market rent capitalization rates range from 6.30% to 8.17% with an average of 7.29%. Based on the comparable sales, a leased fee capitalization rate of 7.75% is selected which results in the following allocation:

Market Rent Method Conclusion		
Allocation via Capitalization of Intangible NOI (Real Estate Residual)		
Net Operating Income (EBITDAR)		\$1,031,067
NOI or EBITDAR-to-rent-coverage ratio	1.25	
Percentage of NOI (EBITDAR) Attributed to Tangible Assets	80.00%	
Net Operating Income (EBITDAR) Attributable to Intangible Assets	20.00%	\$206,213
Intangible Asset Capitalization Rate	13.00%	
Intangible Asset Value (Rounded)		\$1,590,000
Allocation Starting With Valuing Tangible Assets - Intangible Asset Residual		
Net Operating Income (EBITDAR)		\$1,031,067
NOI or EBITDAR-to-rent-coverage ratio	1.25	
Percentage of NOI (EBITDAR) Attributed to Tangible Assets	80.00%	
Net Operating Income (EBITDAR) Attributable to Tangible Assets (Rent)		\$824,853
Tangible Asset Capitalization Rate	7.75%	
Tangible Asset Value (real estate & FF&E), Rounded		\$10,640,000
Tangible Personal Property -- FF&E		\$70,000
Real Estate Value (Tangible Value Minus FF&E Value)		\$10,570,000
Concluded Going-concern Value		\$12,130,000
Intangible Asset Value (Going-concern value - real estate & FF&E)		\$1,490,000
Reconciliation of Allocation From Market Rent Method		
Allocation via Capitalization of Intangible NOI (Real Estate Residual)		\$1,590,000
Allocation Starting With Valuing Tangible Assets - Intangible Asset Residual		\$1,490,000
Reconciled Intangible Value		\$1,540,000
Reconciled Allocation of Going-concern Value		
Real Estate		\$10,520,000
Tangible Personal Property -- FF&E		\$70,000
Intangible Asset Value		\$1,540,000
Value of the Going Concern		\$12,130,000

Overall Allocation Test of Reasonableness

The following test of reasonableness analyzes the estimated real estate value. These measures offer tests of reasonableness to the allocation. It is reasonable to expect the implied real estate capitalization rate to be less than the implied intangible capitalization rate. Note: the implied annual rent (absolute net rent) and the real estate value are measured on a building square footage basis.


Allocation of Value Implications and Test of Reasonableness		
		As Is
Going Concern NOI		\$1,031,067
EBITDAR to Rent Coverage		1.25
Market Rent (Real Estate & FF&E)		\$824,853
Rent Attributable to FF&E		
Cost New Per Unit/Bed (Direct Cost Only)	\$5,400	
Recapture Rate - assumes 15-year average (6.667%)	\$360	
Return on capital investment	7.50%	\$405
Total per-unit return on and of FF&E		\$765
Units		36
Less Return on and of the FF&E		-\$27,540
Real Estate Residual Rent		\$797,313
Facts and Conclusions		
(a) Indicated Real Estate Value		\$10,520,000
(b) Real Estate Residual Rent		\$797,313
(c) Gross Building Area		25,865
(d) Projected NOI (EBITDAR)		\$1,031,067
(e) Management Fee (M)		\$237,276
(f) EBITDARM		\$1,268,343
(g) Market Rent (Realty & FF&E)		\$824,853
Real Estate Value Implications		
Implied Capitalization Rate For Real Estate Assets (b/a)		7.58%
Implied Market Rent for the Real Estate (\$/SF, absolute net)		\$30.83
Indicated Real Estate Value per Square Foot of Building Area		\$406.73
Rent Coverage Indications		
EBITDAR-to-rent Coverage (d/g)		1.25
Implied EBITDARM-to-rent Coverage (f/g)		1.54
Intangible Asset Value Implications		
EBITDAR Attributed to Intangibles (d-g)		\$206,213
Intangible Asset Value		\$1,540,000
Capitalization Rate for Intangibles		13.39%

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 are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have performed no 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 the agreement to perform this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. John D. Scott, Jr., MAI has not made a personal inspection of the property that is the subject of this report. Matthew V. Albigese, MAI has personally inspected the subject.
12. Significant real property appraisal assistance was provided by Claudia J. Ray who has not signed this certification.
13. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.

14. As of the date of this report, John D. Scott, Jr., MAI and Matthew V. Albigese, MAI have completed the continuing education program for Designated Members of the Appraisal Institute.



John D. Scott, Jr., MAI
Georgia Certified General Real Property
Appraiser #368269



Matthew V. Albigese, MAI
Georgia Certified General Real Property
Appraiser #289780

Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal

- covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
 8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
 9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
 10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
 11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
 12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
 13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
 14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
 15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
 16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
 17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic

- conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
 19. The appraisal report is prepared for the exclusive benefit of you, your subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
 20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. IRR - Atlanta, Integra Realty Resources, Inc., and their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
 21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. However, we are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
 22. We are not a building or environmental inspector. The Integra Parties do not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
 23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
 24. **IRR - Atlanta is an independently owned and operated company. The parties hereto agree that Integra shall not be liable for any claim arising out of or relating to any appraisal report or any information or opinions contained therein as such appraisal report is the sole and exclusive responsibility of IRR - Atlanta. In addition, it is expressly agreed that in any action**

- which may be brought against the Integra Parties arising out of, relating to, or in any way pertaining to the engagement letter, the appraisal reports or any related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further expressly agreed that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the assignment (unless the appraisal was fraudulent or prepared with intentional misconduct). It is expressly agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.**
25. IRR - Atlanta is an independently owned and operated company, which has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

28. The appraisal is also subject to the following:

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. The subject operates under a grandfathered hospice license covering 23 counties. Approximately 99% of the hospice services provided are reimbursed by Medicare. We assume the license will remain with the facility upon transfer of sale.
2. Although the surrounding land parcels are under the same ownership, they are not included in the scope of this assignment.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. None noted.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

Addendum A
Appraiser Qualifications

Matthew V. Albigese, MAI

Experience

Senior Managing Director of Integra Realty Resources - Atlanta. Began appraisal career in June 2005 with McColgan & Company, LLC, in Atlanta, GA, a company specializing in market analyses and appraisals of real property. Engaged exclusively in appraising, consulting and market analysis within the commercial real estate industry.

Experienced in valuation of a wide variety of property types including vacant land, industrial, single and multi tenant retail properties, general and medical offices, subsidized and market rent multifamily properties, mixed use developments, hotels, institutional properties, and several various special purpose properties.

Has completed no less than four (4) going concern appraisals on special use properties within the last 36 months.

Licenses

Georgia, Certified General Real Property Appraiser, 289780, Expires June 2026
South Carolina, Certified General Real Estate Appraiser, AB .6613 CG, Expires June 2026
North Carolina, Certified General Real Estate Appraiser, A7117, Expires June 2026
Florida, Certified General Real Estate Appraiser, RZ3348, Expires November 2026
Tennessee, Certified General Real Estate Appraiser, 00004463, Expires June 2027
Alabama, Certified General Real Property Appraiser, G00907, Expires September 2027
Louisiana, Certified General Appraiser, APR.03628-CGA, Expires December 2025

Education

Bachelor of Business Administration, Management, The University of Georgia, 2003

Appraisal courses completed are as follows:

- Appraisal Principles
- Appraisal Practices
- Residential Report Writing and Case Studies
- Using Appraisal Skills for Non Appraisal Profit
- Sales Comparison of Small Mixed Use Properties
- Georgia Appraiser Rules & Regulations
- Basic Income Capitalization I & II
- General Appraiser Site Valuation & Cost Approach
- General Appraiser Market Analysis and Highest & Best Use
- General Appraiser Sales Comparison Approach
- General Appraiser Report Writing and Case Studies
- Real Estate Finance, Statistics and Valuation Modeling
- Fundamentals of Separating Real Property, Personal Property and Intangible Business Assets
- Advanced Concepts and Case Studies
- Advanced Income Capitalization

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MATTHEW VAUGHAN ALBIGESE

289780
Status ACTIVE

END OF RENEWAL
06/30/2026

**CERTIFIED GENERAL REAL PROPERTY
APPRAISER**

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229 Peachtree Street, N.E.
Atlanta, GA 30303-1605



LYNN DEMPSEY
Real Estate Commissioner

1362253411430112

John D. Scott, Jr., MAI

Experience

Senior Managing Director of Integra Realty Resources - Charlotte. Began appraising in May 1993 with Stout-Beck & Associates and in June 1998, became a North Carolina State-Certified General Real Estate Appraiser.

Appraised a wide variety of property types including but not limited to: vacant land, industrial, manufacturing and distribution facilities, single and multi-tenant retail properties, general and medical offices, subdivision analyses, gas marts, multi-family apartment and condominium complexes, proposed mixed-use developments, senior housing and special purpose properties.

Professional Activities & Affiliations

Committee: Metrolina Branch Chapter of The Appraisal Institute, January 2002
Committee: Metrolina Branch Chapter of The Appraisal Institute, January 2003
Member: Appraisal Institute LDAC Participant, January 2003 - December 2005
Vice President: Metrolina Branch Chapter of The Appraisal Institute, January 2004
President: Metrolina Branch of The Appraisal Institute, January 2005
Director: NC Chapter of The Appraisal Institute, January 2005 - January 2007
Associate Guidance Chair: NC Chapter of The Appraisal Institute, January 2006 - January 2008

Secretary: NC Chapter of The Appraisal Institute, January 2007 - January 2008
Vice President: NC Chapter of The Appraisal Institute, January 2008 - January 2009
President Elect: NC Chapter of The Appraisal Institute, January 2009 - January 2010
President: NC Chapter of The Appraisal Institute, January 2010 - January 2011
Board of Director: Integra Realty Resources Board of Directors, January 2015

Licenses

North Carolina, Certified General Real Estate Appraiser, A4175, Expires June 2026
South Carolina, State Certified General Real Estate Appraiser, CG5147, Expires June 2026
Georgia, Certified General Real Property Appraiser, 368269, Expires February 2026
Virginia, Certified General Real Estate Appraiser, 4001017475, Expires November 2026
Tennessee, Certified General Real Estate Appraiser, 5554, Expires October 2026
West Virginia, Certified General Real Estate Appraiser, CG1355, Expires September 2026
Maryland, State Certified General Real Estate Appraiser, 35347, Expires May 2027
Alabama, Certified General Real Property Appraiser, 003189, Expires September 2027

Education

B.A. Degree, English, Wofford College, Spartanburg, SC (1993)

Appraisal courses completed are as follows:

110 Appraisal Principles (R-1 equivalent)
R-2, Valuation Principles and Procedures
R-3, Applied Residential Property Valuation
G-1, Introduction to Income Property Appraisal
G-2, Advanced Income Capitalization Procedures
G-3, Applied Income Property Valuation
410/420, Standards of Professional Practice, Part A and B



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jscott@irr.com - 704.206.8258



John D. Scott, Jr., MAI

Education (Cont'd)

510, Advanced Income Capitalization
520, Highest and Best Use and Market Analysis
530, Advanced Sales Comparison and Cost Approach
540, Report Writing
550, Advanced Applications

Articles and Publications

"Small-Market Valuations," Commercial Investment Real Estate, August 2013

Qualified Before Courts & Administrative Bodies

North Carolina State Property Tax Commission
Court of Common Pleas for York County, SC

Integra Realty Resources - Charlotte

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Charlotte, NC 28203

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irr.com



JOHN DEADERICK SCOTT JR

368269
Status ACTIVE

END OF RENEWAL
02/28/2026

CERTIFIED GENERAL REAL PROPERTY
APPRAISER

THIS LICENSE EXPIRES IF YOU FAIL TO PAY
RENEWAL FEES OR IF YOU FAIL TO COMPLETE ANY
REQUIRED EDUCATION IN A TIMELY MANNER.

State of Georgia
Real Estate Commission
Suite 1000 - International Tower
229 Peachtree Street, N.E.
Atlanta, GA 30303-1605



LYNN DEMPSEY
Real Estate Commissioner

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About IRR

Integra Realty Resources, Inc. (IRR) provides world-class commercial real estate valuation, counseling, and advisory services. Routinely ranked among leading property valuation and consulting firms, we are now the largest independent firm in our industry in the United States, with local offices coast to coast and in the Caribbean.

IRR offices are led by MAI-designated Senior Managing Directors, industry leaders who have over 25 years, on average, of commercial real estate experience in their local markets. This experience, coupled with our understanding of how national trends affect the local markets, empowers our clients with the unique knowledge, access, and historical perspective they need to make the most informed decisions.

Many of the nation's top financial institutions, developers, corporations, law firms, and government agencies rely on our professional real estate opinions to best understand the value, use, and feasibility of real estate in their market.

Local Expertise...Nationally!

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Addendum B
IRR Quality Assurance Survey

IRR Quality Assurance Survey

We welcome your feedback!

At IRR, providing a quality work product and delivering on time is what we strive to accomplish. Our local offices are determined to meet your expectations. Please reach out to your local office contact so they can resolve any issues.

Integra Quality Control Team

Integra does have a Quality Control Team that responds to escalated concerns related to a specific assignment as well as general concerns that are unrelated to any specific assignment. We also enjoy hearing from you when we exceed expectations! You can communicate with this team by clicking on the link below. If you would like a follow up call, please provide your contact information and a member of this Quality Control Team will call contact you.

Link to the IRR Quality Assurance Survey: quality.irr.com

Addendum C

Definitions

Definitions

The source of the following definitions is the Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022), unless otherwise noted.

Amenity

A tangible or intangible benefit of real estate that enhances its attractiveness or increases the satisfaction of the user. Natural amenities may include a pleasant location near water or a scenic view of the surrounding area; man-made amenities include swimming pools, tennis courts, community buildings, and other recreational facilities.

As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.

Business Enterprise Value (BEV)

The value contribution of the total intangible assets of continuing business enterprise such as marketing and management skill, an assembled workforce, working capital, trade names, franchises, patents, trademarks, contracts, leases, customer base, and operating agreements.

Deferred Maintenance

Items of wear and tear on a property that should be fixed now to protect the value or income-producing ability of the property, such as a broken window, a dead tree, a leak in the roof, or a faulty roof that must be completely replaced. These items are almost always curable.

Depreciation

A loss in the value of improvements from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the value of the improvement on the same date.

Discounted Cash Flow (DCF) Analysis

The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing, and duration of the income streams and the quantity and timing of the reversion, and discounts each to its present value at a specified yield rate.

Disposition Value

The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.

4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. An adequate marketing effort will be made during the exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. 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.

This definition can also be modified to provide for valuation with specified financing terms.

Effective Date

1. The date on which the appraisal opinion applies. (SVP)
2. The date to which an appraiser's analysis, opinions, and conclusions apply; also referred to as *date of value*. (USPAP, 2020-2021 ed.)
3. The date that a lease goes into effect.

Entrepreneurial Incentive

The amount an entrepreneur expects or wants to receive as compensation for providing coordination and expertise and assuming the risks associated with the development of a project. Entrepreneurial incentive is the expectation of future reward as opposed to the profit actually earned on the project.

Entrepreneurial Profit

1. A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a past project to compensate for his or her time, effort, knowledge, and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovation change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses.
2. In economics, the actual return on successful management practices, often identified with coordination, the fourth factor of production following land, labor, and capital; also called entrepreneurial return or entrepreneurial reward.

Excess Land; Surplus Land

Excess Land: Land that is not needed to serve or support the existing improvement. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately.

Surplus Land: Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel.

Exposure Time

1. The time a property remains on the market.
2. An opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.

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.

Floor Area Ratio (FAR)

The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.

Furniture, Fixtures and Equipment (FF&E)

Business trade fixtures and personal property, exclusive of inventory.

Going Concern

1. An established and operating business having an indefinite future life
2. An organization with an indefinite life that is sufficiently long that, over time, all currently incomplete transformation (transforming resources from one form to a different, more valuable form) will be completed.

Gross Building Area (GBA)

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved.

Highest and Best Use

1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.
2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (ISV)



3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions)

Investment Value

1. The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market.
2. The value of an asset to the owner or a prospective owner given individual investment or operational objectives (may also be known as worth). (IVS)

Lease

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

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 Estate

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

Licensed Beds

The number of beds a facility is licensed to operate by the appropriate state licensing agency.

Liquidation Value

The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.

9. 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.

This definition can also be modified to provide for valuation with specified financing terms.

Living Units

The number of living units, consisting of one or more rooms, designed to accommodate residents of the facility.

Marketing Time

An opinion of the amount of time to sell a property interest at the concluded market value or at a benchmark price during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which precedes the effective date of an appraisal.

Market Rent

The most probable rent that a property should bring in a competitive and open market under all conditions requisite to a fair lease transaction, the lessee and lessor each acting prudently and knowledgeably, and assuming the rent is not affected by undue stimulus. Implicit in this definition is the execution of a lease as of a specified date under conditions whereby:

- Lessee and lessor are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- Payment is made in terms of cash or in terms of financial arrangements comparable thereto; and
- The rent reflects specified terms and conditions typically found in that market, such as permitted uses, use restrictions, expense obligations, duration, concessions, rental adjustments and revaluations, renewal and purchase options, frequency of payments (annual, monthly, etc.), and tenant improvements (TIs).

Market Value

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

- buyer and seller are typically motivated;
- both parties are well informed or well advised, and acting in what they consider their own best interests;
- a reasonable time is allowed for exposure in the open market;
- payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and



- 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)

Medicaid

Provides health coverage for people of all ages whose incomes are low. To qualify for Medicaid, an individual, couple, or family must meet income and resource guidelines. Income includes money received each month from Social Security, employment, or other sources. Resources refer to the value of items owned such as cash and savings. Some resources, such as the family home and one car, are not counted in determining Medicaid eligibility. To qualify, individuals must be U.S. citizens, with some exceptions for certain categories of non-citizens. Medicaid pays for basic health services and for some services not covered by Medicare such as medicine, nursing facility care, eye exams, glasses, transportation for medical care, and other medical services. Medicaid is funded and regulated by both federal and state governments. As a result, Medicaid rules vary from state to state.

Medicaid Waiver

Under Section 1915(c) of the Social Security Act, Medicaid law authorizes the Secretary of the U.S. Department of Health and Human Services to waive certain Medicaid statutory requirements. These waivers enable states to cover a broad array of home and community-based services (HCBS) for targeted populations as an alternative to institutionalization. Waiver services may be optional state plan services which either are not covered by a particular state or which enhance the state's coverage. Waivers may also include services not covered through the state plan such as respite care, environmental modifications, or family training. Many states have waiver programs in place to provide for assisted living care.

Medicare

A federal health insurance program, passed in 1965 as Title XVIII of the Social Security Act, Medicare was intended to pay the cost of some health care services in order to ensure access to a basic level of health care for the aged and other eligible persons. Medicare will cover the first 20 days of nursing facility care, and will partially pay for the next 80 days, for a total benefit not to exceed 100 days. A three-day hospital stay is required to qualify for this benefit.

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

- Medicare Part B: Seniors are required to enroll in Medicare Part B. Medicare, which pays for doctors' services, outpatient hospital care, and some other medical services that Part A does not cover, such as the services of physical and occupational therapists, and some home health care. Part B helps pay for these covered services and supplies when they are medically necessary.
- Medicare Prospective Payment System (PPS): Section 4432(a) of the Balanced Budget Act (BBA) of 1997 modified how payment is made for Medicare skilled nursing facility (SNF) services. Effective with cost reporting periods beginning on or after July 1, 1998, SNFs were no longer paid on a reasonable cost basis or through low volume prospectively determined rates, but on the basis of the PPS. The PPS rates are adjusted for case mix and geographic variation in wages and covers all costs of covered SNF services, such as routine, ancillary, and capital-related costs. The amount of reimbursement for each resident is based upon the Resource Utilization Groups (RUG) IV case mix system.

Operating Beds

The number of beds a facility actually operates. This may be less than the number of licensed beds.

Private Bed

A bed situated in a room with no other beds/residents.

Private Pay

Refers to a resident whose charges are funded by personal funds, assistance from relatives or other private individuals or groups, or long-term care insurance.

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.

Rentable Floor Area (RFA)

Rentable area shall be computed by measuring inside finish of permanent outer building walls or from the glass line where at least 50% of the outer building wall is glass. Rentable area shall also include all area within outside walls less stairs, elevator shafts, flues, pipe shafts, vertical ducts, air conditioning rooms, fan rooms, janitor closets, electrical closets, balconies and such other rooms not actually available to the tenant for his furnishings and personnel and their enclosing walls. No deductions shall be made for columns and projections unnecessary to the building. *(Source: Income/Expense Analysis, 2016 Edition – Conventional Apartments, Institute of Real Estate Management, Chicago, Illinois)*

Replacement Cost

The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design and layout.

Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, a duplicate or replica of the building being appraised, using the same or similar materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building.

Resident Day

A day for which services are rendered and billable, or a day for which a bed or unit is held and billed. For example, if a resident rents and occupies a unit for a full calendar year, that resident would have occupied the bed or unit for 365 resident days.

Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term *retrospective* does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., “retrospective market value opinion.”

Room Count

A unit of comparison used primarily in residential appraisal. No national standard exists on what constitutes a room. The generally accepted method is to consider as separate rooms only those rooms that are effectively divided and to exclude bathrooms.

RUG-IV

RUG IV is a 66-group model for classifying nursing facility residents into homogenous groups according to common health characteristics and the amount and type of resources they use. Residents are classified based on residents’ clinical conditions, extent of services used, and functional status. The groups are in seven general categories (in general order of costs associated with caring for residents): rehabilitation plus extensive services, extensive services, clinically complex, special care high, special care low, behavioral symptoms, cognitive performance, and reduced physical function.

Semi-private Bed

A bed situated in a room with one other bed/resident.

Senior Housing Classifications

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

Active Adult Community. For-sale single-family homes, townhomes, cluster homes, and condominiums with no specialized services, restricted to adults at least 55 years of age or older. Rental housing is not included in this category. Residents generally lead an independent lifestyle; the facilities are not equipped to provide increased care as the individual ages. It may include amenities such as clubhouse, golf course and recreational spaces. Outdoor maintenance is normally included in the monthly homeowner’s association or condominium fee.

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

Independent Living Facility (ILF). Age-restricted multifamily rental properties with central dining facilities. ILFs provide residents, as part of their monthly fee, access to meals and other services such as housekeeping, linen service, transportation, and social and recreational activities. Such properties do not provide, in a majority of the units, assistance with activities of daily living (ADLs) such as supervision of medication, bathing, dressing, or toileting. There are no licensed skilled nursing beds in the facility.

Assisted Living Facility (ALF). State regulated rental properties that provide the same services as independent living communities listed above. ALFs also provide, in a majority of the units, supportive care from trained employees to residents who are unable to live independently and require assistance with ADLs, including management of medications, bathing, dressing, toileting, ambulating, and eating. These properties may have some skilled nursing beds, but the majority of units are licensed for assisted living. Many of these properties include wings or floors dedicated to residents in need of memory care. A property that specializes in the care of residents with memory care issues should be considered an assisted living facility.

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

Skilled Nursing Facility (SNF). Licensed daily rate, wherein the majority of individuals require 24-hour nursing and/or medical care. In most cases, these properties are licensed for Medicaid and/or Medicare reimbursement. These properties may include a minority of assisted living and/or memory care units.

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

Stabilized Income

1. An estimate of income, either current or forecasted, that presumes the property is at stabilized occupancy.
2. The forecast of the subject property's yearly average income (or average-equivalent income) expected for the economic life of the subject property.
3. Projected income that is subject to change but has been adjusted to reflect an equivalent, stable annual income.

Stabilized Occupancy

1. The occupancy of a property that would be expected at a particular point in time, considering its relative competitive strength and supply and demand conditions at the time, and

presuming it is priced at market rent and has had reasonable market exposure. A property is at stabilized occupancy when it is capturing its appropriate share of market demand.

2. An expression of the average or typical occupancy that would be expected for a property over a specified projection period or over its economic life.

Ward Bed

A bed situated in a room with two or more other nursing beds/residents.

Addendum D

Comparable Data

Improved Sales

Location & Property Identification

Property Name:	Clinton Creek Assisted Living & Memory Care
Sub-Property Type:	Assisted Living & Memory Care Facility
Address:	40500 Garfield Rd.
City/State/Zip:	Clinton Township, MI 48038
County:	Macomb
Market Orientation:	Suburban
Property Location:	E/S of Garfield Rd., S. of 18 Mile Rd.
IRR Event ID:	3377230



Sale Information

Sale Price:	\$13,550,000
Effective Sale Price:	\$13,550,000
Sale Date:	03/07/2025
Sale Status:	Closed
\$/SF GBA:	\$373.35
\$/Unit:	\$225,833 /Apt. Unit
Grantor/Seller:	Fopoco Real Estate II, LLC
Grantee/Buyer:	Clinton Creek Holdings, LLC
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Conditions of Sale:	Arm's-length
Subsidized/Restricted:	No
Verified By:	Donald L. Selvidge, MAI
Verification Date:	06/25/2025
Confirmation Source:	Jonathan Podolsky (Bleznak Real Estate Group) 248-722-4554
Verification Type:	Confirmed-Seller
Secondary Verific. Source:	CoStar, Municipal records

Operating Data and Key Indicators

Operating Data Type:	IRR Projection
Effective Gross Income:	\$3,950,000

Operating Expenses:	\$2,750,000
Net Operating Income:	\$ 1,200,000
Expense Ratio:	69.62%
Reserves Included:	Yes
Management Included:	Yes
Cap Rate - Derived:	8.86%
EGIM - Derived:	3.43

Sale Analysis

Sale Price Includes FF&E?	Yes
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Improvement and Site Data

MSA:	Detroit-Warren-Dearborn, MI
GBA-SF:	36,293
Acres(Usable/Gross):	2.18/2.18
Land-SF(Usable/Gross):	94,961/94,961
Usable/Gross Ratio:	1.00
Year Built:	2018
Effective Age (Yrs):	5
Improvements Cond.:	Good
Construction Desc.:	Wood frame with a brick veneer exterior
No. of Buildings/Stories:	1/1
No. of Units/Unit Type:	60/Apt. Units
Roof,Heating,AC Comm.:	Thru-wall package units

Improvement and Site Data (Cont'd)

Shape:	Rectangular
Topography:	Level
Density-Unit/Gross Acre:	27.52
Density-Unit/Usable Acre:	27.52
Bldg. to Land Ratio FAR:	0.38
Land to Building Ratio:	2.62
Utilities Desc.:	All available
Source of Land Info.:	Public Records

Comments

The property was reportedly stabilized at time of sale, however seller would not disclose occupancy at time of sale or financials. IRR surveyed the property in May of 2025 and occupancy was reported at 92%. The financials are based on an IRR proforma which includes rents offered at time of sale, a 10% vacancy, projected other income sources, and market expenses including a projected uncapping of the real estate taxes, 5% management fee, and \$400/unit in reserves.

Location & Property Identification

Property Name:	HarborChase of Wilmington
Sub-Property Type:	Assisted Living & Memory Care Facility
Address:	2004 Shipley Rd.
City/State/Zip:	Wilmington, DE 19803
County:	New Castle
Submarket:	Talleyville-Claymont
Market Orientation:	Suburban
IRR Event ID:	3349779



Sale Information

Sale Price:	\$46,000,000
Effective Sale Price:	\$46,000,000
Sale Date:	10/01/2024
Sale Status:	Closed
\$/SF GBA:	\$508.89
\$/SF NRA:	\$508.89
\$/Unit:	\$479,167 /Approved Unit
Grantor/Seller:	BFG Wilmington Propco III LLC
Grantee/Buyer:	VTR HC Wilmington LLC
Property Rights:	Fee Simple
Subsidized/Restricted:	No
Verified By:	Bradley J. Schopp, MAI
Verification Date:	04/14/2025
Confirmation Source:	Cushman & Wakefield Appraisal Comp Sale
Verification Type:	Confirmed-Other

Operating Data and Key Indicators

Net Operating Income:	\$ 3,910,000
Cap Rate - Derived:	8.50%

Occupancy

Occupancy at Time of Sale:	93.00%
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Improvement and Site Data

MSA:	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD
GBA-SF:	90,393
NRA-SF:	90,393
Acres(Gross):	8.42
Land-SF(Gross):	366,775
Year Built:	2018
Construction Quality:	Good
Improvements Cond.:	Good
No. of Units/Unit Type:	96/Approved Units
Density-Unit/Gross Acre:	11.40
Bldg. to Land Ratio FAR:	0.25
Land to Building Ratio:	4.06
Source of Land Info.:	Other

Comments

HarborChase of Wilmington is located in northeast Delaware, 30 miles southwest of Philadelphia. The neighborhood is residential. Surrounding uses include single-family housing and a church. The population of Wilmington is approximately 71,675. The population of New Castle County is approximately 578,592.

HarborChase of Wilmington is an assisted living and memory care community. It has 96 units/101 beds (64 AL units/32 MC units). The buyer, Ventas Inc., is a publicly-traded real estate investment trust. The seller,

Comments (Cont'd)

Bourne Financial Group, is a Florida-based private equity firm. Harbor Retirement Associates will continue to manage the community for the buyer. The financials used in this report reflect trailing performance, trended to Year 1 at 3.5%. They include 5.0% management fee and were also adjusted for \$500/unit in replacement reserves. The reported year 1 proforma capitalization rate for the buyer was 7.31 percent prior to replacement reserves. Many public publications show a sale of \$45,000,000, however, the total consideration was \$46,000,000 as the buyer worked with the seller to pay more-than-typical closing costs.

Location & Property Identification

Property Name:	Benton House of Narcoossee
Sub-Property Type:	Assisted Living & Memory Care Facility
Address:	2910 Narcoossee Rd.
City/State/Zip:	St. Cloud, FL 34771
County:	Osceola
Market Orientation:	Suburban
IRR Event ID:	3283166



Sale Information

Sale Price:	\$17,900,000
Effective Sale Price:	\$17,900,000
Sale Date:	09/30/2024
Contract Date:	08/12/2024
Sale Status:	Closed
\$/SF GBA:	\$358.00
\$/SF NRA:	\$358.00
\$/Unit:	\$245,205 /Unit
Grantor/Seller:	Narcoossee SLP LLC
Grantee/Buyer:	Sonida St. Cloud, LLC
Assemblage:	No
Portfolio Sale:	Yes
Assets Sold:	Going concern, total assets of the business
Property Rights:	Fee Simple Going Concern
Financing:	Cash to seller
Conditions of Sale:	Arm's-length
Subsidized/Restricted:	No
Verified By:	Claudia J. Ray
Verification Date:	09/01/2024
Confirmation Source:	Narcoossee SPL LLC
Verification Type:	Confirmed-Seller

Operating Data and Key Indicators

Effective Gross Income:	\$5,010,042
Operating Expenses:	\$3,555,508

Net Operating Income:	\$ 1,454,534
Expense Ratio:	70.97%
Cap Rate - Derived:	8.13%
EGIM - Derived:	3.57

Occupancy

Occupancy at Time of Sale:	94.40%
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Improvement and Site Data

GBA-SF:	50,000
NRA-SF:	50,000
Acres(Usable/Gross):	4.31/4.31
Land-SF(Usable/Gross):	187,744/187,744
Usable/Gross Ratio:	1.00
Year Built:	2021
Most Recent Renovation:	N/A
Density-Unit/Gross Acre:	16.94
Density-Unit/Usable Acre:	16.94
Bldg. to Land Ratio FAR:	0.27
Land to Building Ratio:	3.75
Source of Land Info.:	Other

Comments

The subject and seven sister facilities are selling as part of a portfolio sale. The overall portfolio sale price is \$102,900,000 or \$181,481 per revenue unit. The subject contains 73 revenue units and the purchase price is \$245,205 per revenue unit.

Location & Property Identification

Property Name:	Starling at Ponte Vedra
Sub-Property Type:	Assisted Living & Memory Care Facility
Address:	405 Solana Rd.
City/State/Zip:	Ponte Vedra Beach, FL 32082
County:	St. Johns
Market Orientation:	Suburban
Property Location:	NE side of Solana Rd
IRR Event ID:	3249408



Sale Information

Sale Price:	\$22,100,000
Effective Sale Price:	\$22,100,000
Sale Date:	02/29/2024
Sale Status:	Closed
\$/SF GBA:	\$290.25
\$/SF NRA:	\$290.25
\$/Unit:	\$256,977 /Approved Unit
Grantor/Seller:	Palms at Ponte Vedra, LLC
Grantee/Buyer:	SSL SPV LLC
Assets Sold:	Going concern, total assets of the business
Property Rights:	Fee Simple
Financing:	Cash to seller
Conditions of Sale:	Arm's-length
Subsidized/Restricted:	No
Verified By:	Hunter Creekmore
Verification Date:	04/04/2024
Confirmation Source:	Daniel Geraghty
Verification Type:	Confirmed-Seller Broker

Operating Data and Key Indicators

Effective Gross Income:	\$6,120,574
Operating Expenses:	\$4,395,761
Net Operating Income:	\$ 1,724,813
Expense Ratio:	71.82%
Cap Rate - Derived:	7.80%

EGIM - Derived: 3.61

Occupancy

Occupancy at Time of Sale: 92.80%

Improvement and Site Data

MSA:	Jacksonville, FL MSA
GBA-SF:	76,140
NRA-SF:	76,140
Acres(Gross):	14.45
Land-SF(Gross):	629,442
Year Built:	2015
Property Class:	A
M&S Class:	C
Construction Quality:	Average
Improvements Cond.:	Good
Exterior Walls:	Stucco
Construction Desc.:	Concrete Masonry
No. of Buildings/Stories:	1/2
No. of Units/Unit Type:	86/Approved Units
Elevators/Count:	Yes
Fire Sprinkler Type:	Wet
Air-Conditioning Type:	Central
Shape:	Irregular
Topography:	Level
Vegetation:	Minimal
Corner Lot:	No
Frontage Type:	2 way, 2 lanes each way

Improvement and Site Data (Cont'd)

Traffic Control at Entry:	None
Traffic Flow:	Moderate
AccessibilityRating:	Average
Visibility Rating:	Average
Density-Unit/Gross Acre:	5.95
Bldg. to Land Ratio FAR:	0.12
Land to Building Ratio:	8.27
Zoning Code:	PUD
Zoning Desc.:	Planned Unit Development
Utilities Desc.:	All assumed available
Bldg. Phy. Info. Source:	Public Records
Source of Land Info.:	Public Records

Comments

This property is located in the southeastern portion of the Jacksonville metropolitan area. The average household income in a 5-mile market radius from the subject property is approximately \$108,799, which is 150 percent of the metropolitan average. The forecasted population change through 2024 for the 75+ aged segment in the 5-mile market radius is 4.98 percent. The neighborhood location is very high end and is considered to have excellent appeal for senior housing.

The property has 86 total units (64 AL and 22 MC). In Assisted Living they offer studio, 1BR and 2BR units. The monthly rental rates are \$5,200 for a studio, \$5,850 for a 1BR, and \$6,850 for a 2BR. In Memory Care they have all private studios with a monthly rental rate of \$8,200.

Location & Property Identification

Property Name:	The Summit at Lakewood Ranch
Sub-Property Type:	Assisted Living & Memory Care Facility
Address:	11705 Evening Walk Dr.
City/State/Zip:	Lakewood Ranch, FL 34211
County:	Manatee
Market Orientation:	Suburban
Property Location:	N/S of Evening Walk Dr, east of Lakewood Ranch Blvd
IRR Event ID:	3209491



Sale Information

Sale Price:	\$27,500,000
Effective Sale Price:	\$27,500,000
Sale Date:	01/19/2024
Sale Status:	Closed
\$/SF GBA:	\$252.27
\$/SF NRA:	\$252.27
\$/Unit:	\$235,043 /Apt. Unit
Grantor/Seller:	SHI-II SLD Lakewood Ranch, LLC
Grantee/Buyer:	CPF Living Communities III - Lakewood Ranch, LLC
Assets Sold:	Going concern, total assets of the business
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Conditions of Sale:	Arm's-length
Terms of Sale Comments:	1st Mortgage ;Walker & Dunlop, LLC Bal/Pmt: \$16,500,000.00
Document Type:	Deed
Recording No.:	202441005762
Subsidized/Restricted:	No
Verified By:	Hunter Brzak

Verification Date:	03/07/2024
Confirmation Source:	CoStar, PR
Verification Type:	Confirmed-Other

Operating Data and Key Indicators

Net Operating Income:	\$ 2,200,000
Cap Rate - Derived:	8.00%
Cap Rate - Reported:	8.00%

Occupancy

Occupancy Type Before Sale:	Multi-Tenant
Occupancy Type After Sale:	Multi-Tenant
Occupancy at Time of Sale:	89.00%

Improvement and Site Data

MSA:	North Port-Bradenton-Sarasota, FL MSA
Legal/Tax/Parcel ID:	583206059
GBA-SF:	109,010
NRA-SF:	109,010
Acres(Usable/Gross):	6.99/6.99
Land-SF(Usable/Gross):	304,699/304,699
Usable/Gross Ratio:	1.00
Year Built:	2016
Most Recent Renovation:	Adequately Maintained

Improvement and Site Data (Cont'd)

Property Class:	A
Construction Quality:	Average
Improvements Cond.:	Excellent
Exterior Walls:	Block
Construction Desc.:	Masonry
No. of Buildings/Stories:	1/4
No. of Units/Unit Type:	117/Apt. Units
Multi-Tenant/Condo.:	Yes/No
Air-Conditioning Type:	Central
Shape:	Irregular
Topography:	Level
Vegetation:	Minimal
Frontage Desc.:	Evening Walk Dr
Frontage Type:	2 way, 2 lanes each way
Traffic Flow:	Moderate
AccessibilityRating:	Average
Visibility Rating:	Average
Density-Unit/Gross Acre:	16.73
Density-Unit/Usable Acre:	16.73
Bldg. to Land Ratio FAR:	0.36
Land to Building Ratio:	2.80
Utilities Desc.:	All assumed available
Bldg. Phy. Info. Source:	Public Records
Source of Land Info.:	Public Records

Comments

This 117-unit assisted living facility is located along the north side of Evening Walk Drive, east of Lakewood Ranch Boulevard in Bradenton, Manatee County, Florida. The masonry improvements were constructed in 2016, have been adequately maintained, and remain in average condition. The lot contains 6.70 acres or 304,699 square feet, all of which is usable. The property was 89% leased at the time of sale. The reported NOI for 2023 was \$2,200,000, equating to an 8% cap rate. The buyer financed the transaction with a seven year loan for 16,500,000 with Walker & Dunlop, LLC. The Summit of Lakewood Ranch last sold on January 19, 2024 for \$27,500,000 or \$235,043 per unit. The allocated real estate value was \$20,700,000 and the business value was \$6,800,000.

Location & Property Identification

Property Name: Arbor Terrace Fairfax
 Sub-Property Type: Memory Care Facility
 Address: 3925 Downs Dr.
 City/State/Zip: Chantilly, VA 20151
 County: Fairfax
 Submarket: Western Fairfax Co
 Market Orientation: Suburban

IRR Event ID: 3336393



Sale Information

Sale Price: \$15,000,000
 Effective Sale Price: \$15,000,000
 Sale Date: 03/22/2023
 Sale Status: Closed
 \$/SF GBA: \$447.09
 \$/SF NRA: \$447.09
 \$/Unit: \$312,500 /Approved Unit
 Grantor/Seller: CSH Fairfax LLC
 Grantee/Buyer: Chantilly Heights LLC
 Property Rights: Fee Simple
 Subsidized/Restricted: No
 Verified By: Paul Suess
 Verification Date: 03/10/2025
 Confirmation Source: Public Record and Blueprint
 Verification Type: Confirmed-Other

Operating Data and Key Indicators

Effective Gross Income: \$5,290,000
 Operating Expenses: \$3,990,000
 Net Operating Income: \$ 1,300,000
 Expense Ratio: 75.43%
 Reserves Included: Yes
 Management Included: Yes
 Cap Rate - Derived: 8.67%
 EGIM - Derived: 2.84

Occupancy

Occupancy at Time of Sale: 93.00%

Improvement and Site Data

MSA: Washington-Arlington-Reston, DE-VA-MD-WV
 GBA-SF: 33,550
 NRA-SF: 33,550
 Acres(Gross): 6.07
 Land-SF(Gross): 264,409
 Year Built: 2016
 Effective Age (Yrs): 30
 No. of Buildings/Stories: 1/1
 No. of Units/Unit Type: 48/Approved Units
 Density-Unit/Gross Acre: 7.91
 Bldg. to Land Ratio FAR: 0.13
 Land to Building Ratio: 7.88
 Zoning Code: R-1
 Zoning Desc.: Residential
 Source of Land Info.: Public Records

Comments

Arbor Terrace Fairfax is located in northeast Virginia, 7 miles northwest of Fairfax and 24 miles west of Washington D.C. The neighborhood is a mix of residential and commercial. Surrounding uses include single-family housing, a restaurant, a carwash, a gas station and a retail plaza. The population of Chantilly is approximately 23,744.

Comments (Cont'd)

The population of Fairfax County is approximately 1.142 million.

Arbor Terrace Fairfax is a 48-unit/54-bed memory care community. The community leased up in record time, reaching 93% occupancy within eight months of opening its doors. The facility remained full and stabilized for two consecutive years leading up to the pandemic. The community demonstrated resiliency throughout 2020 and 2021, never losing profitability, and quickly rebounded once the local lockdowns were lifted. Upon fully restabilizing in Q1 2022, the seller, Capital Seniors Housing, moved to sell at that time to collect on its successful development. The broker received several bids and ultimately selected the Hamister Group, a Buffalo, NY-based owner-operator, as the buyer. Hamister is an experienced investor in both Seniors and Hotel assets and has an existing presence in the region. The facility had an EBITDAR of \$1.3 million on \$5.29 million of revenue translating to an operating margin of 24.6%.

The facility is now known as Chantilly Heights Memory Care.

Location & Property Identification

Property Name:	Restoration Senior Living of Simpsonville AL/MC
Sub-Property Type:	Assisted Living & Memory Care Facility
Address:	125 Kufner Ct.
City/State/Zip:	Simpsonville, SC 29680
County:	Greenville
Submarket:	S Greenville Cnty
Market Orientation:	Suburban
IRR Event ID:	3259011



Sale Information

Sale Price:	\$23,425,268
Effective Sale Price:	\$23,425,268
Sale Date:	02/16/2023
Sale Status:	Closed
\$/SF GBA:	\$312.34
\$/SF NRA:	\$312.34
\$/Unit:	\$285,674 /Unit
Grantor/Seller:	SC Simpsonville W Georgia, LLC
Grantee/Buyer:	Restoration at Simpsonville, LLC
Assemblage:	No
Portfolio Sale:	No
Assets Sold:	Going concern, total assets of the business
Property Rights:	Fee Simple
Financing:	Cash to seller
Conditions of Sale:	Arm's-length
Document Type:	Deed
Recording No.:	2680/5881-5885
Subsidized/Restricted:	No
Verified By:	Claudia J. Ray
Verification Date:	07/26/2024
Verification Type:	Secondary Verification

Secondary Verific. Source: Assessor, CoStar, Deed, Loopnet, Property Management

Improvement and Site Data

MSA:	Greenville-Anderson-Mauldin, SC
Legal/Tax/Parcel ID:	0306000101506
GBA-SF:	75,000
NRA-SF:	75,000
Acres(Usable/Gross):	8.23/8.23
Land-SF(Usable/Gross):	358,499/358,499
Usable/Gross Ratio:	1.00
Year Built:	2022
Most Recent Renovation:	N/A
Construction Quality:	Average
Exterior Walls:	Wood siding
No. of Buildings/Stories:	1/1
Density-Unit/Gross Acre:	9.96
Density-Unit/Usable Acre:	9.96
Bldg. to Land Ratio FAR:	0.21
Land to Building Ratio:	4.78
Source of Land Info.:	Public Records

Comments

On February 16, 2023 a total of 75,000 square feet or 82 AL/MC units at 125 Kufner Court, Simpsonville, SC sold for

Comments (Cont'd)

\$23,425,268 or \$312.34/sf. Restoration Senior Living purchased the property from Realty Link. The tenant, Restoration Senior Living, exercised an option in their lease to purchase the property. The property was built in 2022 and opened in mid 2023.

The property is licensed for 92 units. There is currently 82 units. 66 assisted living units and 16 memory care units.

Rent Surveys

Location and Property Information

Property Name: Oaks at Habersham
 Facility Type: Assisted Living & Memory Care Facility
 Address: 5200 Habersham St.
 City/State/Zip: Savannah, Georgia 31405
 County: Chatham
 MSA: Savannah, GA Metropolitan Statistical Area
 IRR Event ID: 3436599



Property Data

Year Built/Renovated: 1997/

Survey Data

Date of Survey: 12/03/25
 Data Source: 912.493.7826

Care Types and Occupancy

Care Type	# Units	# Beds	Occ.
Assisted Living	71	N/A	N/A
Memory Care	N/A	18	90%
Total	71	18	N/A

Unit Mix / Rents

Unit Type	# Units	SF	Plan	Rent/Service Fee	Entry Fee	% RF
Memory Care						
Studio Priv.			Monthly	\$4,730		
Comments: Levels of care						

Services & Utilities Included in Rent

Care Type	Utilities	Housekeeping	Meals per Day	Care
Memory Care		Weekly	3	Base + levels

Concessions / Other Charges

Meals: 3 meals daily
 Care: MC: Levels of care

Location and Property Information

Property Name: The Social at Savannah
 Facility Type: Independent, Assisted and Memory Care Facility
 Address: 1 Peachtree Dr.
 City/State/Zip: Savannah, Georgia 31419
 County: Savannah
 MSA: Savannah, GA Metropolitan Statistical Area
 IRR Event ID: 3436606



Property Data

Year Built/Renovated: 1989/
 Property Condition: Average
 Construction Quality: Average
 No. of Buildings/Stories: 3/1

Care Types and Occupancy

Care Type	# Units	# Beds	Occ.
Independent Living	134	N/A	N/A
Assisted Living	78	N/A	N/A
Memory Care	N/A	35	97%
Total	212	35	N/A

Survey Data

Date of Survey: 12/03/25
 Data Source: 912.927.0500

Licensure and Effective Capacity

Care Type	Licensed Beds	Operating Beds
Assisted Living	73	38
Memory Care	N/A	35

Unit Mix / Rents

Unit Type	# Units	SF	Plan	Rent/Service Fee	Entry Fee	% RF
Memory Care						
Studio Priv.			Monthly	\$5,040		
1/1 Priv.			Monthly	\$6,000		
Comments:	All-inclusive care.					
Comments:	All-inclusive care.					

Services & Utilities Included in Rent

Care Type	Utilities	Housekeeping	Meals per Day	Care
Memory Care		Weekly	3	All-inclusive

Concessions / Other Charges

Meals:	3 meals daily
Care:	MC: All-inclusive

Comments

Contact - (912) 927-0500

Location and Property Information

Property Name: Sunabella at Savannah
 Facility Type: Memory Care Facility
 Address: 11310 White Bluff Rd.
 City/State/Zip: Savannah, Georgia 31419
 County: Chatham
 MSA: Savannah, GA
 IRR Event ID: 3436610



Property Data

Year Built/Renovated: 1998/
 Property Condition: Average
 Construction Quality: Average
 No. of Buildings/Stories: 1/1

Care Types and Occupancy

Care Type	# Units	# Beds	Occ.
Memory Care	36	36	N/A
Total	36	36	N/A

Survey Data

Date of Survey: 12/03/25
 Data Source: 912.925.3494

Licensure and Effective Capacity

Care Type	Licensed Beds	Operating Beds
Assisted Living	36	0
Memory Care	N/A	36

Unit Mix / Rents

Unit Type	# Units	SF	Plan	Rent/Service Fee	Entry Fee	% RF
Memory Care						
Studio Priv.			Monthly	\$4,395		
Comments: All-inclusive care.						

Services & Utilities Included in Rent

Care Type	Utilities	Housekeeping	Meals per Day	Care
Memory Care	All but cable/tel	Weekly	3	All-inclusive

Concessions / Other Charges

Meals: 3 meals daily.
Care: All-inclusive care.



Location and Property Information

Property Name: Oaks at Savannah
 Facility Type: Assisted Living & Memory Care Facility
 Address: 7410 E. Skidaway Rd.
 City/State/Zip: Savannah, Georgia 31406
 County: Chatham
 MSA: Savannah, GA Metropolitan Statistical Area
 IRR Event ID: 3436613



Property Data

Year Built/Renovated: 1997/

Survey Data

Date of Survey: 12/03/25
 Data Source: 912.214.3529

Care Types and Occupancy

Care Type	# Units	# Beds	Occ.
Memory Care	N/A	20	90%
Total	N/A	20	N/A

Unit Mix / Rents

Unit Type	# Units	SF	Plan	Rent/Service Fee	Entry Fee	% RF
Memory Care						
Studio Priv.			Monthly	\$2,700		
Comments: Levels of care.						

Services & Utilities Included in Rent

Care Type	Utilities	Housekeeping	Meals per Day	Care
Memory Care	All but cable/tel	Weekly	3	Base + levels

Concessions / Other Charges

Meals: 3 meals daily
 Care: MC: levels of care

Location and Property Information

Property Name: Harmony at Savannah
 Facility Type: Independent, Assisted and Memory Care Facility
 Address: 9136 Old Montgomery Rd.
 City/State/Zip: Savannah, Georgia 31406
 County: Chatham
 MSA: Savannah
 IRR Event ID: 3436617



Property Data

Year Built/Renovated: 2019/
 Property Condition: Average
 Construction Quality: Average
 No. of Buildings/Stories: 1/1

Care Types and Occupancy

Care Type	# Units	# Beds	Occ.
Memory Care	N/A	35	75%
Total	N/A	35	N/A

Survey Data

Date of Survey: 12/03/25
 Data Source: 912.376.9743

Licensure and Effective Capacity

Care Type	Licensed Beds	Operating Beds
Assisted Living	N/A	44
Memory Care	N/A	20

Unit Mix / Rents

Unit Type	# Units	SF	Plan	Rent/Service Fee	Entry Fee	% RF
Memory Care						
Studio Priv.			Monthly	\$6,200		
1/1 Priv.			Monthly	\$7,385		
Comments: All-inclusive care. This unit type is 100% occupied.						

Services & Utilities Included in Rent

Care Type	Utilities	Housekeeping	Meals per Day	Care
Memory Care	All but cable	Weekly	3	All-inclusive

Concessions / Other Charges

Meals: 3 meals daily.
Care: MC: All-inclusive.

Addendum E
Engagement Letter





LETTER OF ENGAGEMENT

Client hereby engages Appraiser to complete an appraisal assignment as follows:

DATE OF AGREEMENT: 11/14/2025

PARTIES TO AGREEMENT:

CLIENT

Client Name Rebecca Blake
Client Company Colony Bank
Relationship Manager
Address 115 South Grant Street
City Fitzgerald
State GA
Zip 31750

APPRAISER:

Appraiser Name Matthew Albigese
Appraiser Company Integra Realty Resources - Atlanta
Address 5085 Peachtree Road
City Atlanta
State GA
Zip 30341
Phone 404-418-4358
Email malbigese@irr.com

SUBJECT PROPERTY:

Borrower Name Spanish Oaks Properties LLC
Property Address 8510 Whitefield Ave
Property City Savannah
Property State GA
Property Zip Code 31406
Property Type Senior Housing
APN 10477 02009
Loan Type Renewal with no new money
Loan Number 114023459

ASSIGNMENT INFORMATION:

Delivery Date 12/05/2025
Delivery Method EDR's Collateral360 via www.parcelplatform.com
Payment to Appraiser 4,000 USD

SCOPE OF SERVICES:

Intended Use The intended use of this assessment is for loan underwriting and/or credit decisions by the Bank and/or participants
Intended Users The intended user of this report is the Bank.
Inspection Requirements An interior and exterior inspection of the subject property in sufficient detail to understand the physical features of the property.
Approaches to Value All approaches that are both applicable and necessary to produce a credible result.
Report Format Narrative
Report Type Appraisal Report
Comments As-is market value with sep FFE and going concern requested.
Property Interest
Appraised
Values Needed Market Value

CONTACT FOR PROPERTY ACCESS, IF APPLICABLE:



Name Keith F Munger
Phone 912-657-2711
Email

Valuation Scenario

Valuation Scenario		
Valuation premise	Valuation type	Valuation interest
As is	Market value	Fee simple
As is	Going concern	Fee simple

Hypothetical Conditions, Extraordinary Assumptions

No additional hypothetical conditions or extraordinary assumptions are required as part of this engagement.

Applicable Requirements Other than the Uniform Standards of Professional Appraisal Practice (USPAP)

No additional applicable requirements other than the Uniform Standards of Professional Appraisal Practice (USPAP) are required as part of this engagement.

Additional Terms and Conditions

PROPOSED IMPROVEMENTS

If the property appraised consists of proposed improvements, Client shall provide to Appraiser plans, specifications, or other documentation sufficient to identify the extent and character of the proposed improvements.

PROPERTIES UNDER CONTRACT FOR SALE

If the property appraised is currently under contract for sale, Client shall provide to Appraiser a copy of said contract including all addenda.

CONFIDENTIALITY

Appraiser shall not provide a copy of the written Appraisal Report to, or disclose the results of the appraisal prepared in accordance with this Agreement with, any party other than Client, unless Client authorizes in writing, except as stipulated in the Confidentiality Section of the ETHICS RULE of the Uniform Standards of Professional Appraisal Practice (USPAP).

CHANGES TO AGREEMENT

Any changes to the assignment as outlined in this Agreement shall necessitate a new Agreement. The identity of the client, intended users, or intended use; the date of value; type of value; or property appraised cannot be changed without a new Agreement.

CANCELLATION

Client may cancel this Agreement at any time prior to the Appraiser's delivery of the Appraisal Report upon written notification to the Appraiser. Client shall pay Appraiser for work completed on assignment prior to Appraiser's receipt of written cancellation notice, unless otherwise agreed upon by Appraiser and Client in writing.

NO THIRD PARTY BENEFICIARIES



Nothing in this Agreement shall create a contractual relationship between the Appraiser or the Client and any third party, or any cause of action in favor of any third party. This Agreement shall not be construed to render any person or entity a third party beneficiary of this Agreement, including, but not limited to, any third parties identified herein.

USE OF EMPLOYEES OR INDEPENDENT CONTRACTORS

Appraiser may use employees or independent contractors at Appraiser's discretion to complete the assignment, unless otherwise agreed by the parties. Notwithstanding, Appraiser shall sign the written Appraisal Report and take full responsibility for the services provided as a result of this Agreement.

TESTIMONY AT COURT OR OTHER PROCEEDINGS

Unless otherwise stated in this Agreement, Client agrees that Appraiser's assignment pursuant to this Agreement shall not include the Appraiser's participation in or preparation for, whether voluntarily or pursuant to subpoena, any oral or written discovery, sworn testimony in a judicial, arbitration or administrative proceeding, or attendance at any judicial, arbitration, or administrative proceeding relating to this assignment.

APPRAISER INDEPENDENCE

Appraiser cannot agree to provide a value opinion that is contingent on a predetermined amount. Appraiser cannot guarantee the outcome of the assignment in advance. Appraiser cannot insure that the opinion of value developed as a result of this Assignment will serve to facilitate any specific objective by Client or others or advance any particular cause. Appraiser's opinion of value will be developed competently and with independence, impartiality and objectivity.

EXPIRATION OF AGREEMENT

This Agreement is valid only if signed by both Appraiser and Client within X days of the Date of Agreement specified.

GOVERNING LAW & JURISDICTION

The interpretation and enforcement of this Agreement shall be governed by the laws of the state in which the Appraiser's principal place of business is located, exclusive of any choice of law rules.

Please review the included files and let us know if you will need more information to complete the assignment within 4 business days of receipt of this letter. All SBA participant requests require an insurable value.

By Client:

Handwritten signature of Rebecca Blake in blue ink.

Rebecca Blake

Rebecca Blake
AVP- Appraisal Specialist II

By Appraiser:

Handwritten signature of Matthew Albigese in blue ink.

Matthew Albigese