

Integra Realty Resources
Seniors Housing & Health Care Specialty Practice

Market Study Of:

Dalton Seniors Housing Market Study
NWC of Sawgrass Drive and North Dalton By-Pass
Dalton, Georgia 30721
Latitude: 34.801056, Longitude: -84.945358

Prepared For:

Mr. Thomas Chandler
Post Office Box 555
Fayetteville, Georgia 30214

Integra Realty Resources File Number:

File Number: 148-2016-0217





April 28, 2016

Mr. Thomas Chandler
Post Office Box 555
ClientAddress2
Fayetteville, Georgia 30214

Subject: Dalton Seniors Housing Market Study
NWC of Sawgrass Drive and North Dalton By-Pass
Dalton, Georgia 30721

Pursuant to your request, we have completed a market study of the above-referenced property. Accompanying this letter is a report that contains a narrative of the factual data and appropriate analyses.

This report has been prepared in conformance with the Code of Ethics and Standards of Professional Practice of the Appraisal Institute. Further, the report is intended to comply with the Uniform Standards of Professional Appraisal Practice.

The purpose of this market study is to determine market bed need and competition analysis for a proposed seniors housing property in Dalton, Georgia. The intended use is to assist the client with their due diligence in a potential acquisition of the subject property.

The scope of this assignment includes the following research and analysis.

- Description of Area and market area,
- Supply and demand analysis for the Independent living, assisted living, and memory care market segments in the PMA are performed,
- Identification and demographic description of the Primary Market Area,
- Develop a demand estimate for independent living, assisted living, and memory care in the PMA,
- List competitive supply of independent living, assisted living, and memory care living,
- Quantify unmet demand for these segments in the PMA,
- An occupancy survey was made,

- A pipeline survey was made, and
- Rental rate analysis.

We appreciate this opportunity to provide valuation services to our client.

Integra Realty Resources Seniors Housing & Health Care Specialty Practice



John F. Thigpen, MAI
Managing Director
Georgia Certified General Real Property Appraiser #287684
Telephone: 813-287-1000, ext. 123
Email: jthigpen@irr.com



Bradford L. Johnson, MAI, MRICS
Senior Managing Director
Georgia Certified General Real Property Appraiser #3936
Telephone: 813-287-1000, ext. 121
Email: bljohnson@irr.com

Table of Contents

	Page No..
Letter of Transmittal	1
Table of Contents	3
Summary of Salient Facts and Conclusions	4
Summary of Market Study	6
General Information.....	7
Economic Analysis.....	11
Market Area Description and Analysis.....	18
Site Description and Analysis.....	28
Improvement Description and Analysis	31
Seniors Housing Market Analysis.....	36
Supply and Demand Analysis.....	50
Rental Rate Analysis.....	66
Certification	83
Assumptions and Limiting Conditions.....	85

Addenda

Maps	Addendum A
Letter of Engagement	Addendum B
Analyst Qualifications	Addendum C

Summary of Salient Facts and Conclusions

Property Name: Dalton Seniors Housing Market Study

Property Identification -

Street Address: NWC of Sawgrass Drive and North Dalton By-Pass
Municipality: Dalton
County: Whitfield
State: Georgia
Zip: 30721

Census Tract -

State Code: 13
County Code: 313
Tract/BNA Code: 0004.00

Purpose of Market Study

To determine if there is sufficient market demand to support the proposed subject property.

Certification -

Certified Appraisers:	John F. Thigpen, MAI	Bradford L. Johnson, MAI, MRICS
Certification Numbers:	287684	3936
Certification Types:	Certified General Real Property Appraiser	Certified General Real Property Appraiser

Site Summary -

Site Size (Acres): 4.66
Shape: Irregular
Utilities: All standard municipal utilities available

Improvement Summary -

Property Type: Seniors housing
Care Provided: Assisted Living, Independent Living, Memory Care
Year of Construction: 2018
Construction Type: Class D
Gross Building Area (SF): 148,511
Number of Buildings: 2
Number of Stories: 3
Nursing Units: 0
Assisted Living Units: 53
Independent Living Units: 60
Total Units: 113
Number of Licensed Beds: 60
Number of Operating Beds: 120

The following table summarizes the concluded market rents for the subject property.

Estimated of Market Rents						
Unit/Bed Type	Care Type	Square Feet	Number of Units/Beds	Monthly Rent	Rent Per Square Foot	Monthly Gross Potential Income
Studio	Assisted Living	400	10	\$3,000	\$7.50	\$30,000
1 Bedroom	Assisted Living	600	16	\$3,600	\$6.00	\$57,600
2 Bedroom	Assisted Living	800	10	\$4,200	\$5.25	\$42,000
Studio, Private	Memory Care	340	10	\$4,000	\$11.76	\$40,000
Studio, Shared	Memory Care	440	14	\$3,100	\$7.05	\$43,400
Studio	Independent Living	450	10	\$1,700	\$3.78	\$17,000
1 Bedroom	Independent Living	650	45	\$2,500	\$3.85	\$112,500
2 Bedroom	Independent Living	1,000	5	\$3,150	\$3.15	\$15,750
Totals			120			\$358,250
Annual Gross Potential Unit Rental Income						\$4,299,000

Summary of Market Study

The following paragraphs summarize the planned subject property and the market.

- **Location:** The property is located on the north side of Dalton along the North Dalton Bypass, just off the Cleveland Highway. The subject is located in an area developed with mixed uses such as single family residential, light industrial, office, retail and multi-family. It is located adjacent to the Dalton Golf and Country Club.
- **Demographics:** The forecasted growth of the total population of the PMA is less than the nation. It is forecasted to grow an average annual rate of 0.61% compared to the nation's forecasted annual growth rate of 0.73%. The market can be characterized as an adult child type market as evident by the above average growth rate of the adult child age group (age 45-64 years). The market is also considered an aging in place type market. Population growth rates for seniors 65 and older is above the national average.
- **Income:** The median household income for the total population in the PMA is less than the national average. Median household income levels are also below the national averages.
- **Market Demand:** The assisted living market segment has a current unmet demand of 55 beds. Demand in the PMA is growing at a rate of 2.0% per year and unmet demand is forecasted at 70 beds in five years, not including the subject. The projected 2021 unmet demand including the subject is 10 beds. The memory care market segment has a current unmet demand of 38 beds and in five years, the unmet demand for memory care is forecasted at 20 beds, including the subject. The Independent Living market segment has a current unmet demand of 179 units and in five years, the unmet demand is forecasted at 141 units. .
- **Market Occupancy:** The average current occupancy rate for assisted living is 85%, which includes Tranquility of Dalton, a property that is in its initial lease up. The stabilized assisted living properties have an average occupancy rate of 92%. Demand in the PMA is growing at an annual rate of 2% and market conditions should continue to improve. Tranquility is the only assisted living property in the market that offers memory care and its current occupancy rate of 67%.
- **Competition.** The subject is located about 1.5 miles from its closest competitor. The other three competitors in Dalton are located 2.5 to 8.3 miles from the subject. There are presently no independent living facilities in Dalton.

General Information

Identification of the Subject

The subject is a proposed seniors housing facility located at NWC of Sawgrass Drive and North Dalton By-Pass, Dalton, Whitfield County, Georgia, and it is known as Dalton Seniors Housing Market Study.



The subject is a proposed independent living and assisted living facility with a memory care component. The assisted living component will have approximately 53 units and 60 operating beds with an approximate 24 bed memory care component. The independent living component will have 60 units. It will be developed on a 4.66 acre site.

Purpose of the Market Study

The purpose of this market study is to determine market bed need and competition analysis for the independent living, assisted living, and memory care market segments.

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

Mr. Thomas Chandler engaged IRR to prepare this appraisal and is also the intended user of this report. The intended use is to determine if there is sufficient unmet demand for the proposed subject property.

Pertinent Dates

Dates pertinent to this assignment are as follows:

Pertinent Dates	
Item	Date
Report Date	April 28, 2016
Effective Date of Report	April 25, 2016

Prior Services

USPAP 2016-17 requires the appraiser to disclose “any services regarding the subject property performed by the appraiser within the three year period immediately preceding acceptance of the assignment, as an appraiser or in any other capacity.” Pursuant to that requirement, to the best of our knowledge, we:

- Have provided consulting services in connection with this property within the past three years.

Scope of Work

USPAP 2016-2017 states:

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

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

Pursuant to that requirement, the steps in the appraisal process are as follows:

- Description of Area and market area,
- Supply and demand analysis for the Independent living, assisted living, and memory care market segments in the PMA are performed,
- Identification and demographic description of the Primary Market Area,
- Develop a demand estimate for independent living, assisted living, and memory care in the PMA,
- List competitive supply of independent living, assisted living, and memory care living,
- Quantify unmet demand for these segments in the PMA,
- An occupancy survey was made,
- A pipeline survey was made, and
- Rental rate analysis.

Inspection

John F. Thigpen, MAI has not conducted an inspection of the subject property. Phillip Thomas, MAI, MRICS has inspected the subject property. Bradford L. Johnson, MAI, MRICS has not conducted an inspection of the subject.

Data Collection

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

General Data

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

Specific Data

The data relating to the property being appraised and comparable properties is referred to as specific data. Documents we have relied upon for specific data pertaining to the subject are listed in the general assumptions section. Additional data pertaining to the subject has been gathered from zoning maps, tax records, and other resources maintained in our library, city halls, chambers of commerce, Whitfield County, and various state of Georgia offices.

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

Competitive Supply and Demand Data

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

Report Type

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

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

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

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

Compliance

We have developed this appraisal in compliance with:

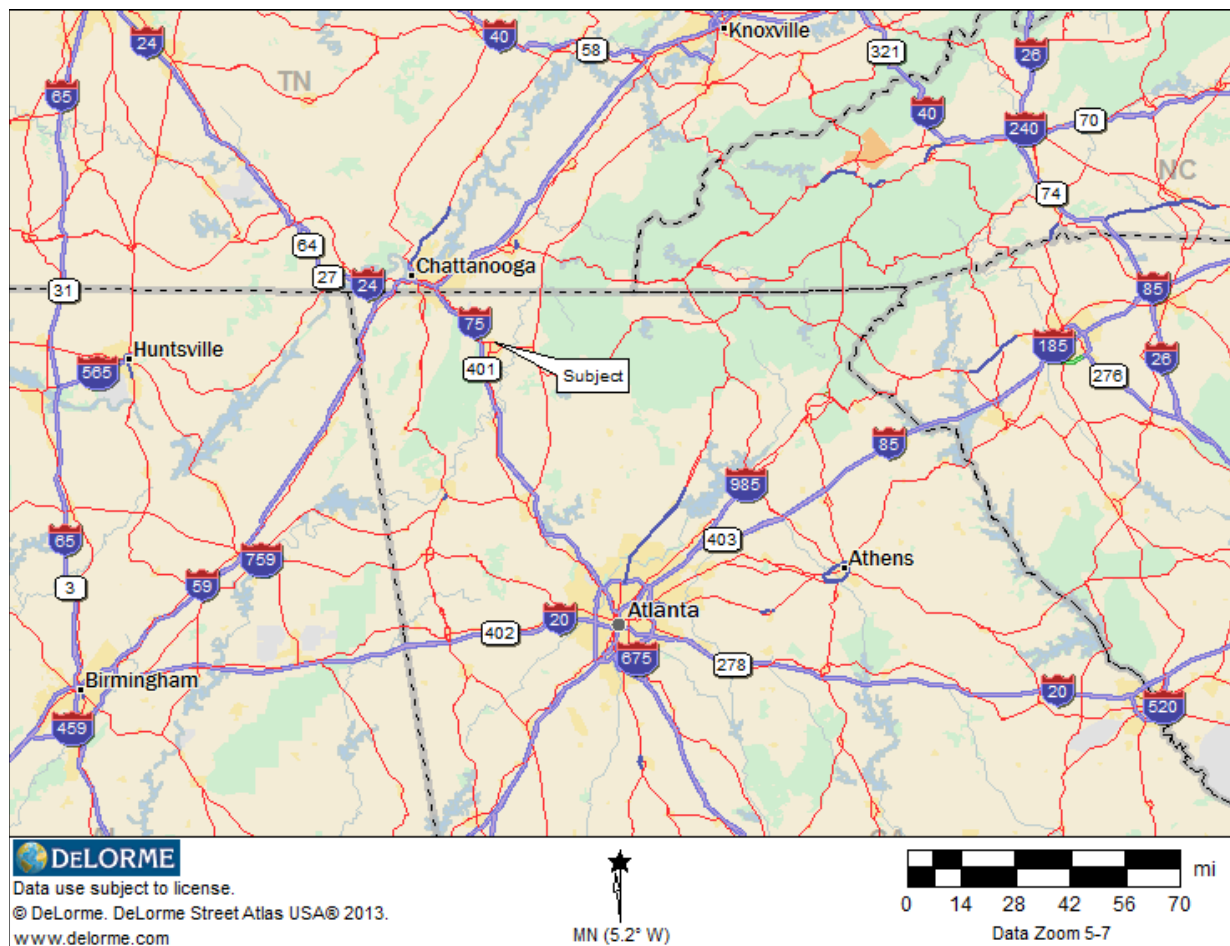
- The requirements of the Code of Ethics and the Standards of Professional Practice of the Appraisal Institute;
- The Uniform Standards of Professional Appraisal Practice promulgated by the Appraisal Foundation;

Competency

With 58 offices nationwide, Integra Realty Resources is America's largest commercial valuation and counseling firm. From 2002 through 2015, the practice completed in excess of 10,000 assignments related to seniors housing and health care properties. Assignments have been completed in all 50 states, the District of Columbia, and Canada. Most involved the valuation of going concerns. The firm maintains an extensive library of seniors housing and health care industry publications, and the firm and its staff have the knowledge, experience, and resources necessary to evaluate seniors housing and health care properties of all types.

Economic Analysis

Whitfield County is located in northwest Georgia approximately 32 miles southeast of Chattanooga, Tennessee. It is 290 square miles in size and has a population density of 358 persons per square mile. Whitfield County is part of the Dalton, GA Metropolitan Statistical Area, hereinafter called the Dalton MSA, as defined by the U.S. Office of Management and Budget.



Population

Whitfield County has an estimated 2016 population of 103,927, which represents an average annual 0.2% increase over the 2010 census of 102,599. Whitfield County added an average of 221 residents per year over the 2010-2016 period, but its annual growth rate lagged the United States rate of 0.7%.

Looking forward, Whitfield County's population is projected to increase at a 0.5% annual rate from 2016-2021, equivalent to the addition of an average of 524 residents per year. Whitfield County's growth rate is expected to lag that of the United States, which is projected to be 0.7%.

Population Trends					
	Population			Compound Ann. % Chng	
	2010 Census	2016 Est.	2021 Est.	2010 - 2016	2016 - 2021
Dalton City	82,185	83,670	86,082	0.3%	0.6%
Whitfield County	102,599	103,927	106,545	0.2%	0.5%
Georgia	9,687,653	10,241,260	10,736,776	0.9%	0.9%
United States	308,745,538	322,431,073	334,341,965	0.7%	0.7%

Source: The Nielsen Company

Employment

Total employment in Whitfield County is currently estimated at 55,009 jobs. Between year-end 2004 and the present, employment declined by 7,761 jobs, equivalent to a 12.4% loss over the entire period. There were declines in employment in five out of the past ten years, influenced in part by the national economic downturn and slow recovery. Although many areas suffered declines in employment over the last decade, Whitfield County underperformed the United States, which experienced an increase in employment of 5.9% or 7,707,305 jobs over this period.

A comparison of unemployment rates is another way of gauging an area's economic health. Over the past decade, the Whitfield County unemployment rate has been generally higher than that of the United States, with an average unemployment rate of 8.2% in comparison to a 6.8% rate for the United States. A higher unemployment rate is a negative indicator.

Recent data shows that the Whitfield County unemployment rate is 6.1% in comparison to a 5.2% rate for the United States, a negative sign for Whitfield County economy but one that must be tempered by the fact that Whitfield County has outperformed the United States in the rate of job growth over the past two years.

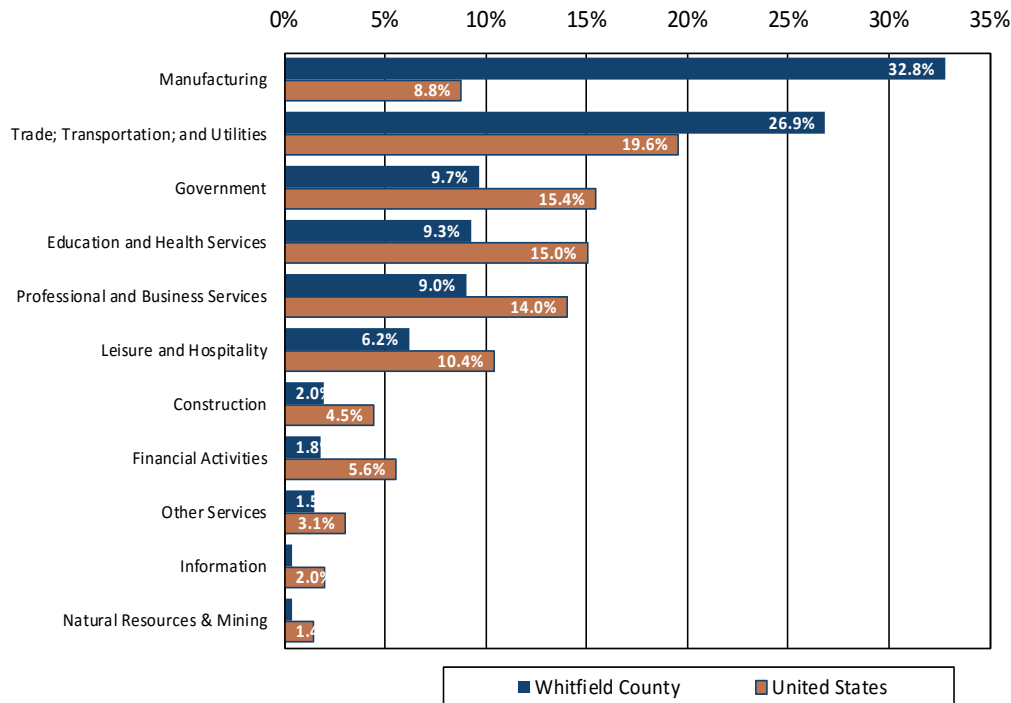
Employment Trends						
Year	Total Employment (Year End)				Unemployment Rate (Ann. Avg.)	
	Whitfield County	% Change	United States	% Change	Whitfield County	United States
2004	62,770		131,559,169		4.2%	5.5%
2005	63,145	0.6%	133,822,608	1.7%	4.8%	5.1%
2006	63,940	1.3%	135,938,194	1.6%	4.4%	4.6%
2007	62,156	-2.8%	137,040,511	0.8%	4.6%	4.6%
2008	55,767	-10.3%	133,856,429	-2.3%	7.6%	5.8%
2009	52,448	-6.0%	128,312,441	-4.1%	12.8%	9.3%
2010	52,641	0.4%	129,471,802	0.9%	11.9%	9.6%
2011	52,546	-0.2%	131,286,178	1.4%	11.9%	9.0%
2012	51,935	-1.2%	133,785,010	1.9%	10.7%	8.1%
2013	53,138	2.3%	136,171,103	1.8%	9.6%	7.4%
2014	55,009	3.5%	139,266,474	2.3%	7.9%	6.2%
Overall Change 2004-2014	-7,761	-12.4%	7,707,305	5.9%		
Avg Unemp. Rate 2004-2014					8.2%	6.8%
Unemployment Rate - February 2016					6.1%	5.2%

Source: Bureau of Labor Statistics and Economy.com. Employment figures are from the Quarterly Census of Employment and Wages (QCEW). Unemployment rates are from the Current Population Survey (CPS). The figures are not seasonally adjusted.

Employment Sectors

The composition of the Whitfield County job market is depicted in the following chart, along with that of the United States. 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 Whitfield County jobs in each category.

Employment Sectors - 2014



Source: Bureau of Labor Statistics and Economy.com

Whitfield County has greater concentrations than the United States in the following employment sectors:

1. Manufacturing, representing 32.8% of Whitfield County payroll employment compared to 8.8% for the United States as a whole. This sector includes all establishments engaged in the manufacturing of durable and nondurable goods.
2. Trade; Transportation; and Utilities, representing 26.9% of Whitfield County payroll employment compared to 19.6% for the United States as a whole. This sector includes jobs in retail trade, wholesale trade, trucking, warehousing, and electric, gas, and water utilities.

Whitfield County is underrepresented in the following sectors:

1. Government, representing 9.7% of Whitfield County payroll employment compared to 15.4% for the United States as a whole. This sector includes employment in local, state, and federal government agencies.
2. Education and Health Services, representing 9.3% of Whitfield County payroll employment compared to 15.0% for the United States as a whole. This sector includes employment in public and private schools, colleges, hospitals, and social service agencies.
3. Professional and Business Services, representing 9.0% of Whitfield County payroll employment compared to 14.0% for the United States as a whole. This sector includes legal, accounting, and engineering firms, as well as management of holding companies.
4. Leisure and Hospitality, representing 6.2% of Whitfield County payroll employment compared to 10.4% for the United States as a whole. This sector includes employment in hotels, restaurants, recreation facilities, and arts and cultural institutions.

Major Employers

Major employers in Whitfield County are shown in the following table.

Major Employers - Whitfield County	
	Name
1	Shaw Industries Group Inc.
2	Aladdin Mills
3	Collins Group
4	Fieldturf USA Inc.
5	Whitfield Education Foundation Inc.
6	Five Star Holding Company Inc.
7	J&J Industries
8	Textile Rubber and Chemical Company Inc.
9	Dalton Public Schools
10	Calfee Company of Dalton Inc.

Source: <http://www.citytowninfo.com/places/georgia/dalton/work>

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. Although GDP figures are not available at the county level, data reported for the Dalton MSA is considered meaningful when compared to the nation overall, as Whitfield County is part of the MSA and subject to its influence.

Economic growth, as measured by annual changes in GDP, has been considerably lower in the Dalton MSA than the United States overall during the past eight years. The Dalton MSA has declined at a 2.5% average annual rate while the United States has grown at a 0.8% rate. As the national economy improves, the Dalton MSA has recently performed better than the United States. GDP for the Dalton MSA rose by 2.9% in 2014 while the United States GDP rose by 2.2%.

The Dalton MSA has a per capita GDP of \$37,109, which is 24% less than the United States GDP of \$49,110. This means that Dalton MSA industries and employers are adding relatively less value to the economy than their counterparts in the United States overall.

Gross Domestic Product				
Year	(\$ Mil) Dalton MSA	% Change	(\$ Mil) United States	% Change
2007	6,331		14,798,367	
2008	5,780	-8.7%	14,718,304	-0.5%
2009	5,335	-7.7%	14,320,114	-2.7%
2010	4,917	-7.8%	14,628,169	2.2%
2011	5,015	2.0%	14,833,680	1.4%
2012	5,070	1.1%	15,127,489	2.0%
2013	5,157	1.7%	15,317,517	1.3%
2014	5,305	2.9%	15,659,221	2.2%
Compound % Chg (2007-2014)		-2.5%		0.8%
GDP Per Capita 2014	\$37,109		\$49,110	

Source: Bureau of Economic Analysis and Economy.com; data released September 2015. 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 2009 dollars.

Household Income

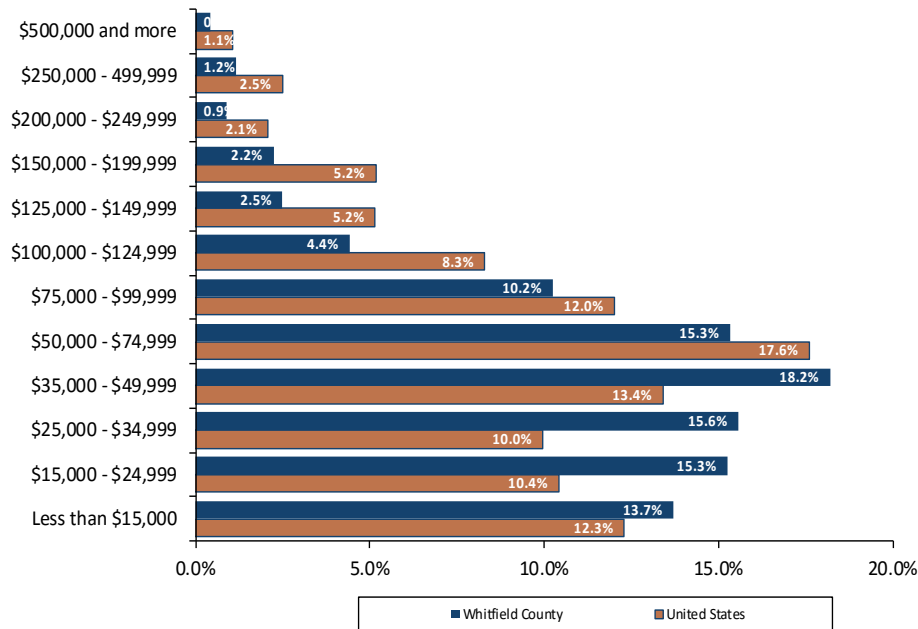
Whitfield County has a considerably lower level of household income than the United States. Median household income for Whitfield County is \$39,499, which is 28.9% less than the corresponding figure for the United States.

Median Household Income - 2016	
	Median
Whitfield County	\$39,499
United States	\$55,551
Comparison of Whitfield County to United States	- 28.9%

Source: The Nielsen Company

The following chart shows the distribution of households across twelve income levels. Whitfield County has a greater concentration of households in the lower income levels than the United States. Specifically, 45% of Whitfield County households are below the \$35,000 level in household income as compared to 33% of United States households. A lesser concentration of households is apparent in the higher income levels, as 22% of Whitfield County households are at the \$75,000 or greater levels in household income versus 36% of United States households.

Household Income Distribution - 2016

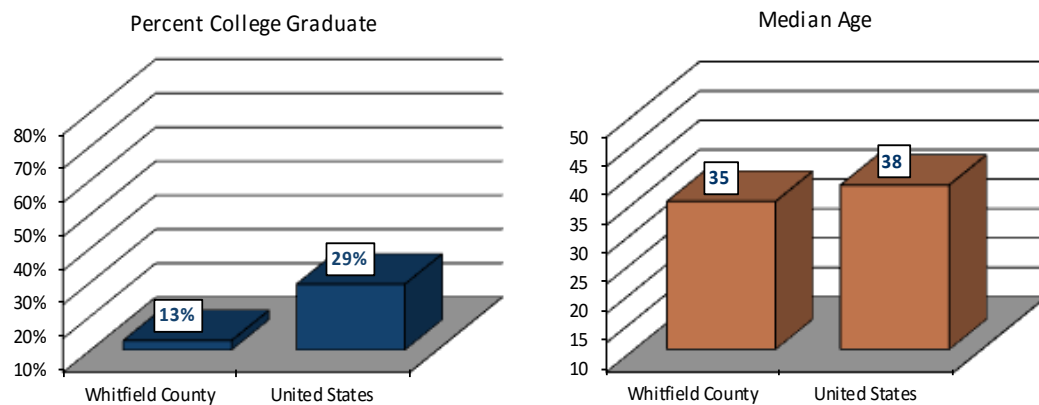


Source: The Nielsen Company

Education and Age

Residents of Whitfield County have a lower level of educational attainment than those of the United States. An estimated 13% of Whitfield County residents are college graduates with four-year degrees, versus 29% of United States residents. People in Whitfield County are younger than their United States counterparts. The median age for Whitfield County is 35 years, while the median age for the United States is 38 years.

Education & Age - 2016



Source: The Nielsen Company

Conclusion

Over the long term, the subject's region is forecast to experience population growth below that of the national average. The region is expected to experience employment growth at a rate below that of the nation as a whole. Area income levels are below average. We anticipate the area's economy will keep pace with the national economy over the foreseeable future.

Market Area Description and Analysis

Delineation of Primary Market Area

The Primary Market Area (PMA) for any form of rental real estate property is defined as the area from which a majority of the project's tenants will be drawn. According to various industry sources, the PMA of a seniors housing care facility is determined by the density of the population, the proximity of competing properties, and the ease of transit in the surrounding area. The PMA for urban facilities is generally from 5 to 10 miles, for suburban facilities 5 to 20 miles, and for small town and rural facilities 20 to 30 miles¹ as indicated in the following data.

Distances that Residents Relocated From			
Distance g	Assisted Living	Assisted & Independent Living	CCRC
Less than 5 miles	40.00%	43.50%	52.20%
5 to 10 miles	20.40%	20.00%	16.40%
11 to 25 miles	20.00%	15.30%	13.40%
25 to 50 miles	7.30%	5.90%	6.00%
More than 50 miles	12.40%	15.30%	11.90%

A number of factors tend to define a market area. One important factor is density. In rural areas, it may be many miles between towns large enough to sustain services, and residents are accustomed to driving significant distances to access services. Conversely, in urban or suburban areas, a resident may have a choice of competing services within a short drive of his or her home and will normally select the more proximal service provider or the service provider more convenient to access. Physical barriers can also shape market areas. Rivers, lakes, streams, military bases, and major highways are all examples of barriers that can constrain market areas. Barriers can also be psychological. For example, it is common for persons who live on one side of a highway to seldom access services in a similar area on the opposite side of the same freeway, even though access is not constrained. Likewise, persons living in a given town or county are often reluctant to access services in an adjacent town or county. The location of competing facilities is also a factor to consider. In market areas served by a greater number of competing facilities, the primary drawing area for each facility tends to be smaller since residents of the market area tend to access the service provider nearest their location. Each of these factors is considered in the delineation of the subject's PMA.

1. *Assisted Living Manual* (Published by Assisted Living Federation of America) and *Integrated Senior Care: Assisted Living and Long Term Care Manual* (Published by Thompson Publishing Group). These radii are also supported by the criteria used by many national developers of seniors housing.

Physical Barriers

There are no significant physical barriers in the immediate proximity of the subject that are believed to limit the subject's market area.

Psychological Barriers

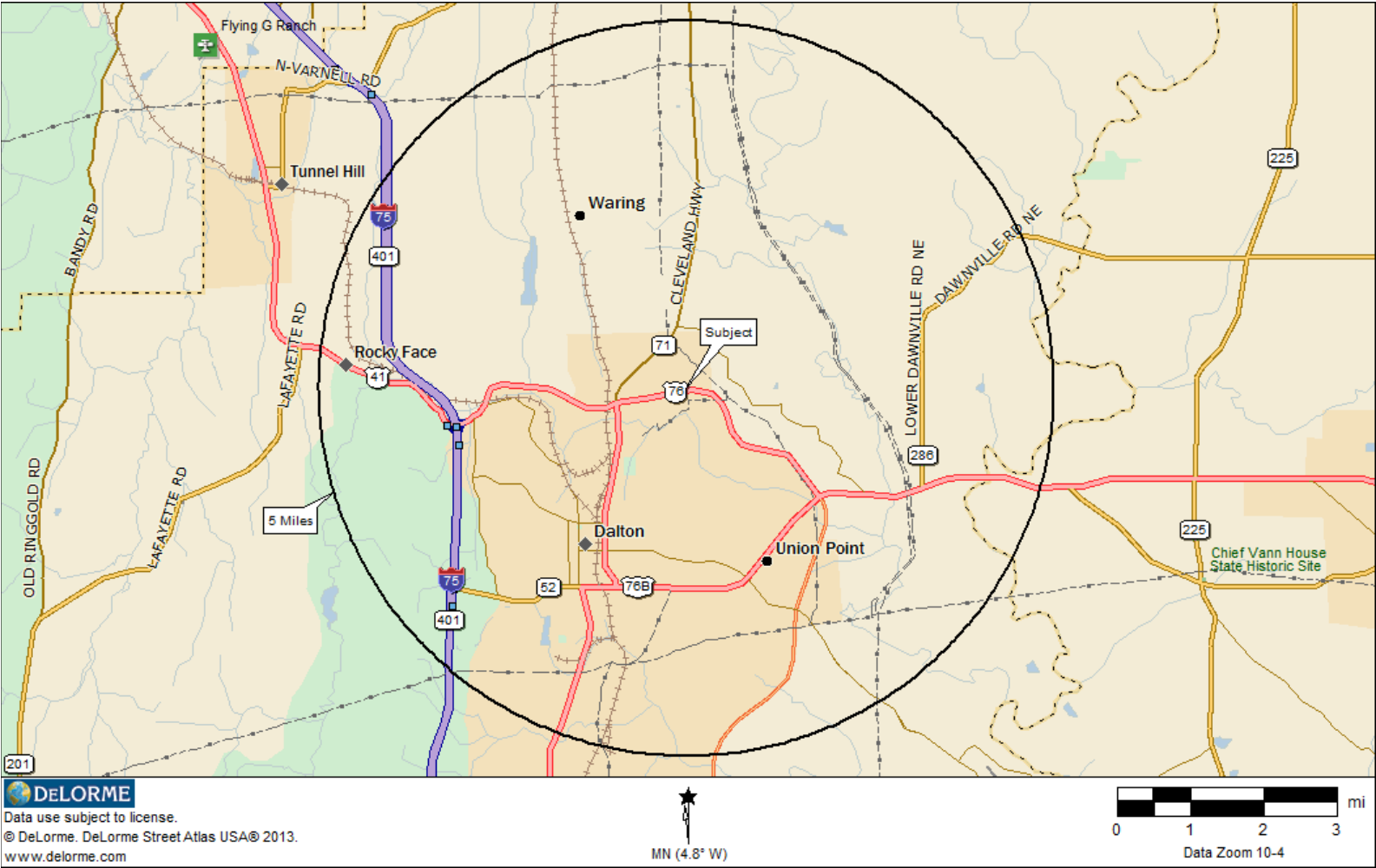
The subject's market area is not constrained by any known psychological barriers.

Location of Competing Facilities

Dalton provides goods and services to the surrounding area. The next nearest population center is Ringgold located 12 miles to the northwest. Therefore, the subject is expected to draw residents from a relatively broad area.

Market Area Delineation Conclusion

Considering the physical and psychological barriers, population density, and the competing facilities' concentration, we have concluded that an appropriate PMA for the subject is the area within a 5 mile radius of the site. In this market, we believe that the majority of demand will come from the PMA. No measurable draw from a secondary market area is forecast.



Primary Market Area Map

Composition

The predominant land use in the market area is single-family residential. The estimated land use composition is shown in the following table.

Estimated Land Use Composition	
Property Type	% Used For Type
Single-Family Residential	35%
Multi-Family	5%
Schools, Churches, Public Buildings, Rec. Areas	10%
Retail & Personal Service	5%
Office	5%
Industrial	10%
Vacant Land	30%
Total	100%

Social Forces

An analysis of the PMA demographics relative to the U.S. will yield insight into the nature of the PMA. All of the data in this section is obtained from The Nielsen Company.

Population Growth

Population growth figures are shown below.

Population Growth							
Area	2000	2010	Annual % Change 2000-2010	2016	Annual % Change 2010-2016	2021	Annual % Change 2016-2021
PMA	49,554	61,502	2.18%	62,850	0.36%	64,805	0.61%
United States	281,421,942	308,745,538	0.93%	322,431,073	0.73%	334,341,965	0.73%

Source: The Nielsen Company

Between 2010 and 2016, PMA population growth was less than the national average. The forecasted growth for the PMA is at a rate less than the nation as a whole.

Household Growth

Household growth figures are shown below.

Household Growth							
Area	2000	2010	Annual % Change 2000-2010	2016	Annual % Change 2010-2016	2021	Annual % Change 2016-2021
PMA	17,360	20,725	1.79%	21,053	0.26%	21,684	0.59%
United States	105,480,131	116,716,292	1.02%	122,265,437	0.78%	127,049,130	0.77%
Source: The Nielsen Company							

Between 2010 and 2016, PMA household growth was less than the national average. The forecasted growth for the PMA is at a rate less than the nation as a whole.

Income Levels

Pertinent income data are shown below.

Income Levels		
Area	2016 Average HH Income	2016 Median Household Income
PMA	\$52,963	\$37,347
United States	\$77,135	\$55,551
Source: The Nielsen Company		

Current PMA income levels are lower than the national average.

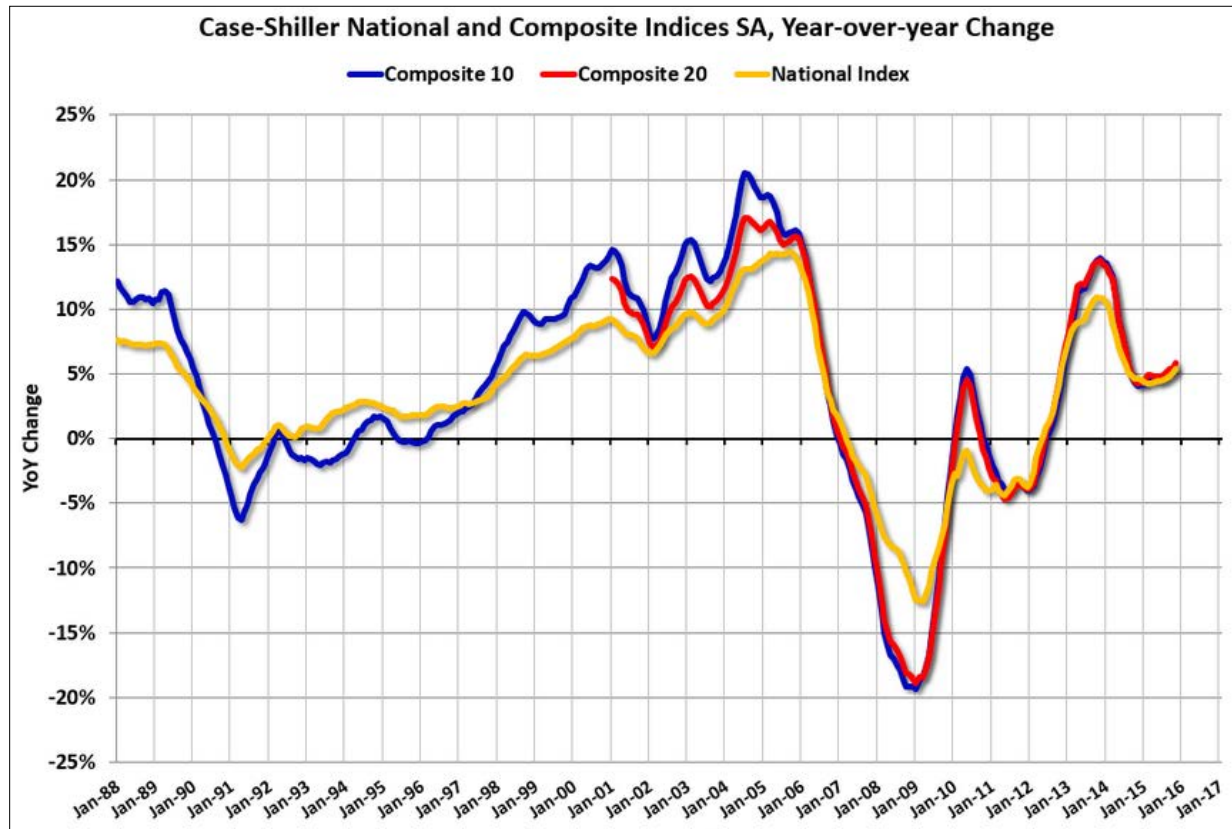
Housing Market

The Nielsen Company reports the housing market statistics shown below.

Housing Market Statistics		
Area	2016 Owner Occupied Housing Percent	2016 Median Housing Value
PMA	58.8%	\$129,665
United States	65.0%	\$192,432
Source: The Nielsen Company		

The U.S. housing market continues to improve from the financial crisis in 2008. The next chart indicates the annual returns of the National, the 10-City Composite and the 20-City Composite home price indices updated to December 2015. As of December 2015, the S&P/Case-Shiller U.S. National Home Price Index, covering all nine U.S. census divisions, recorded a slightly higher year-over-year gain with a 5.4% annual increase in December 2015 versus a 5.2% increase in November 2015. The 10-City Composite increased 5.1% in the year to December compared to 5.2% previously. The 20-City Composite's year-over-year gain was 5.7%, the same as November. The National Index is up 30.1% from the post- bubble low in December 2011.

The following chart shows the Composite 10 and Composite 20 are up by 5.1% and 5.7% from December 2014.²



According to the Zillow's Home Price Expectations Survey conducted in August 2015, U.S. home values are expected to end 2015 up an average of 4.1%. Over a longer term, the 100-expert panel predicted a cumulative increase in home values of 18.1% through the end of 2019, on average. However, the pace of annual home value appreciation is expected to slow over the next five years, to a 3.1 percent annual growth rate through 2019.³

The PMA encompasses Dalton, in northern Georgia. In April 2016 the median home value in Dalton is \$99,200. Dalton home values have gone up 1.3% over the past year and Zillow predicts they will rise 2.6% within the next year.

The housing market in the PMA is considered to be similar to average. During 2016, it is anticipated that the housing market will continue its recovery.

2. Press Release, Calculated Risk Finance & Economics, March 18, 2016.

3. Home Value Appreciation Expected to Moderate Over Next Five Years, Cory Hopkins, August 13, 2015.

Environmental Forces

The area has a rolling topography. Vegetation is moderate and includes native trees, shrubs and grasses. A variety of soil types are present in the area, and most are conducive to development with proper engineering.

Public Services

Street Improvements

The market area benefits from the following road infrastructure:

Interstate Highways

North-South:	Interstate 75
East-West:	None

Other Highways

North-South:	U.S. Highway 41
East-West:	U.S. Highway 76

Major City Streets

North-South:	Dalton Boulevard, Chattanooga Road, and Cleveland Highway
East-West:	Murray Avenue and Waugh Street

Overall, accessibility is rated good.

Police/Fire Protection

Police and fire protection is provided by Dalton and Whitfield County.

Schools

The area is within the Whitfield County School District.

Shopping

The area is adequately served by a number of shopping centers.

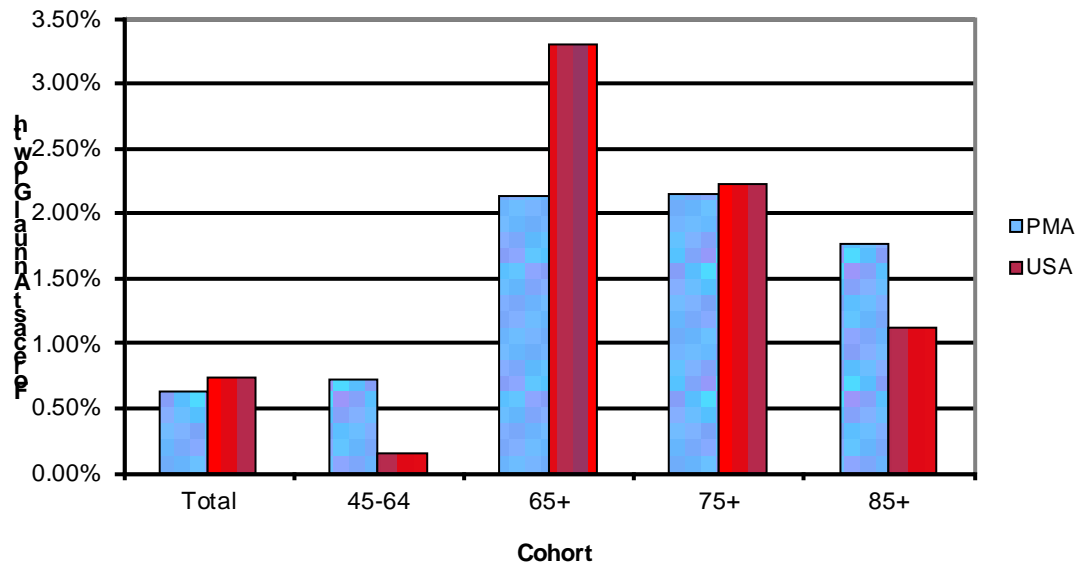
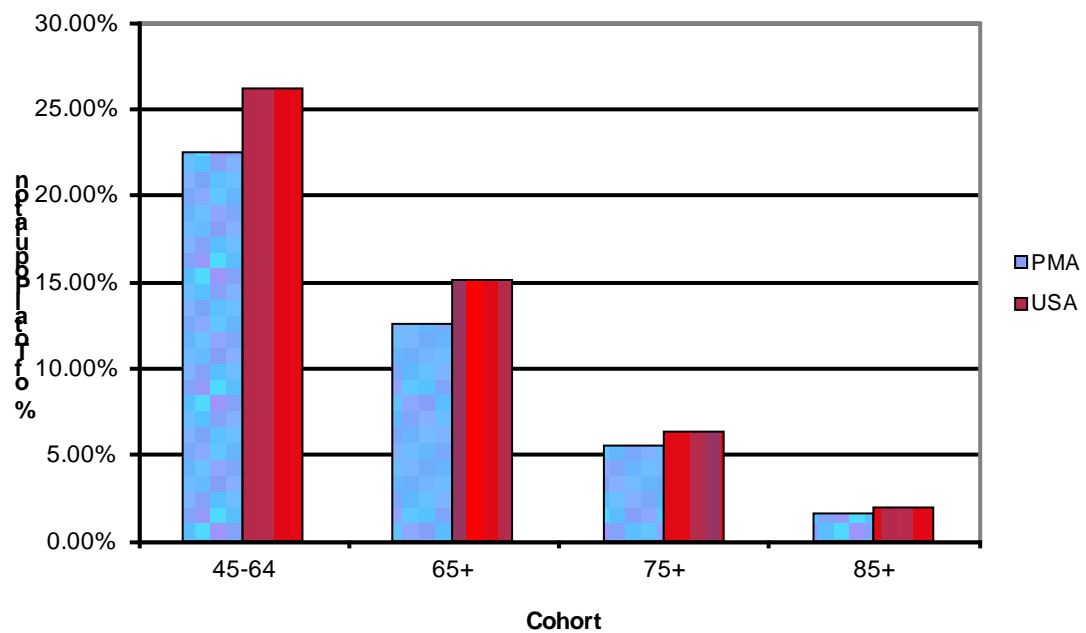
Medical

The full service hospital nearest the subject is Hamilton Medical Center. This facility is located two miles southwest of the subject. Services provided at the hospital include emergency services, heart care, cancer care, diagnostics/imaging and women's care.

Seniors Housing Market Demographics

Demographics relevant to the seniors housing market are as follows:

Market Area Characteristics		
Item	PMA	USA
Total Population		
2016 Population	62,850	322,431,073
Forecasted 2021 Population	64,805	334,341,965
Forecasted Annual Growth, 2016-2021	0.61%	0.73%
Adult Child (45-64) Population		
2016 Population 45-64	14,086	84,259,046
Forecasted 2021 Population 45-64	14,602	84,895,737
Forecasted Annual Growth, 2016-2021	0.72%	0.15%
2016 Age 45-64 Pop. as % of Total Pop.	22.41%	26.13%
65 Plus Population		
2016 Population 65+	7,847	48,622,044
Forecasted 2021 Population 65+	8,716	57,178,608
Forecasted Annual Growth, 2016-2021	2.12%	3.30%
2016 Age 65+ Pop. as % of Total Pop.	12.49%	15.08%
75 Plus Population		
2016 Population 75+	3,453	20,367,433
Forecasted 2021 Population 75+	3,839	22,728,032
Forecasted Annual Growth, 2016-2021	2.14%	2.22%
2016 Age 75+ Pop. as % of Total Pop.	5.49%	6.32%
85 Plus Population		
2016 Population 85+	965	6,232,138
Forecasted 2021 Population 85+	1,053	6,584,425
Forecasted Annual Growth, 2016-2021	1.76%	1.11%
2016 Age 85+ Pop. as % of Total Pop.	1.53%	1.93%
Income Levels		
Median Household Income, All Ages	\$37,347	\$55,551
Median Income Level Age 65 to 74	\$36,116	\$49,166
Median Income Level Age 75 to 84	\$24,226	\$32,660
Median Income Level Age 85+	\$21,228	\$25,043
Source: The Nielsen Company		

Comparison of Growth Rate Forecasts**Comparison of Population Composition**

Overall population growth is forecast to be less than average in the PMA. Growth of persons in the “adult child” age bracket (45 to 64) is forecast to be greater than average, while the percent of total population that is within the 45 to 64 age group is less than average. The percent of total population that is 65+ is less than average. Forecasted growth for the 65+ cohort is less than average. The percent of total population that is 75+ is less than average. Forecasted growth for the 75+ cohort is less than average. Lastly, the 85+ population is forecast to grow at a pace greater than the national average, while representing a less than average percent of the total population base of the PMA. Senior income levels are below average.

Conclusion

The subject’s PMA is concluded to be the area within a 5 mile radius from the site. The PMA encompasses Dalton and portions of Whitfield County. The primary land use in the area is single-family residential and the area is approximately 70% developed. The PMA is experiencing slow population growth and has below average income levels. The area is considered to be in a stage of stability. Between 2016 and 2021, the market area is forecast to experience growth in demand for seniors housing at an average rate relative to the nation as a whole.

Site Description and Analysis

Specific site details are as follows:

Location -

Street Address:	NWC of Sawgrass Drive and North Dalton By-Pass
Additional Frontage To:	Bentgrass Lane
Site Orientation:	Corner Site
Nearest Cross-Street:	Pleasant Grove Dr NE, is located less than one mile east

Accessibility and Visibility -

Primary Access Via:	North Bypass, a heavily traveled roadway with two lanes extending in each direction. North Bypass is median divided. There is not a traffic light that facilitates access to the site.
Secondary Access Via:	Bentgrass Lane
Accessibility Rating:	Good
Visibility Rating:	Good

Physical Characteristics -

Total Site Size:	4.66 acres
Shape:	Irregular
Topography:	Level
Vegetation	Moderate
Excess Land Area:	None

Flood Zone Information -

Zone:	Zone X
Panel Number:	13313C0137D, dated 9/19/2007
Flood Insurance:	No

Utility Availability -

Electricity:	Public to site
Natural Gas:	Public to site
Water:	Public to site
Sewage Treatment:	Public to site
Telephone:	Public to site

Environmental -

Phase 1 ESA:	Not provided
Known Hazards:	None observed or known
Earthquake Zone:	Not within earthquake zone



Aerial Photograph (Source: Google Maps)

Adjacent Properties -

North:	Dalton Golf and Country Club
East:	Office and medical office
South:	Light industrial and Heritage Point Park
West:	Multi-family residential
Nuisances or Hazards:	None known

Easements and Other Legal Constraints -

Access Easements:	None known
Encroachments:	None known
Utility Easements:	Typical for improved properties to allow for the installation and maintenance of utility lines
Other Restrictions:	None known

Conclusion

The subject's site contains a total of 4.66 acres. The shape of the site is irregular, and the topography is level. The property does have some horizontal site improvements. Overall, the site is considered to have good functional utility. It is physically suited for a wide range of uses and is well suited for the proposed use.

A copy of the proposed site plan is as follows:



Improvement Description and Analysis

Introduction

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

Active Adult Community: 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, and projects 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 that 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 property.

Assisted Living Facility (ALF): State regulated rental properties that provide the same services as independent living communities listed above, but also provide, in a majority of the units, supportive care from trained employees to residents who are unable to live independently and require assistance with 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 property.

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

Nursing Facility (NF): Licensed daily rate or rental properties that are technically referred to as skilled nursing facilities (SNF) 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.

The following are additional terms that are used in describing and analyzing seniors housing properties:

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

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

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 home 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 home. Medicare Part A may provide payment for post-hospital care in a nursing home for up to 100 days if Medicare coverage requirements (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 through private insurance (i.e. medigap policy). A nursing home resident will not be entitled to any Medicare Part A coverage unless he or she is admitted to a nursing home within 30 days following a 3-day hospital stay. Medicare certified nursing homes are reimbursed for providing nursing homes stays based upon the Prospective Payment System (PPS).

Medicare Part B: Seniors are required to enroll in Medicare Part B. Medicare Part B pays for doctor's 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 furnishing covered SNF services (routine, ancillary, and capital-related costs). The amount of reimbursement for each resident is based upon the Resource Utilization Groups (RUG) III 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.

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.

RUG-IV: RUG IV is a 66-group model for classifying nursing home 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 and cognitive performance and reduced physical function.

Semi-private bed: A bed situated in a room with one other bed/resident.

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

Unit/Bed Mix and Building Areas

Since the subject property is still being designed, we have derived a unit mix for this analysis using comparable properties from the market. The following table summarizes unit mixes and unit sizes of recently built seniors housing properties in the southeast.

Summary of Unit Mixes and Unit Sizes							
	Unit Size			# of Units			
	Min	Max	Average	Min	Max	Average	
IL/AL							
Studio	324	518	392	0	52	18	24%
1 Bedroom	469	638	581	14	116	47	63%
2 Bedroom	570	919	790	0	23	10	13%
						74	
	Unit Size			# of Units			
	Min	Max	Average	Min	Max	Average	
Memory Care							
Studio	276	436	339	11	50	25	81%
1 Bedroom	441	441	441	0	10	2	5%
Shared	276	783	537	0	15	4	13%
						30	
	Unit Size			# of Units			
	Min	Max	Average	Min	Max	Average	
IL Only							
Studio	413	512	447	0	41	15	11%
1 Bedroom	579	762	639	20	96	59	43%
2 Bedroom	867	1,237	1,019	10	229	63	46%
						137	

The following table is a tabulation of the unit/bed mix and building area.

Unit Mix and Building Areas							
Unit Type	Care Type	Square Feet	Number of Units	Number of Beds Per Unit	Number of Beds	Percent of Total GBA	Total Square Feet
Studio	Assisted Living	400	10	1	10	2.7%	4,000
1 Bedroom	Assisted Living	600	16	1	16	6.5%	9,600
2 Bedroom	Assisted Living	800	10	1	10	5.4%	8,000
Studio, Private	Memory Care	340	10	1	10	2.3%	3,400
Studio, Shared	Memory Care	440	7	2	14	2.1%	3,080
Studio	Independent Living	450	10	1	10	3.0%	4,500
1 Bedroom	Independent Living	650	45	1	45	19.7%	29,250
2 Bedroom	Independent Living	1,000	5	1	5	3.4%	5,000
Totals			113	-	120	45.0%	66,830
Plus Common Areas						55.0%	81,681
Total Gross Building Area							148,511

The gross building area assumes an approximate 45% common area allocation.

Payor Types

The subject will be 100% private pay.

Conclusion

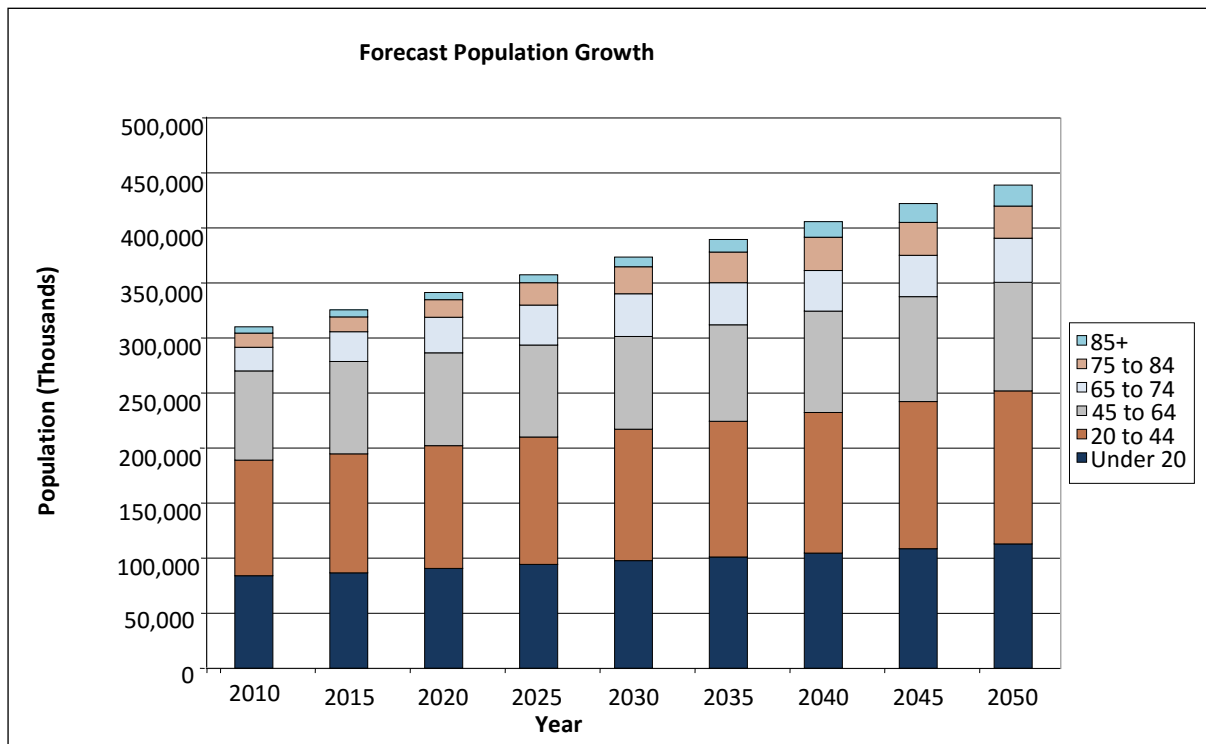
The subject offers independent and assisted living with a total of 113 units and 120 operating beds. The improvements contain a total of 148,511 square feet. Its construction quality is good. The subject's amenities are considered similar to the competing properties in the market. Overall, the subject's appeal to the market is considered average.

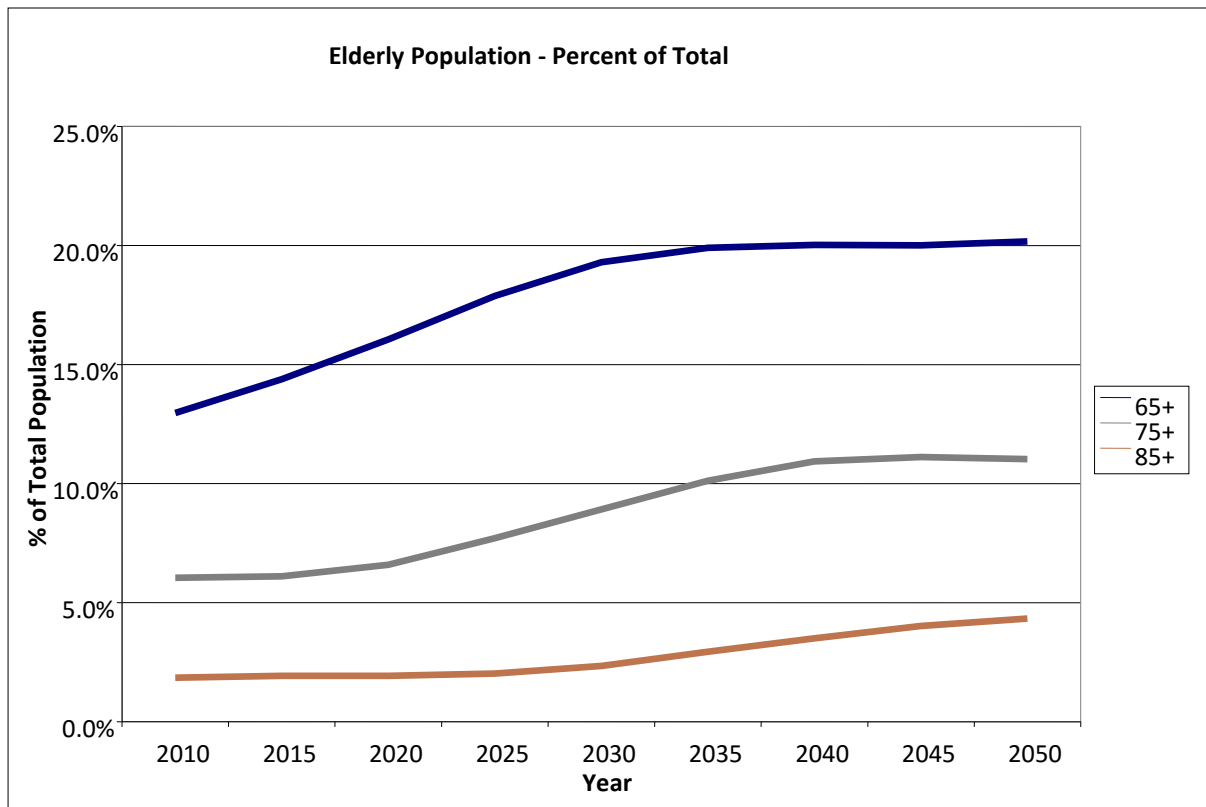
Seniors Housing Market Analysis

Aging Trends

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

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





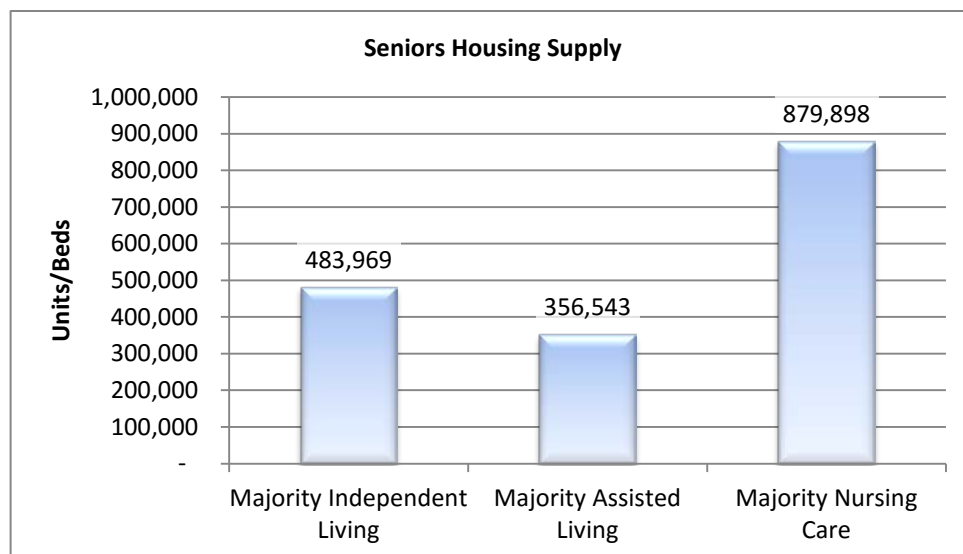
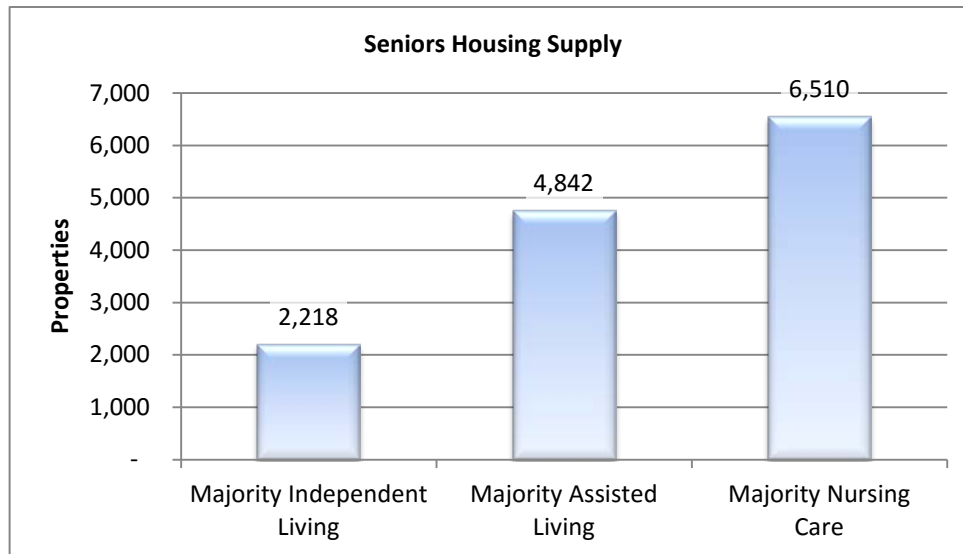
Other Factors Leading to Increased Demand

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

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

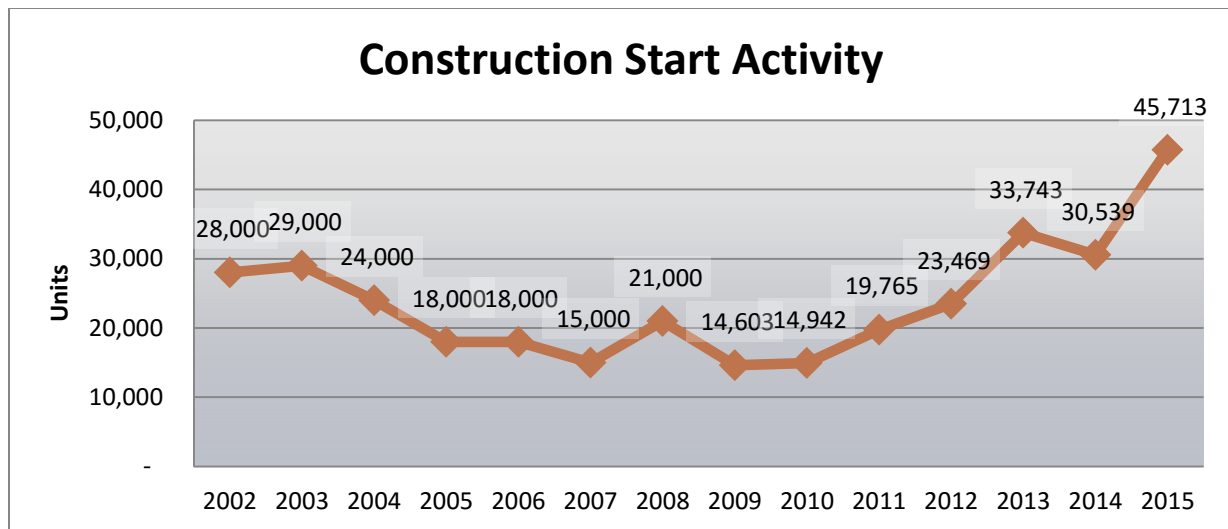
National Senior Housing Supply Trends

Senior apartments and independent living supply is typically expressed in terms of units, while assisted and nursing supply is expressed in terms of beds. *NIC MAP* estimated there were 1,720,410 units/beds in the U.S. as of the 3rd quarter 2015, as shown below.



New Development

According to *NIC Map Construction Monitor* for the 4th quarter of 2015, national construction start activity (not including senior apartments) was as follows.

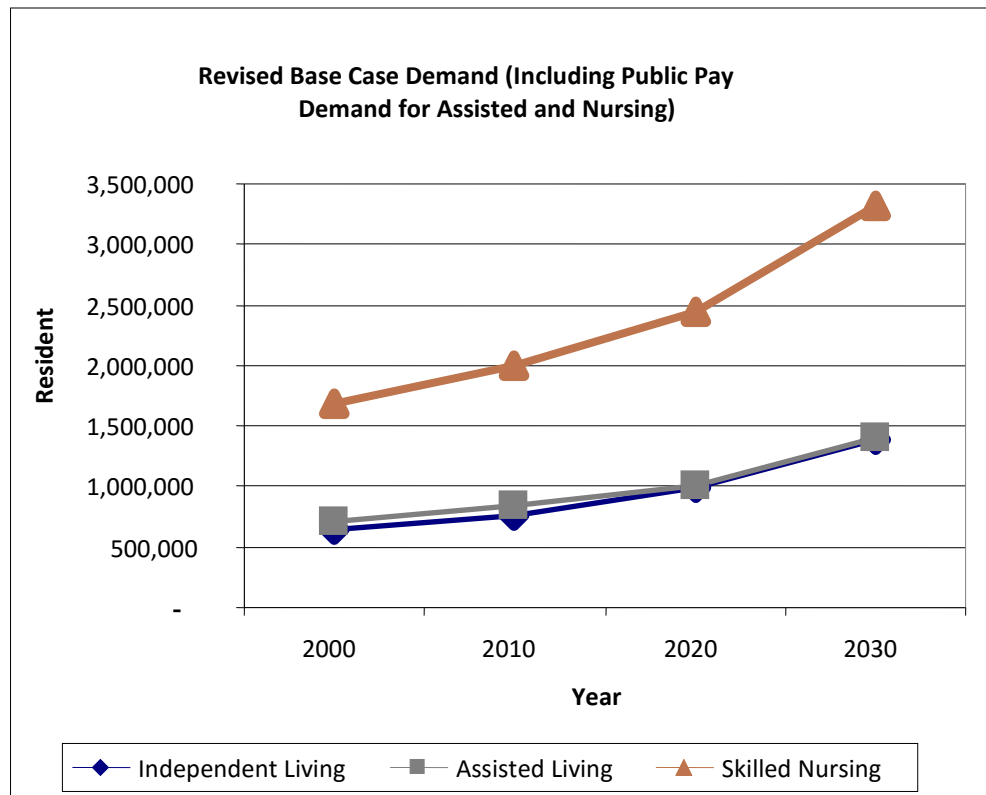


There were 586 seniors housing properties under construction as of the 4th quarter of 2015. The majority of the construction was within new properties, with construction in these properties totaling 45,713 units spread across 411 properties. In addition, there were also 175 existing properties undergoing expansions, totaling 10,241 units.

National Demand Trends

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

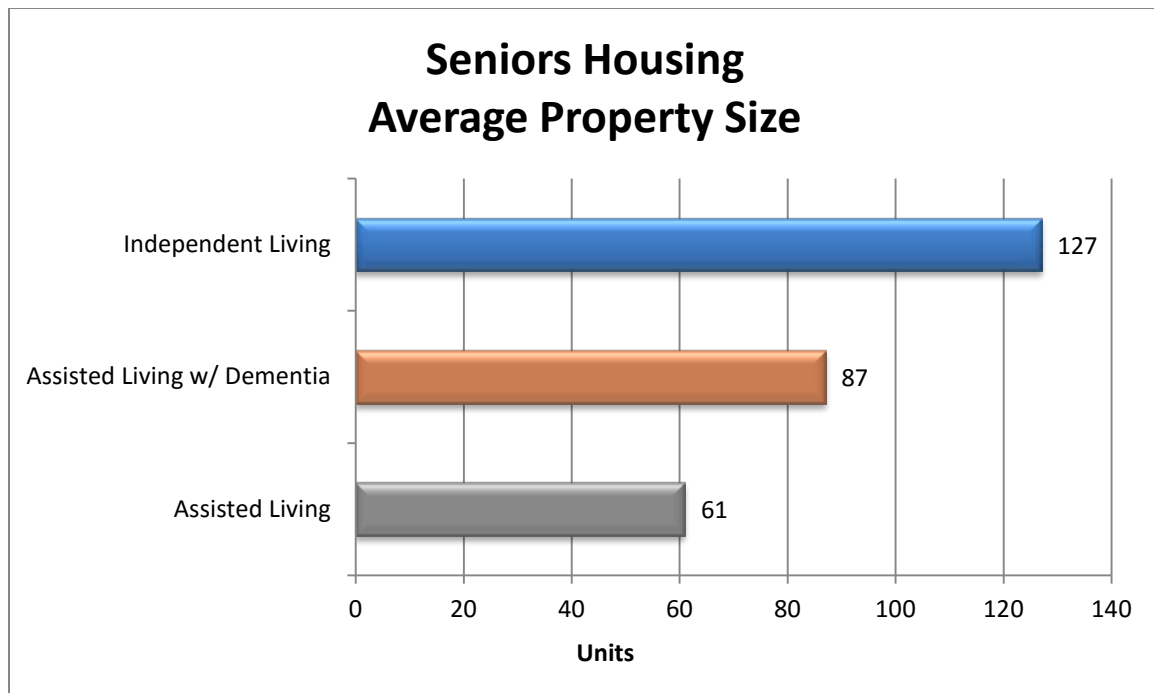
To date the most comprehensive estimate of demand for seniors housing was published in *The Case for Investing in Seniors Housing and Long Term Care Properties with Updated Projections*. The study, conducted by NIC in partnership with Price Waterhouse, LLP, produced the following base case estimates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



Property Size

Seniors Housing

Seniors housing refers to independent living and assisted living communities. Independent living communities are typically larger than assisted living or nursing care facilities with a median of 127 units. Many operators believe that a minimum size of about 80 units is required to operate profitably, but many communities are substantially larger. Assisted living communities are typically smaller than independent living communities with a median of 61 units for assisted living and 87 units for assisted/memory care. Many operators believe that a minimum size of about 60 units is required to operate profitably, but there are some smaller models that have proven to be successful.

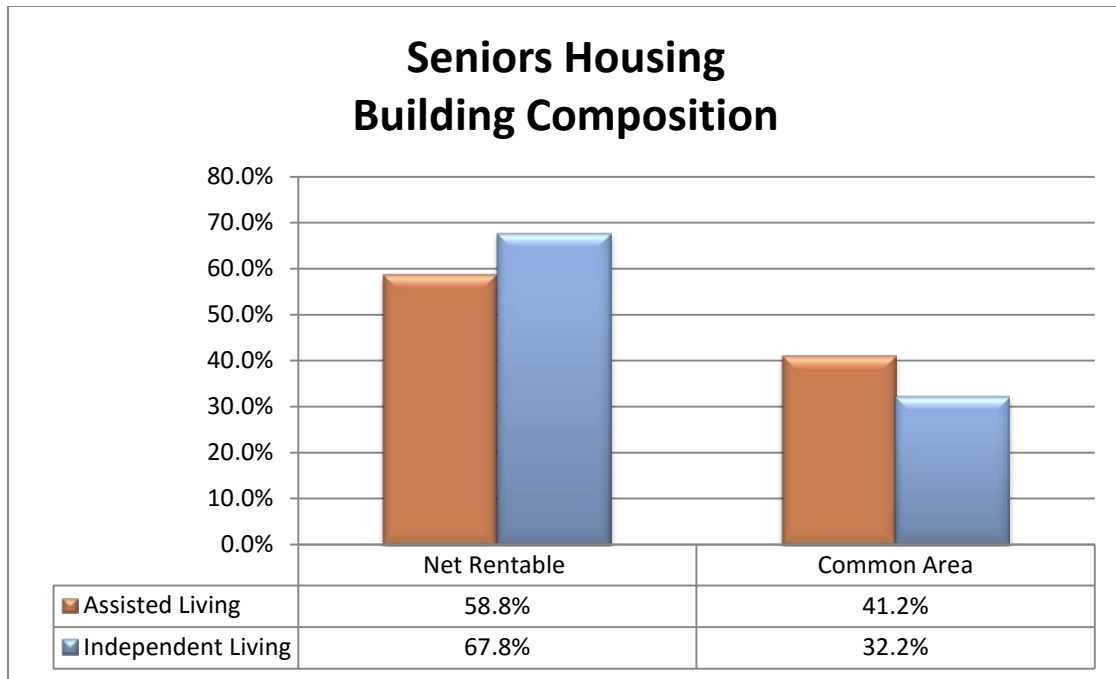


Source: *The State of Seniors Housing 2015* ASHA

Building Composition

Seniors Housing

Independent living communities normally have a higher ratio of rentable area to total area than assisted living or nursing care facilities. This is partially due to the larger size of living units, and partially due to lower common area requirements for uses such as therapy and common area bathing facilities. Assisted living communities normally have a lower ratio of rentable area to total area than independent living facilities. This is partially due to the smaller size of living units; however, assisted living facilities usually have a larger common area, in proportion to the total area of the building, than independent living facilities.

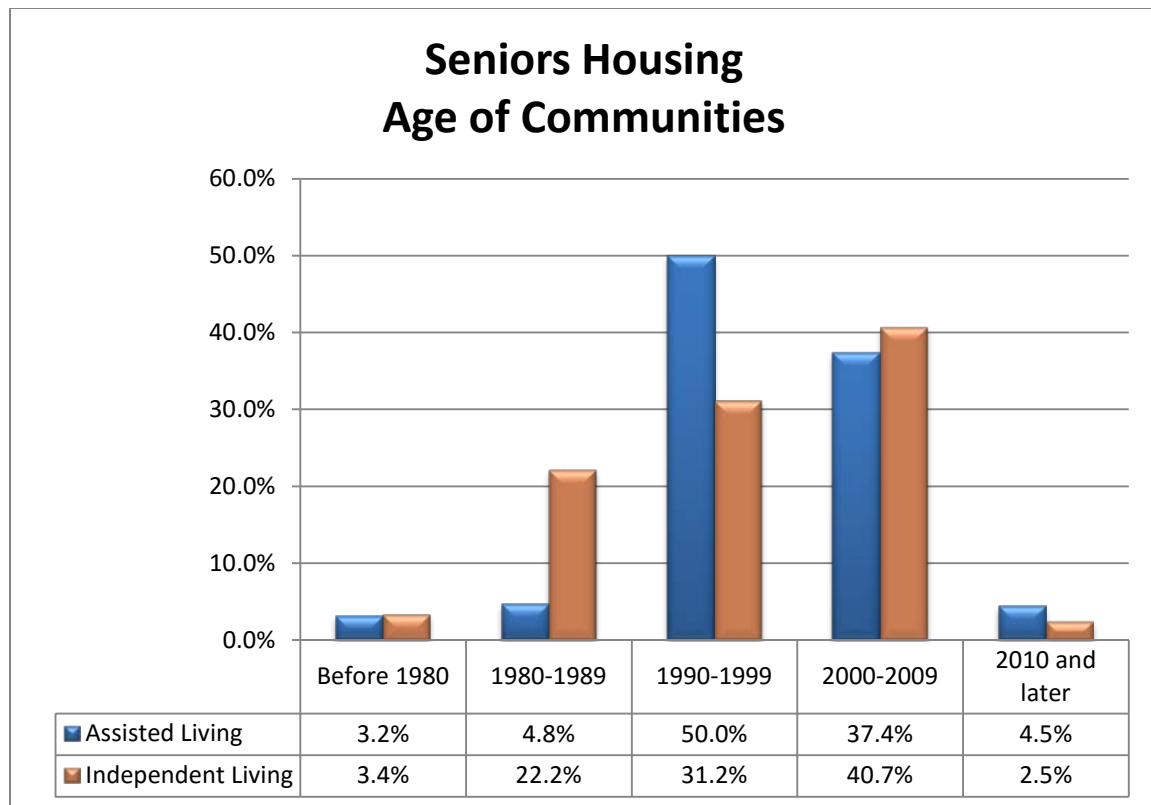


Source: *The State of Seniors Housing 2015*, ASHA

Community Age

Seniors Housing

The majority of independent living communities now in existence were developed since 2000. Another large share of the total was developed in the 1980s. This is in contrast to nursing care, which has experienced relatively constant development for a number of decades, and assisted living, most of which was developed in the 1990s.



Source: The State of Seniors Housing 2015, ASHA

Occupancy

Seniors Housing

The table on the following page shows the Fourth Quarter 2015 occupancy performance by region compared to a year ago from the National Investment Center for Seniors Housing & Care (NIC).

Independent living occupancy among stabilized properties increased 20 bps to 91.8% from 91.6% from a year ago while assisted living occupancy decreased 70 bps to 91.1% to 90.4%. Annual rent growth on independent living increased from 2.1% to 2.7% from a year ago while assisted living rent growth remained at 2.2%. The most significant independent living occupancy growth of 70 bps occurred in the Mid-Atlantic region, while the largest growth in assisted living was 50 bps in the Pacific region. Lastly, skilled nursing occupancy among stabilized properties decreased slightly from 88.2% to 87.4%. The most significant skilled nursing occupancy growth of 30 bps occurred in the Mountain region.

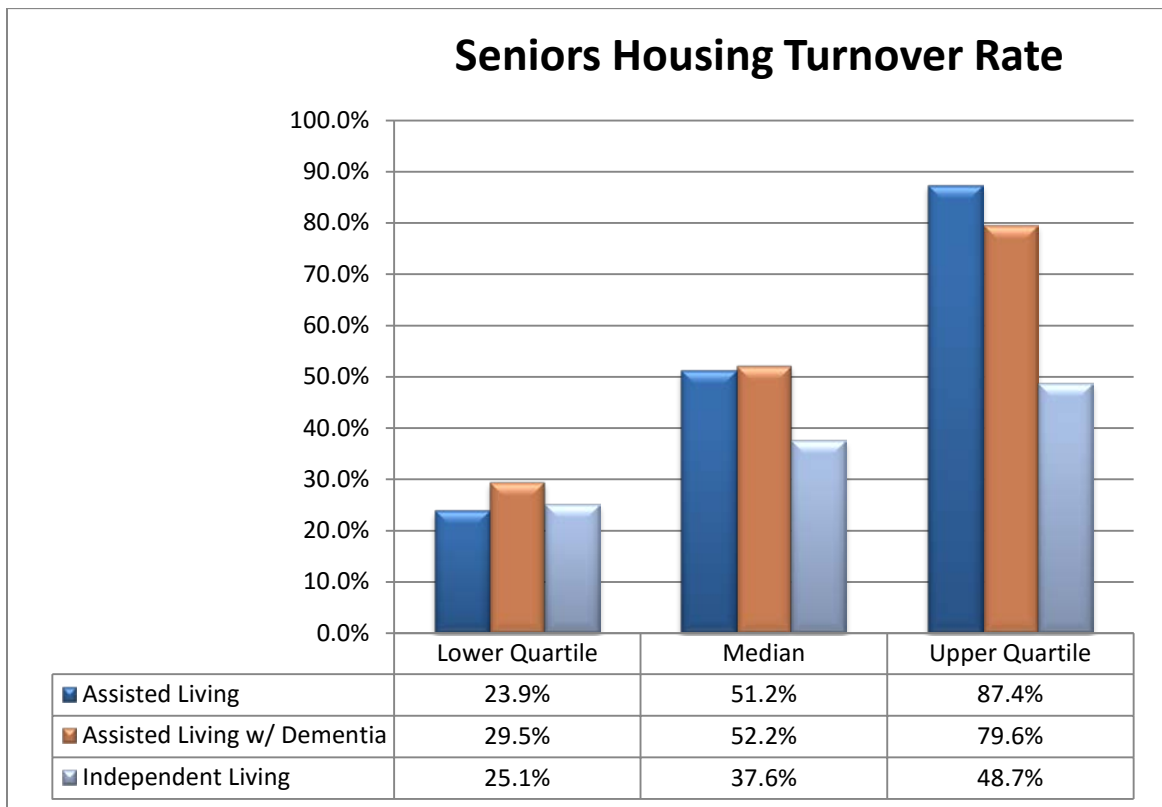
Performance by Region Current Quarter vs. One Year Ago										
	Occupancy (%)		Stabilized Occupancy (%)		Annual Rent Growth (%)		Annual Inventory Growth (%)		Annual Absorption (%)	
	4Q14	4Q15	4Q14	4Q15	4Q14	4Q15	4Q14	4Q15	4Q14	4Q15
Independent Living¹	91.4%	91.5%	91.6%	91.8%	2.1%	2.7%	0.6%	1.1%	1.8%	1.2%
East North Central	90.4%	91.0%	90.6%	91.3%	2.0%	2.7%	0.7%	1.0%	2.2%	1.7%
Mid-Atlantic	92.5%	92.2%	92.7%	92.8%	2.5%	2.2%	1.2%	1.6%	2.4%	1.3%
Mountain	89.3%	90.0%	89.5%	90.0%	1.7%	3.2%	0.7%	0.4%	1.7%	1.2%
Northeast	93.0%	92.9%	93.1%	93.3%	2.2%	2.5%	0.3%	0.4%	1.0%	0.4%
Pacific	92.0%	92.4%	92.2%	92.4%	2.6%	2.9%	-0.1%	0.8%	1.7%	1.2%
Southeast	90.2%	90.7%	90.7%	90.8%	2.3%	3.2%	0.4%	0.5%	2.0%	1.2%
Southwest	90.0%	88.7%	90.2%	89.7%	1.1%	3.0%	0.1%	3.2%	1.7%	1.8%
West North Central	92.9%	92.4%	93.4%	92.7%	2.3%	2.3%	2.0%	2.1%	2.9%	1.6%
Assisted Living¹	89.2%	88.5%	91.1%	90.4%	2.2%	2.2%	3.5%	3.8%	3.6%	3.0%
East North Central	88.5%	87.6%	91.0%	90.2%	1.9%	2.2%	4.2%	4.5%	4.5%	3.4%
Mid-Atlantic	90.2%	89.4%	91.0%	90.5%	2.8%	2.4%	0.9%	2.1%	1.3%	1.2%
Mountain	88.1%	86.9%	90.6%	89.6%	2.4%	1.7%	5.8%	5.0%	6.2%	3.5%
Northeast	90.9%	89.8%	92.3%	91.6%	1.7%	2.5%	2.5%	3.1%	2.2%	1.8%
Pacific	89.8%	90.3%	91.0%	91.5%	2.9%	2.7%	2.5%	1.4%	2.6%	2.0%
Southeast	88.4%	87.6%	90.0%	89.3%	1.9%	1.9%	4.3%	5.2%	4.1%	4.3%
Southwest	85.1%	84.1%	90.1%	87.1%	2.1%	1.4%	7.4%	6.8%	7.3%	5.5%
West North Central	89.5%	89.3%	92.0%	91.3%	1.3%	2.0%	4.1%	6.1%	5.1%	5.9%
Nursing Care¹	88.0%	87.2%	88.2%	87.4%	2.7%	2.8%	-0.2%	-0.1%	0.1%	-1.1%
East North Central	85.6%	84.2%	86.0%	84.7%	3.2%	2.7%	-0.2%	0.3%	-0.1%	-1.4%
Mid-Atlantic	90.2%	89.2%	90.3%	89.3%	3.1%	2.8%	0.1%	-0.1%	1.3%	-1.2%
Mountain	82.4%	82.2%	82.5%	82.8%	3.2%	2.4%	-0.4%	-0.9%	0.6%	-1.2%
Northeast	92.6%	91.4%	92.6%	91.4%	2.6%	3.1%	-0.4%	-0.2%	-0.3%	-1.5%
Pacific	90.6%	90.4%	90.6%	90.5%	2.5%	3.0%	-0.5%	-0.1%	0.4%	-0.3%
Southeast	89.3%	88.8%	89.4%	88.9%	2.6%	2.9%	0.0%	-0.2%	-0.1%	-0.8%
Southwest	77.3%	76.6%	77.8%	76.8%	2.1%	2.2%	0.5%	-0.3%	0.4%	-1.1%
West North Central	84.5%	83.9%	84.5%	84.2%	2.3%	2.4%	-0.4%	-0.4%	0.1%	-1.0%
CCRCs¹	90.8%	91.1%	90.9%	91.2%	2.5%	2.4%	0.5%	0.4%	1.4%	0.7%
East North Central	89.4%	89.9%	89.6%	90.3%	2.2%	2.4%	1.0%	1.1%	1.8%	1.8%
Mid-Atlantic	93.2%	93.0%	93.3%	93.0%	3.0%	2.4%	0.6%	0.6%	2.0%	0.5%
Mountain	84.9%	85.3%	84.9%	85.3%	2.4%	2.4%	0.2%	0.1%	0.3%	0.6%
Northeast	92.7%	92.8%	92.7%	92.8%	2.5%	2.4%	0.2%	-0.1%	0.8%	0.1%
Pacific	91.7%	92.4%	91.9%	92.4%	3.0%	1.9%	-0.1%	0.6%	2.0%	1.4%
Southeast	90.0%	90.2%	90.1%	90.2%	2.0%	2.9%	0.1%	0.1%	1.4%	0.3%
Southwest	88.3%	88.5%	88.3%	88.5%	1.4%	2.4%	0.4%	0.3%	1.3%	0.5%
West North Central	90.6%	91.2%	90.8%	91.2%	3.7%	1.5%	1.2%	0.6%	1.9%	1.2%

1. Represents aggregate property type data for all markets.

Resident Turnover

Seniors Housing

Turnover in independent living is lower than for nursing care or assisted living properties probably because fewer moves are health necessitated. Turnover data reported in the *State of Seniors Housing 2015* is as follows.

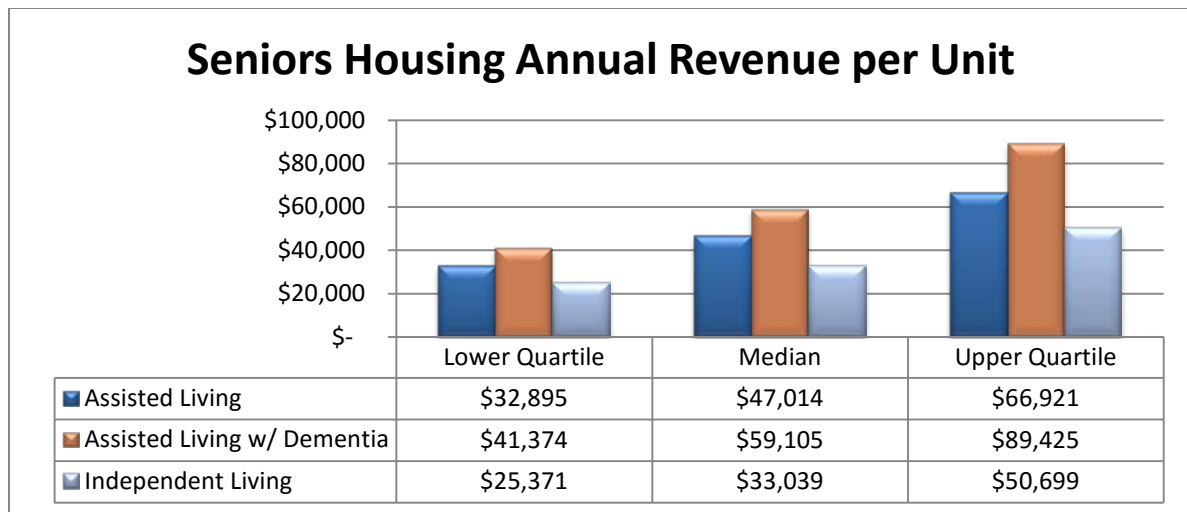


Source: *The State of Seniors Housing 2015* ASHA

Rental Rates

Seniors Housing

For rental communities, rents have continued to increase. Annual revenue per unit statistics is shown next.

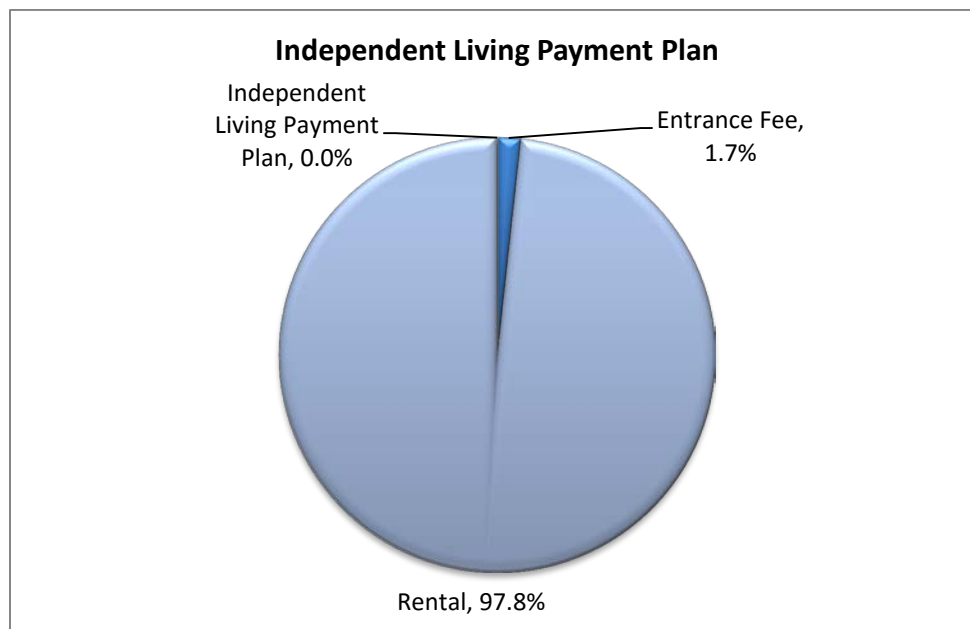


Source: *The State of Seniors Housing 2015*, ASHA

Payment Types

Independent Living

The vast majority of independent living units utilize a rental form of payment. However, 1.7% of the communities surveyed for the *2015 State of Seniors Housing* have an entrance fee structure. For the purposes of the survey, this sector includes only properties having an entrance fee in excess of \$20,000. This type of payment plan, common for non-profit communities, calls for the payment of an up-front entrance or endowment fee, followed by monthly maintenance fees payments. Often, the entrance fee is fully or partially refundable.

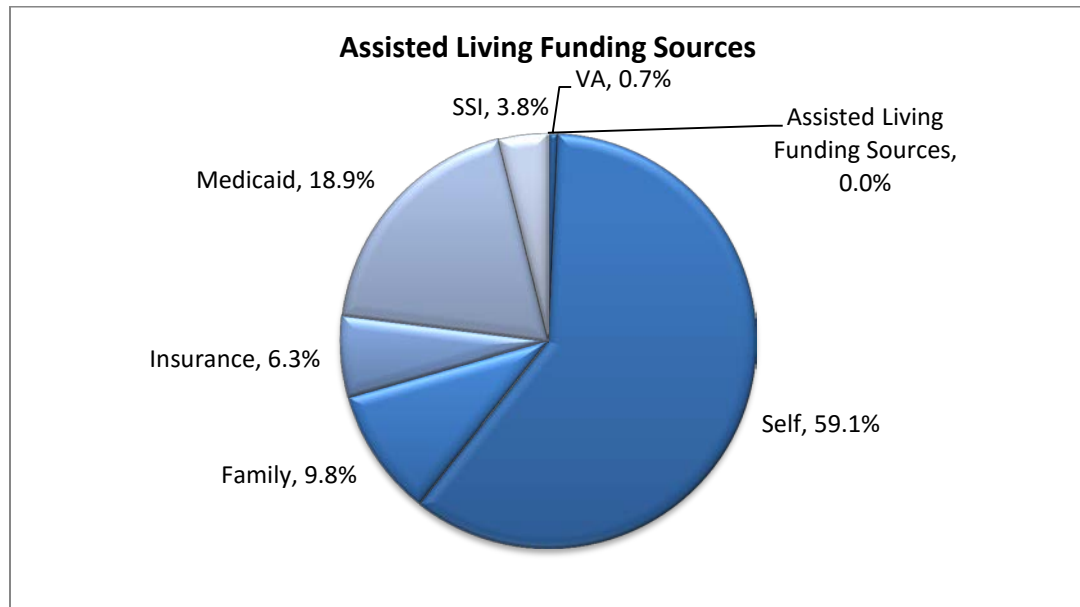


Source: *The State of Seniors Housing 2015*, ASHA

Assisted Living

The vast majority of assisted living units utilize a rental form of payment. Of the assisted living facilities surveyed for *State of Seniors Housing 2015*, 99% were rental. Many rental communities do charge community or assessment fees, however, which are generally less than \$20,000 and non-refundable.

Assisted living is still a largely private-pay industry. According to the *2009 Overview of Assisted Living*, which is the most recent publication available, funding for assisted living comes from the following sources:

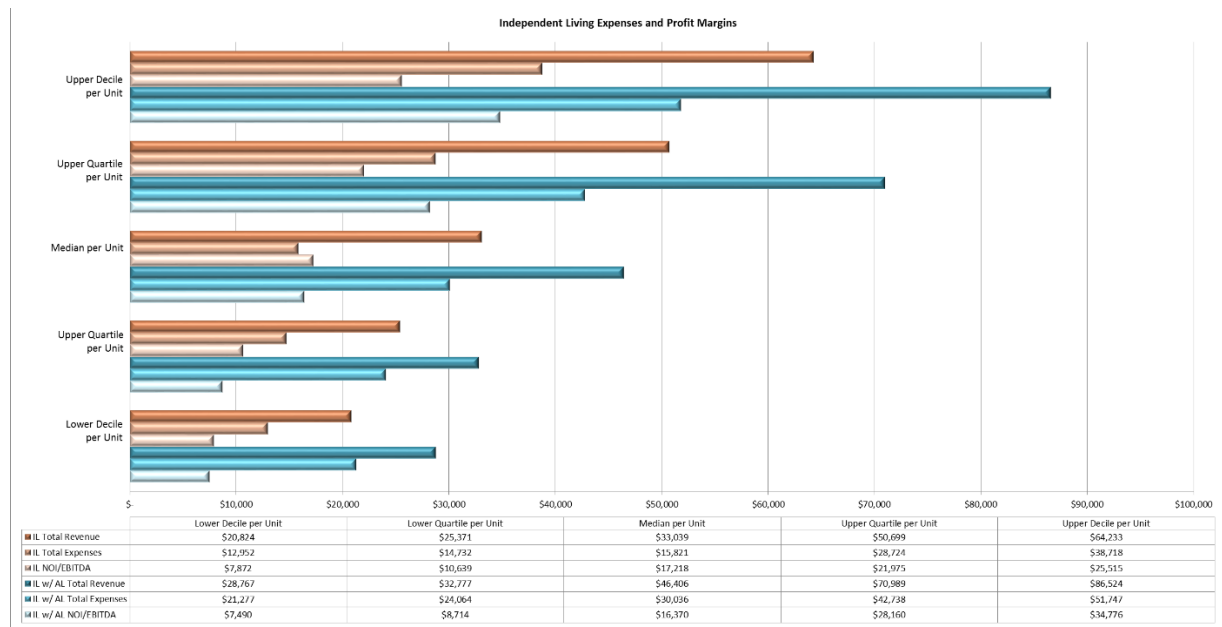


Only a small percent of assisted living residents pay for their care through a managed care program or with long term care insurance. However, the popularity of long term care insurance is growing, as it is now given the same preferential tax treatment as expenditures on other types of health insurance. The new tax advantages, in conjunction with a growing awareness of the need for individuals to plan for long term care expenses, have led to an increased interest and growing market for long term care insurance.

Expenses and Profit Margins

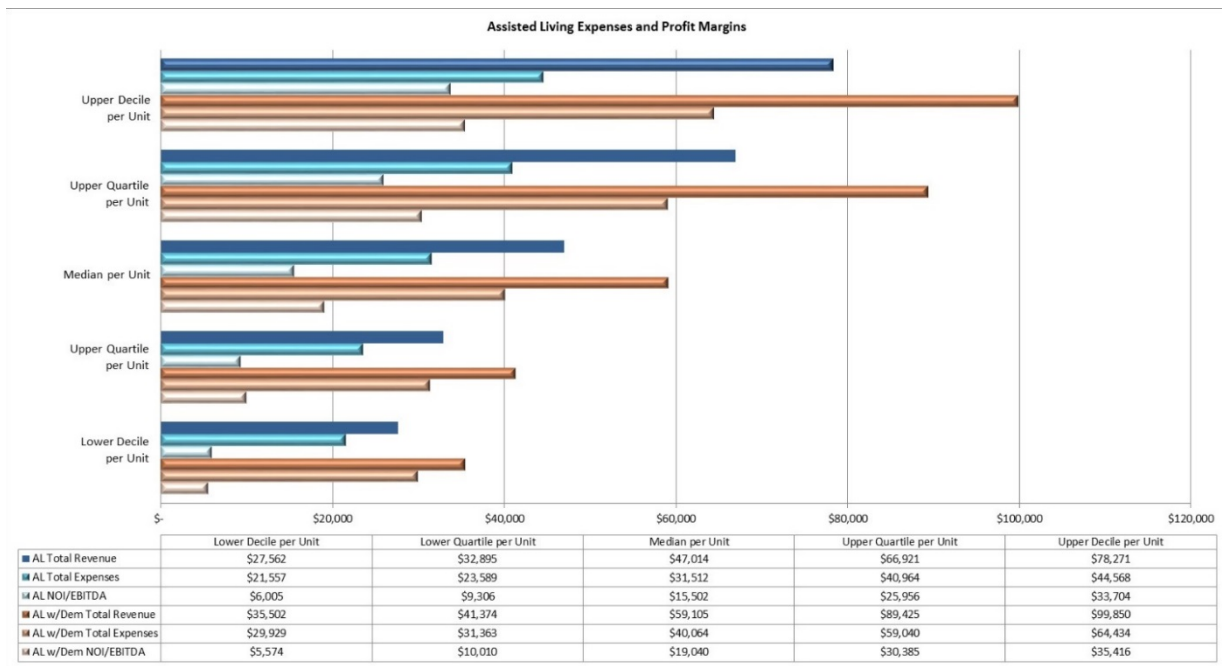
Independent Living

Survey responses from *The State of Seniors Housing 2015* revealed the following for independent living facilities:



Assisted Living

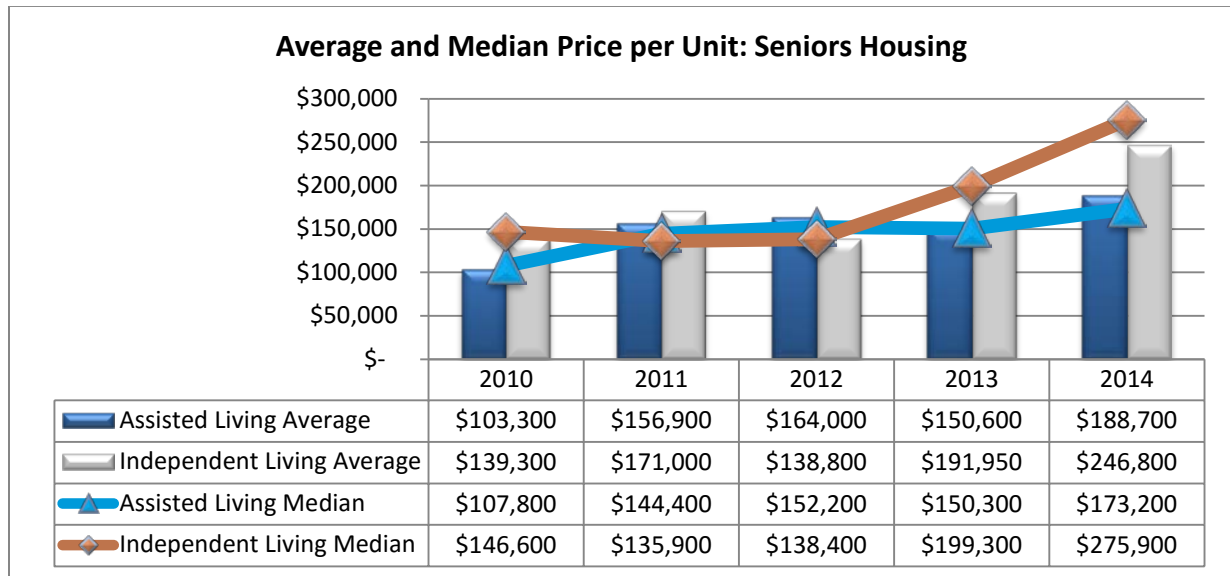
Survey responses from *The State of Seniors Housing 2015* revealed the following for assisted living facilities:



Sales Price Trends

Seniors Housing

The following chart displays the average and median price per unit for both independent living and assisted living over the last 5 years. The average and median price per independent living unit was \$246,800 and \$275,900 in 2014, while the average and median price per assisted living unit was \$188,700 and \$173,200 in 2014.



Source: The Senior Care Acquisition Report Nineteenth Edition 2015, Irving Levin Associates, Inc.

Conclusion

Senior housing operators are optimistic, projecting to see occupancy and rental rate growth in 2016.

Assisted living is considered needs based, and many consumers find the ability to pay for assisted living even in hard times. Looking forward, with the economy and housing market recovering, demand for assisted living will increase across the nation. New construction is increasing, especially in markets with lower barriers to entry. There is some risk of near term overbuilding, which will likely impact older assets in need of updating. Over the longer term, however, strong increases in demand will occur, leading to continued demand for assisted living assets.

With the national economy and the housing market now in recovery, the independent living market is experiencing increases in occupancy and rental rates. New construction is increasing, especially in destination markets, as potential residents are finding it easier to sell current homes. Therefore, there is some risk of near term overbuilding which will most likely impact older assets in need of updating. However, we anticipate that occupancy and rental rate increases will continue for several years. Also, the independent living sector was the first sector to benefit from the baby boom generation, which started turning 65 in 2011.

Supply and Demand Analysis

Introduction

In this section, we will analyze supply and demand conditions.

Delineation of the Market Area

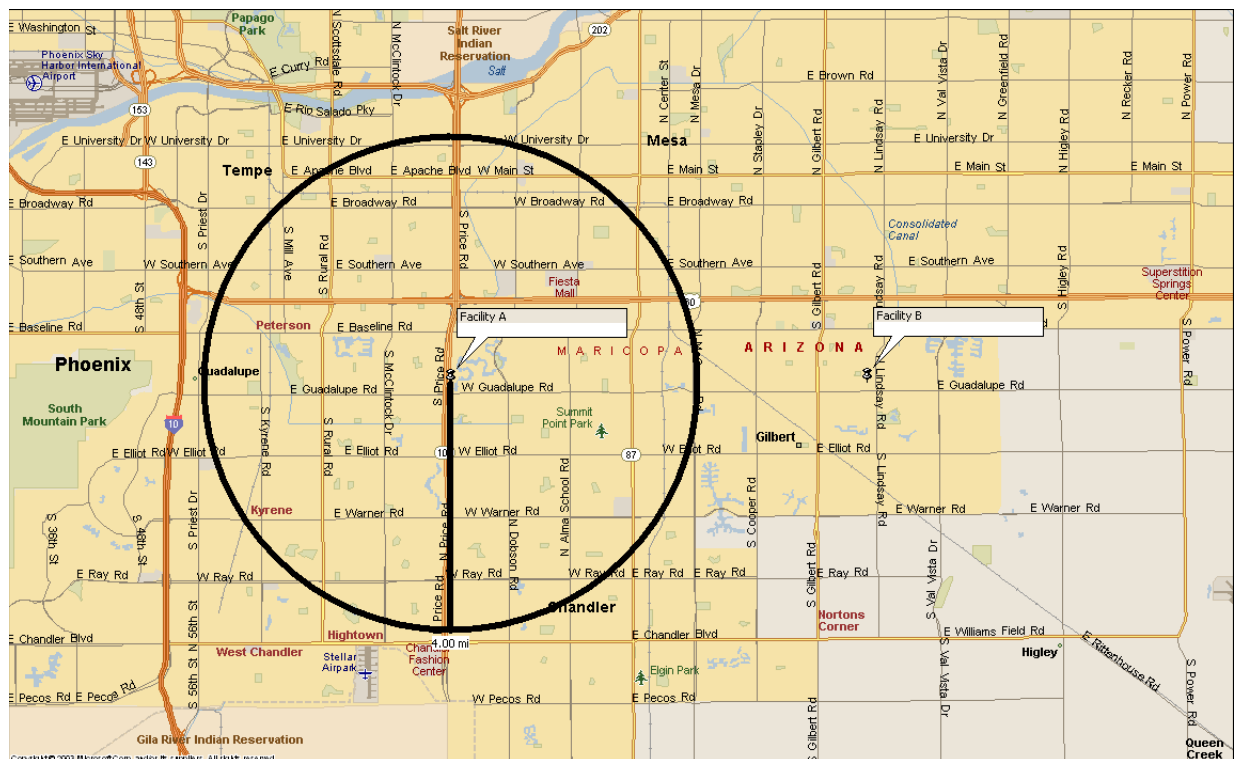
As discussed previously, we consider the subject's PMA to be the area within a 5-mile radius of the site.

Target Market

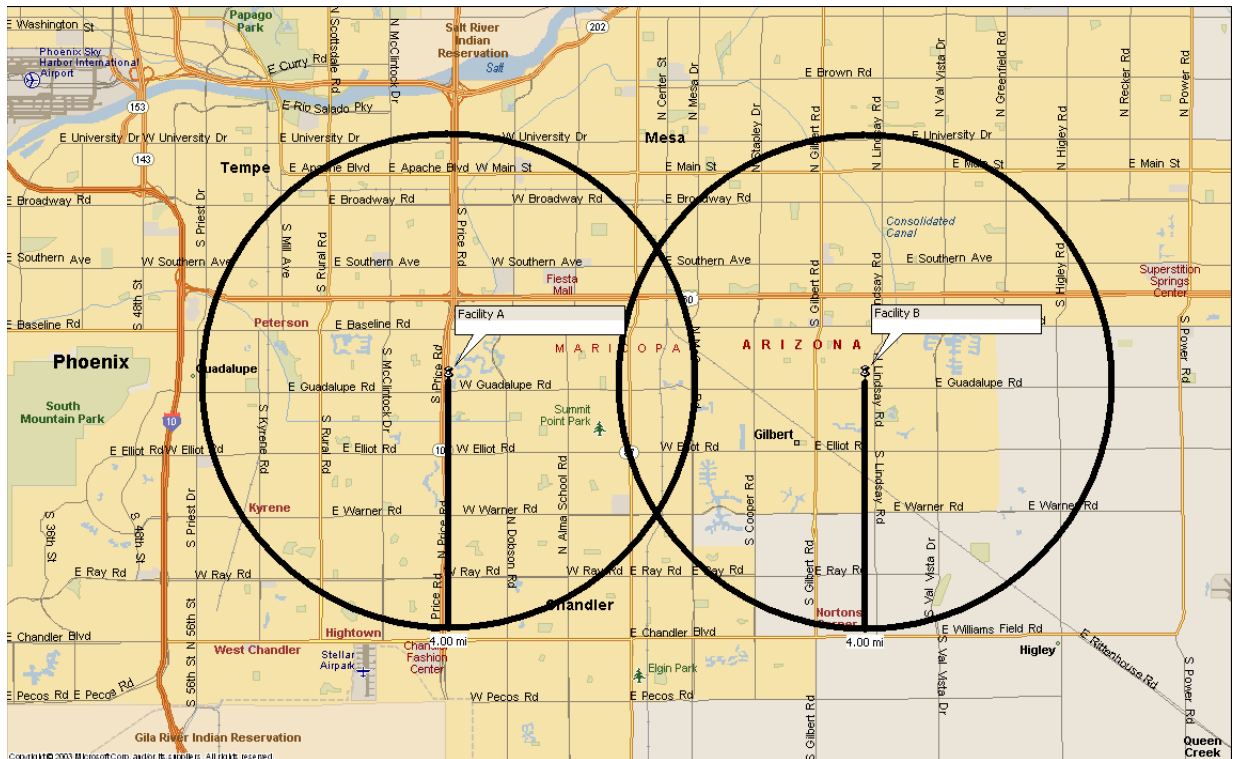
The subject's target market group consists of the age qualified population that has adequate income to live in elderly housing and adult children who are caregivers for an elderly relative. Therefore, the subject's primary target market is seniors aged 65+ with household income of \$25,000+, as well as adult children who might relocate such a person to the market.

Methodology for Quantifying Supply

In the case of facilities located some distance from the subject, we have allocated only a portion of the units based upon the estimated percent the market area for each competing facility overlaps the PMA. For example, the map below shows two fictional facilities, A and B, along with the concluded market area for Facility A.



Facility B is not within the market area for Facility A. However, Facility B's market area does overlap some of the market area for Facility A, as shown below:



Our methodology for estimating supply considers Facility B in the example above as being partially competitive with Facility A. We base the degree of its competitiveness upon the percentage of the subject's market area (Facility A in this example) that is overlapped by the estimated market area for Facility B. The percent of overlap is mathematically calculated using a formula that factors in the size of the market area and the distance between each comparable and the subject.

For example, if Facility B has 100 beds and the market area for Facility B overlaps Facility A's market area by 20%, then 20 of Facility B's beds are considered competitive. This same procedure is used to estimate competitive supply for each facility in and surrounding the subject's market area.

Assisted Living Supply Analysis

We will now focus upon the assisted living segment of the market. Bed licenses are granted based upon double occupancy in many rooms. In practice, a lesser number of rooms are typically occupied by more than one person. For this reason, we will analyze operating beds as opposed to licensed beds. For purposes of this report, a facility's operating beds is considered the optimal number of persons that the facility is designed to accommodate at one time. This figure is generally equal to or greater than the number of units and equal to or less than the number of licensed beds. Our analysis also disregards small board and care facilities in and around the market area, although we know such facilities to be present. Board and care facilities generally have less than 25 licensed beds, are operated by "mom and pop" type operators, and offer accommodations and services of lesser quality.

For consistency, such facilities are also excluded from the penetration rates utilized in the demand analysis.

Existing Supply of Assisted Living

The following table is a list of the assisted living facilities serving the subject's market area.

Existing Supply of Assisted Living					
Property Name	Type	Number of Assisted Living Beds	Miles From Subject	Percent of Beds Considered Competitive	Number of Competitive Beds
Tranquility of Dalton 986 Orchard Way, Dalton, GA	ALF/MC	58	1.5	68%	39
Gardens at Royal Oaks 1218 Broadrick Dr, Dalton, GA	IALF	48	2.5	52%	25
Dalton Place 1300 West Waugh St, Dalton, GA	ALF	75	3.0	46%	34
Morningside of Dalton 2470 Dug Gap Rd, Dalton, GA	ALF	40	8.3	4%	2
Total Number of Existing Competitive Beds					100
<u>Type Key</u>					
ALF = Free-standing assisted living facility					
ALF/MC = Free-standing assisted living facility with dedicated memory care wing					

Occupancy of Competitive Supply

The occupancy and waiting list status of the competitive supply of assisted living is as follows:

Occupancy of Competitive Assisted Living		
Property Name	Current Occupancy %	Waiting List Status
Tranquility of Dalton 986 Orchard Way, Dalton, GA	74%	No
Gardens at Royal Oaks 1218 Broadrick Dr, Dalton, GA	95%	No
Dalton Place 1300 West Waugh St, Dalton, GA	90%	No
Morningside of Dalton 2470 Dug Gap Rd, Dalton, GA	80%	No

Based upon the reported occupancy levels, the weighted average occupancy for competitive beds is as follows:

Weighted Average Occupancy of Competitive Assisted Living			
Property Name	Number of Competitive Beds	Current Occupancy %	Number of Occupied Beds
Tranquility of Dalton 986 Orchard Way, Dalton, GA	39	74%	29
Gardens at Royal Oaks 1218 Broadrick Dr, Dalton, GA	25	95%	24
Dalton Place 1300 West Waugh St, Dalton, GA	34	90%	31
Morningside of Dalton 2470 Dug Gap Rd, Dalton, GA	2	80%	2
TOTALS	100	-	85
WEIGHTED AVERAGE OCCUPANCY		85%	-

The Gardens of Royal Oaks would not disclose their rental rates but did disclose their current occupancy rate. The average occupancy rate in the PMA is 85%. Tranquility of Dalton is an assisted living and memory care property that opened in January 2016. As of the survey date, it was 74% occupied. This equates to a net absorption of 10.6 new residents per month. The weighted average occupancy of the stabilized properties is 92%.

Assisted Living Under Construction or Proposed

Our research revealed the following competitive projects under construction or proposed:

In our supply forecast, we will only include those facilities likely to be complete within the coming 24 months. These facilities are set forth in the following table.

Supply of Assisted Living Under Construction or Proposed					
Property Name	Current Status	Number of Assisted Living Beds	Miles From Subject	Percent of Beds Considered Competitive	Number of Competitive Beds
Relevant Supply Likely to be Complete Within 12 Months					0
Subject NWC of Sawgrass/N. Dalton Bypass	Planned	60	0.0	100%	60
Relevant Supply Likely to be Complete Within 24 Months					60

According the Whitfield County, City of Dalton consolidated zoning department, there are no projects currently in the permitting process.

Memory Care Supply Analysis

We will now focus upon the memory care segment of the assisted living market. Alzheimer's disease is a progressive, degenerative disease that attacks the brain and results in impaired memory, thinking, and behavior. It was first described by Dr. Alois Alzheimer in 1906 and has since been diagnosed in millions of people. The exact causes have yet to be discovered. Memory care is an umbrella term used to describe the loss of cognitive or intellectual function. Many conditions can cause memory care issues. Issues related to depression, drug interaction, thyroid, and other problems may be reversible if detected early. Several other diseases also cause memory care issues, such as Parkinson's, Creutzfeldt-Jakob, Huntington's, and Multi-Infarct or vascular disease, caused by multiple strokes in the brain.

The following statistics from the National Alzheimer's Association's *2015 Alzheimer's Disease Facts and Figures* report delineate the strong need for facilities that care for persons with memory care issues:

- Alzheimer's is a progressive, degenerative disease of the brain and the most common form of memory care disease.
- An estimated 5.3 million Americans of all ages have Alzheimer's in 2015. This figure includes 5.1 million people aged 65 and older and 200,000 individuals under age 65 who have younger-onset memory care issues.
- One in nine people aged 65 and older (11%) has Alzheimer's.
- Of those with Alzheimer's, an estimated 4% are under age 65, 15% are 65 to 74, 43% are 75 to 84, and 38% are 85 and older.
- More women than men have memory care issues. Almost two-thirds of all Americans living with Alzheimer's are women. Of the 5.1 million people over age 65 with Alzheimer's in the United States, 3.2 million are women and 1.9 million are men. Based on estimates from ADAMS, 16% of women aged 71 and older have memory care issues compared with 11% of men.
- The number of Americans surviving into their 80s and 90s and beyond is expected to grow dramatically due to advances in medicine and medical technology, as well as social and environmental conditions. Additionally, a very large segment of the American population – the baby boom generation – is reaching retirement age.
- By 2030, the segment of the U.S. population aged 65 years and older is expected to double, and the estimated 72 million older Americans will make up approximately 20% of the total population (up from 13% in 2010). As the number of older Americans grows rapidly, so too will the numbers of new and existing cases of memory care issues.
- In 2000, there were an estimated 411,000 new (incident) cases of Alzheimer's disease. For 2010, that number was estimated to be 454,000 (a 10% increase); by 2030, it is projected to be 615,000 (50% increase from 2000); and by 2050, 959,000 (130% increase from 2000).
- By 2025, the number of people aged 65 and older with Alzheimer's disease is estimated to be over 7.1 million. This is a 40% increase from the 5.0 million aged 65 and older currently affected.

- By 2050, the number of people aged 65 and older with Alzheimer’s disease may triple, from 5.0 million to a projected 13.8 million, barring the development of medical breakthroughs to prevent or more effectively treat the disease.

In the past, most persons with memory care issues have been cared for in the home by informal caregivers (friends or relatives) or through home health care agencies or other providers. With the continuing increase in two-income households and the recognition that caring for a person with memory care issues can be physically and mentally taxing, many informal caregivers are seeking options outside the home. This led to growth in the number of facilities providing specialized care for persons with memory care issues.

Facilities providing specialized care for persons with memory care issues generally follow one of two models: the nursing care model or the assisted living model. Generally, the nursing care model can be characterized as being for patients who have relatively extensive health care needs in addition to requiring care for memory care issues. The nursing care model is a type of care subject to greater regulation than assisted living care. Staffing requirements for nursing care are typically greater, and the associated costs for care are higher. As many persons with memory care issues are otherwise healthy, the assisted living model is the leading model for the care of persons with memory care issues.

Existing Supply of Memory Care

The existing supply of memory care within the PMA is as follows.

Existing Supply of Memory Care					
Property Name	Type	Number of Memory Care Beds	Miles From Subject	Percent of Beds Considered Competitive	Number of Competitive Beds
Tranquility of Dalton 986 Orchard Way, Dalton, GA	ALF/MC	24	1.5	68%	16
Total Number of Existing Competitive Beds					16
<u>Type Key</u>					
ALF/MC = Free-standing assisted living facility with dedicated memory care wing					

Occupancy of Competitive Supply

The occupancy and waiting list status of the competitive supply of memory care is as follows:

Occupancy of Competitive Memory Care		
Property Name	Current Occupancy %	Waiting List Status
Tranquility of Dalton 986 Orchard Way, Dalton, GA	67%	Yes

Based upon the reported occupancy levels, the weighted average occupancy for competitive beds is as follows:

Weighted Average Occupancy of Competitive Memory Care			
Property Name	Number of Competitive Beds	Current Occupancy %	Number of Occupied Beds
Tranquility of Dalton 986 Orchard Way, Dalton, GA	16	67%	11
TOTALS	16	-	11
WEIGHTED AVERAGE OCCUPANCY		67%	-

Tranquility of Dalton has a memory care component called Tranquility of Dalton, which opened in January 2016. As of the survey date, the facility had 16 memory care residents, equating to an occupancy rate of 67%.

Memory Care Under Construction or Proposed

Our research revealed the following competitive projects under construction or proposed:

In our supply forecast, we will only include those facilities likely to be complete within the coming 24 months. These facilities are set forth in the following table.

Supply of Memory Care Under Construction or Proposed					
Property Name	Current Status	Number of Memory Care Beds	Miles From Subject	Percent of Beds Considered Competitive	Number of Competitive Beds
Relevant Supply Likely to be Complete Within 12 Months					0
Subject NWC of Sawgrass/N. Dalton Bypass	Planned	24	0.0	100%	24
Relevant Supply Likely to be Complete Within 24 Months					24

Independent Living Supply Analysis

We will now focus upon the independent living segment of the market. In this analysis, the focus is upon living units, which can accommodate one to two persons.

Existing Supply of Independent Living

The following table is a list of independent living facilities serving the market area.

Existing Supply of Independent Living					
Property Name	Type	Number of Independent Living Units	Miles From Subject	Percent of Units Considered Competitive	Number of Competitive Units
Royal Oaks 1218 Broadrick Dr, Dalton, GA	IALF	72	2.5	52%	38
Total Number of Existing Competitive Units					38
Type Key					
ILF = Independent Living Facility					
IALF = Independent and assisted living facility					
IALF/MC = Independent and assisted living facility with dedicated memory care wing					

Royal Oaks declined to provide their occupancy range rental rates for their independent living component.

Independent Living Under Construction or Proposed

Our research revealed the following competitive projects under construction or proposed:

Supply of Independent Living Under Construction or Proposed					
Property Name	Current Status	Number of Independent Living Units	Miles From Subject	Percent of Units Considered Competitive	Number of Competitive Units
Relevant Supply Likely to be Complete Within 12 Months					0
Subject NWC of Sawgrass/N. Dalton Bypass	Planned	60	0.0	100%	60
Relevant Supply Likely to be Complete Within 24 Months					60

Barriers to Entry

The subject is in a market with limited barriers to entry. Vacant sites are available and zoning and building permits are easily obtained. Thus, it is likely that future competition will be developed as warranted by demand.

Seniors Housing Demand Analysis

We will now analyze demand for seniors housing. Our analysis will show demand estimates for the current year, each year for the following four, and 10 years from the current year.

The demand estimates will be based upon the quantity of four potential target groups who are likely users of seniors housing. Analysis of these four target groups will provide four separate indications of

demand for seniors housing. We will then consider each one of them to derive our demand conclusions, much as the three approaches to value in an appraisal are reconciled into a single value estimate. The target groups are as follows:

Target Group 1

Although the vast majority of persons entering seniors housing are age 80 and over, some persons between the ages of 65 and 80 elect to live in seniors housing. Therefore, the broadest potential target group for seniors housing is persons age 65 and over. The number of persons age 65 plus is often considered in bed need methodologies adopted by various state licensing agencies.

Target Group 2

The next potential target group typically examined in evaluating demand for seniors housing is the number of households headed by a householder age 75 and over. The vast majority of seniors housing residents fall into the 75+ range.

Target Group 3

The next target group consists of the age qualified population that has adequate income to live in elderly housing. Many operators consider \$25,000 to be the minimum qualifying income. Although research has shown that many seniors with lesser income levels can afford to reside in seniors housing due to having income from other sources or assets to spend down, \$25,000 is widely considered a benchmark for the private pay market. Thus, this target group consists of the number of households with household income of \$25,000+ headed by a householder age 75+.

Target Group 4

This group consists of a group referred to in the industry as adult children. Children and/or other relatives of seniors generally play a significant role in the placement of a senior in a seniors housing facility. Market areas where there are large concentrations of persons in the 45 to 64 age group can often support a significantly larger supply of seniors housing than would be indicated through analysis of seniors already residing in the area. This is because in-migration of seniors into markets with large adult child populations is common, as the elderly are often relocated to a facility near the home of their adult children or other relative. Many operators of seniors housing have recognized the importance of the adult child market. Thus, this target group is the number of persons in the age 45 to 64 age bracket.

Income and ADL Qualification

Some in the industry apply additional qualifications to further refine the potential target market before applying a penetration rate. These further qualifications might include quantification of seniors likely to require assistance with ADLs and quantification of seniors by living arrangements (restricting the market to those living alone under the assumption that few seniors living with spouses will choose seniors housing). However, there are no reliable local sources to accurately estimate these factors in a given market area, typically leading to the use of national statistics. These further qualifications tend to complicate the application and derivation of penetration rates and are a futile exercise since the same national data are typically applied to each market area. For this reason, we will not attempt to further qualify the potential market.

Discussion of Achievable Penetration Rates

There are no industry standard definitions for penetration or capture rates. For purposes of this analysis, a penetration rate is considered to be the number of beds or units of a specific type that should be demanded at market equilibrium within a given market area, divided by the quantity of persons or households of a specific type in the same market area. For example, if 100 beds of assisted living should be demanded, and there are 1,000 persons age 65+ that reside in the PMA, the indicated penetration rate is 10%.

In order to determine appropriate penetration rates, we consulted national demand estimates provided in *The Case for Investing in Seniors Housing and Long Term Care Properties with Updated Projections*. We have also relied upon actual penetration rates being realized based upon data from NIC Map.

The penetration rates are based upon demand for public and private pay. The inclusion of public pay demand significantly impacts the nursing home sector and has a lesser but still notable impact upon the other two sectors. It is important to note that in states where Medicaid waivers and/or other public pay alternatives are not available, these penetration rates may not be realized. These demand estimates, derived from the most complete and authoritative study of national demand in existence, will be used as the basis for estimating demand in the subject's market area.

IRR has been evaluating seniors housing facilities since the mid-1980s. Over the years, we have worked with many of the most prolific developers of seniors housing in the nation including Sunrise Senior Living, Holiday Retirement, Senior Resource Group, Emeritus and Capital Senior Living. Most of the successful developers and operators of private pay seniors housing target the adult child population (persons age 45 to 64). In our tours of literally hundreds of facilities nationally, we always ask the source of residents and how often the decision is made by an adult child caregiver. In most instances, the adult child caregiver is noted as being the primary decision maker, and in many markets, more than 50% of the residents are brought in from outside the PMA by adult child caregivers that live in the PMA. Thus, in our analysis, the adult child market (Target Group 4) is given considerable weight.

We have also field tested the penetration rates used herein in the preparation of more than 3,000 market studies and appraisals of seniors housing assets prepared over the past 10+ years. We have found these penetration rates to be excellent predictors of actual market conditions. In other words, when our demand analysis indicated there to be an undersupply, we typically found high market occupancy levels indicating unmet demand. Alternatively, when our demand model showed an oversupply, we have typically seen low market occupancy levels.

Demand Estimates

The following table shows the estimated number of persons or households in each target group for a number of time periods, and the indicated demand for each period based upon the penetration rates previously discussed.

Demand For Assisted Living							
Target Group 1 - Persons Age 65+							
Item	Year						
	2016	2017	2018	2019	2020	2021	2026
A. PMA Persons Age 65+	7,847	8,021	8,195	8,368	8,542	8,716	9,681
B. Achievable Penetration Rate	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
C. Indicated Market Area Demand (A X B)	158	162	165	169	172	176	195
Target Group 2 - Households Age 75+							
Item	Year						
	2016	2017	2018	2019	2020	2021	2026
A. PMA HHs Age 75+	2,267	2,314	2,361	2,408	2,455	2,502	2,762
B. Achievable Penetration Rate	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%
C. Indicated Market Area Demand (A X B)	150	153	156	160	163	166	183
Target Group 3 - Households Age 75+ With Income \$25,000+							
Item	Year						
	2016	2017	2018	2019	2020	2021	2026
A. PMA HHs Age 75+ W/Inc. \$25,000+	1,006	1,041	1,076	1,111	1,146	1,181	1,386
B. Achievable Penetration Rate	14.8%	14.8%	14.8%	14.8%	14.8%	14.8%	14.8%
C. Indicated Market Area Demand (A X B)	149	154	159	164	169	174	204
Target Group 4 - Persons Age 45-64 (Adult Children)							
Item	Year						
	2016	2017	2018	2019	2020	2021	2026
A. PMA Persons Age 45-64	14,086	14,189	14,292	14,395	14,498	14,602	15,136
B. Achievable Penetration Rate	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%
C. Indicated Market Area Demand (A X B)	161	162	163	164	165	166	173
Demand Conclusions							
Item	Year						
	2016	2017	2018	2019	2020	2021	2026
Indicated Demand	155	158	161	164	167	170	189
Adjustment for Local Market Conditions	0%	0%	0%	0%	0%	0%	0%
Concluded Demand	155	158	161	164	167	170	189

The demand indication for each target group is independent of the other three demand indications. In this case, our final demand conclusion is weighted 50% to Target Group 3 (age and income qualified seniors) and 50% to Target Group 4 (adult children). These two indications of demand are the best indicators of demand for private pay seniors housing.

Demand For Independent Living							
Target Group 1 - Persons Age 65+							
Item	Year						
	2016	2017	2018	2019	2020	2021	2026
A. PMA Persons Age 65+	7,847	8,021	8,195	8,368	8,542	8,716	9,681
B. Achievable Penetration Rate	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%
C. Indicated Market Area Demand (A X B)	222	227	232	237	242	246	274
Target Group 2 - Households Age 75+							
Item	Year						
	2016	2017	2018	2019	2020	2021	2026
A. PMA HHs Age 75+	2,267	2,314	2,361	2,408	2,455	2,502	2,762
B. Achievable Penetration Rate	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%
C. Indicated Market Area Demand (A X B)	211	215	219	224	228	232	256
Target Group 3 - Households Age 75+ With Income \$25,000+							
Item	Year						
	2016	2017	2018	2019	2020	2021	2026
A. PMA HHs Age 75+ W/Inc. \$25,000+	1,006	1,041	1,076	1,111	1,146	1,181	1,386
B. Achievable Penetration Rate	20.7%	20.7%	20.7%	20.7%	20.7%	20.7%	20.7%
C. Indicated Market Area Demand (A X B)	208	215	223	230	237	244	287
Target Group 4 - Persons Age 45-64 (Adult Children)							
Item	Year						
	2016	2017	2018	2019	2020	2021	2026
A. PMA Persons Age 45-64	14,086	14,189	14,292	14,395	14,498	14,602	15,136
B. Achievable Penetration Rate	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
C. Indicated Market Area Demand (A X B)	225	227	228	230	232	233	242
Demand Conclusions							
Item	Year						
	2016	2017	2018	2019	2020	2021	2026
Indicated Demand	217	221	225	230	234	239	264
Adjustment for Local Market Conditions	0%	0%	0%	0%	0%	0%	0%
Concluded Demand	217	221	225	230	234	239	264

The demand indication for each target group is independent of the other three demand indications. In this case, our final demand conclusions is weighted 50% to Target Group 3 (age and income qualified seniors) and 50% to Target Group 4 (adult children). These two indications of demand are the best indicators of demand for private pay seniors housing.

Comparison of Supply and Demand

The following table summarizes our conclusions of supply and demand for assisted living.

Comparison of Supply and Demand For Assisted Living							
Item	Year						
	2016	2017	2018	2019	2020	2021	2026
A. Indicated Demand	155	158	161	164	167	170	189
B. Less Existing Supply	100	100	100	160	160	160	160
C. Existing Unmet Demand or Oversupply	55	58	61	4	7	10	29
D. Additions/Subtractions to Supply	0	0	60	N.A.	N.A.	N.A.	N.A.
E. Unmet Demand After Additions	55	58	1	4	7	10	29

Our analysis shows that the PMA has an under-supply of assisted living in the current year. Once the subject is completed, supply and demand in the market will be balanced. Demand is growing at a rate of 2% per year and market conditions should continually improve. There is sufficient market demand to support the proposed assisted living facility.

As noted previously, demand for memory care is a subset of overall assisted living demand. Memory care facilities are normally licensed the same as standard assisted living facilities. Furthermore, it is relatively easy for facilities to begin or cease providing specialized memory care since the physical plant requirements are not significantly different and the license is not different. We have previously determined demand for all assisted living, including memory care.

As of the 4th quarter of 2015, NIC MAP reported that there were 345,888 assisted living units and 96,729 memory care units in the top 100 metro markets. Thus, the combined assisted living supply count inclusive of memory care was 442,617 units. The memory care assisted living supply figure in turn equated to 28.1% of the total assisted living supply. The average occupancy was 89.4% for assisted living and 86.9% for memory care, indicating that demand between the two segments is near a balanced level. Also, memory care is currently the fastest growing segment of age-qualified housing.

However, we believe this provides just a starting point, and, in fact, understates potential demand for memory care for several reasons. Firstly, memory care units are much more likely to be semi-private than traditional assisted living, and the statistics noted above are based upon units, not beds. Therefore, the quantity of memory care units above has a much higher level of double occupancy, thus the demand on a bed, rather than unit basis, would be much higher as a percent of total demand. Furthermore, many residents of traditional assisted living have mild to moderate memory care issues and would be better suited for residency in a memory care facility, but the supply of memory care units is lacking in many markets.

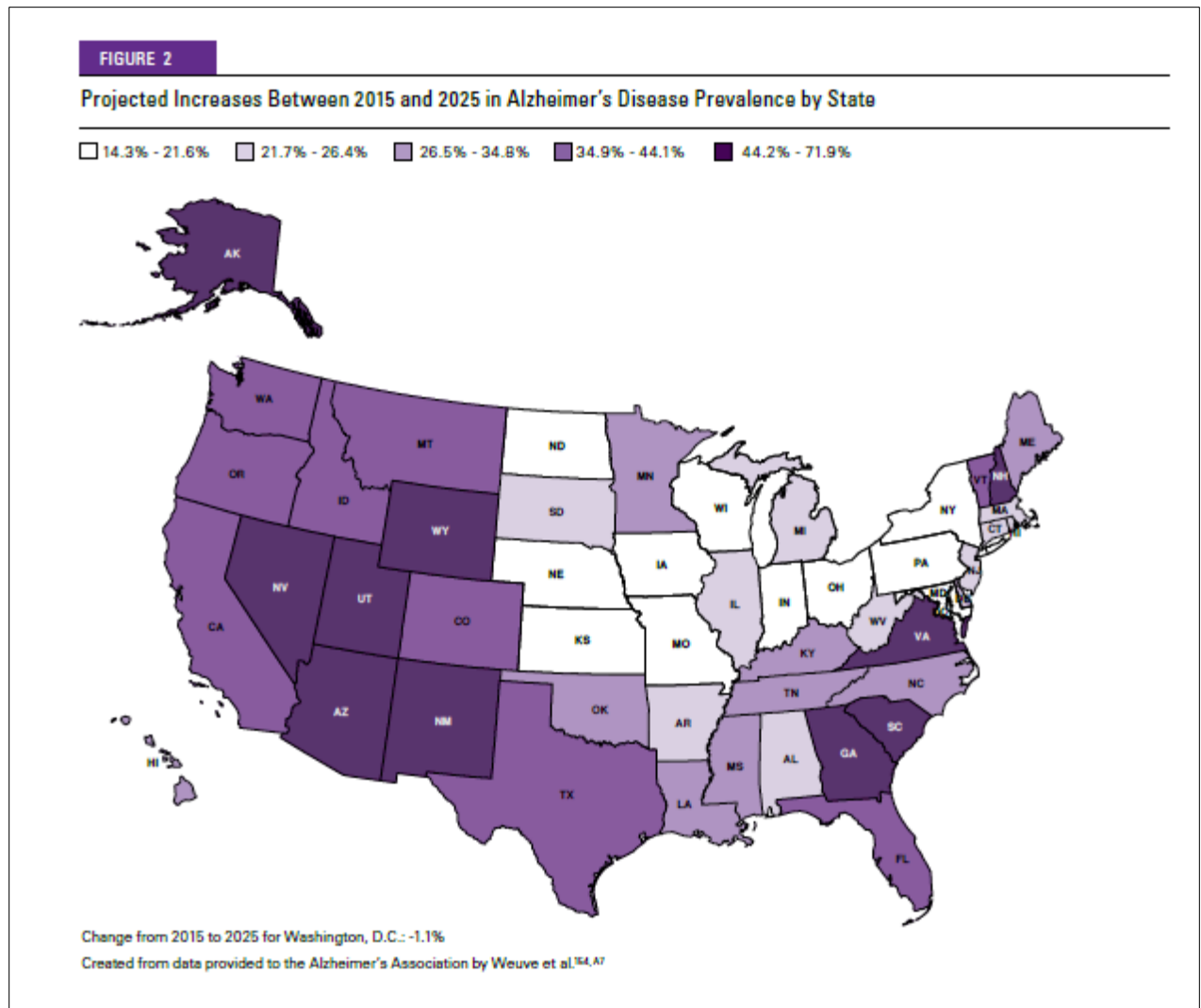
According to the Alzheimer's Association, there are approximately 473,000 people age 65 or older that developed Alzheimer's disease in the United States in 2015. Also, the Alzheimer's Association provided the following data regarding projected change by state for those residents with Alzheimer's disease.

TABLE 2

Projections of Total Numbers of Americans Age 65 and Older with Alzheimer's by State

State	Projected Number w/ Alzheimer's (in thousands)		Percentage Change 2015-2025	State	Projected Number w/ Alzheimer's (in thousands)		Percentage Change 2015-2025
	2015	2025			2015	2025	
Alabama	87	110	26.4	Montana	19	27	42.1
Alaska	6.4	11	71.9	Nebraska	33	40	21.2
Arizona	120	200	66.7	Nevada	39	64	64.1
Arkansas	53	67	26.4	New Hampshire	22	32	45.5
California	590	840	42.4	New Jersey	170	210	23.5
Colorado	65	92	41.5	New Mexico	36	53	47.2
Connecticut	73	91	24.7	New York	380	460	21.1
Delaware	17	23	35.3	North Carolina	160	210	31.3
District of Columbia	9.1	9.0	-1.1	North Dakota	14	16	14.3
Florida	500	720	44.0	Ohio	210	250	19.0
Georgia	130	190	46.2	Oklahoma	60	76	26.7
Hawaii	26	35	34.6	Oregon	60	84	40.0
Idaho	23	33	43.5	Pennsylvania	270	320	18.5
Illinois	210	260	23.8	Rhode Island	22	27	22.7
Indiana	110	130	18.2	South Carolina	81	120	48.1
Iowa	63	73	15.9	South Dakota	16	20	25.0
Kansas	51	62	21.6	Tennessee	110	140	27.3
Kentucky	68	86	26.5	Texas	340	490	44.1
Louisiana	82	110	34.1	Utah	29	42	44.8
Maine	26	35	34.6	Vermont	12	17	41.7
Maryland	99	130	31.3	Virginia	130	190	46.2
Massachusetts	120	150	25.0	Washington	100	140	40.0
Michigan	180	220	22.2	West Virginia	36	44	22.2
Minnesota	89	120	34.8	Wisconsin	110	130	18.2
Mississippi	51	65	27.5	Wyoming	8.8	13.0	47.7
Missouri	110	130	18.2				

Created from data provided to the Alzheimer's Association by Weuve et al.^{154, A7}



As shown in the figures above, between 2015 and 2025, every state and region across the country is expected to experience double-digit percentage increases in the numbers of people with Alzheimer's due to increases in the proportion of the population 65 and older.

Major operators of memory care facilities such as Brookdale, Capital Senior Living, and Benchmark believe that demand for memory care is as high as 38% of total assisted living demand. Based upon this, we will estimate demand for memory care at 35% of total assisted living demand.

The following table summarizes our conclusions of supply and demand for memory care.

Comparison of Supply and Demand For Memory Care							
Item	Year						
	2016	2017	2018	2019	2020	2021	2026
A. Indicated Demand	54	55	56	57	59	60	66
B. Less Existing Supply	16	16	16	40	40	40	40
C. Existing Unmet Demand or Oversupply	38	39	40	17	19	20	26
D. Additions/Subtractions to Supply	0	0	24	N.A.	N.A.	N.A.	N.A.
E. Unmet Demand After Additions	38	39	16	17	19	20	26

Our analysis shows that the PMA has an under-supply of memory care in the current year. This is supported by the lease up experience of the Tranquility property. There is market support for the subject's memory care component.

The following table summarizes our conclusions of supply and demand for independent living:

Comparison of Supply and Demand For Independent Living							
Item	Year						
	2016	2017	2018	2019	2020	2021	2026
A. Indicated Demand	217	221	225	230	234	239	264
B. Less Existing Supply	38	38	38	98	98	98	98
C. Existing Unmet Demand or Oversupply	179	183	187	132	136	141	166
D. Additions/Subtractions to Supply	0	0	60	N.A.	N.A.	N.A.	N.A.
E. Unmet Demand After Additions	179	183	127	132	136	141	166

Our analysis shows that the PMA has an under-supply of independent living in the current year. There are no independent living facilities in Dalton. There is sufficient market demand for the proposed subject property.

Supply and Demand Conclusion

The PMA is a growing market with again in place and adult child type characteristics. There are low barriers to entry in this market. Our analysis shows that the assisted living, memory care and independent living markets are under-supplied. This is supported by the average market occupancy of the stabilized properties of 92%. Including Tranquility, which is in its initial lease up, the average occupancy is 85%. Demand in the PMA is growing at an average rate of 2.0% per year and market conditions should improve. There is sufficient unmet demand for the proposed subject property.

Rental Rate Analysis

The following section forecasts the market rental rates for the proposed subject property.

Pricing Structures

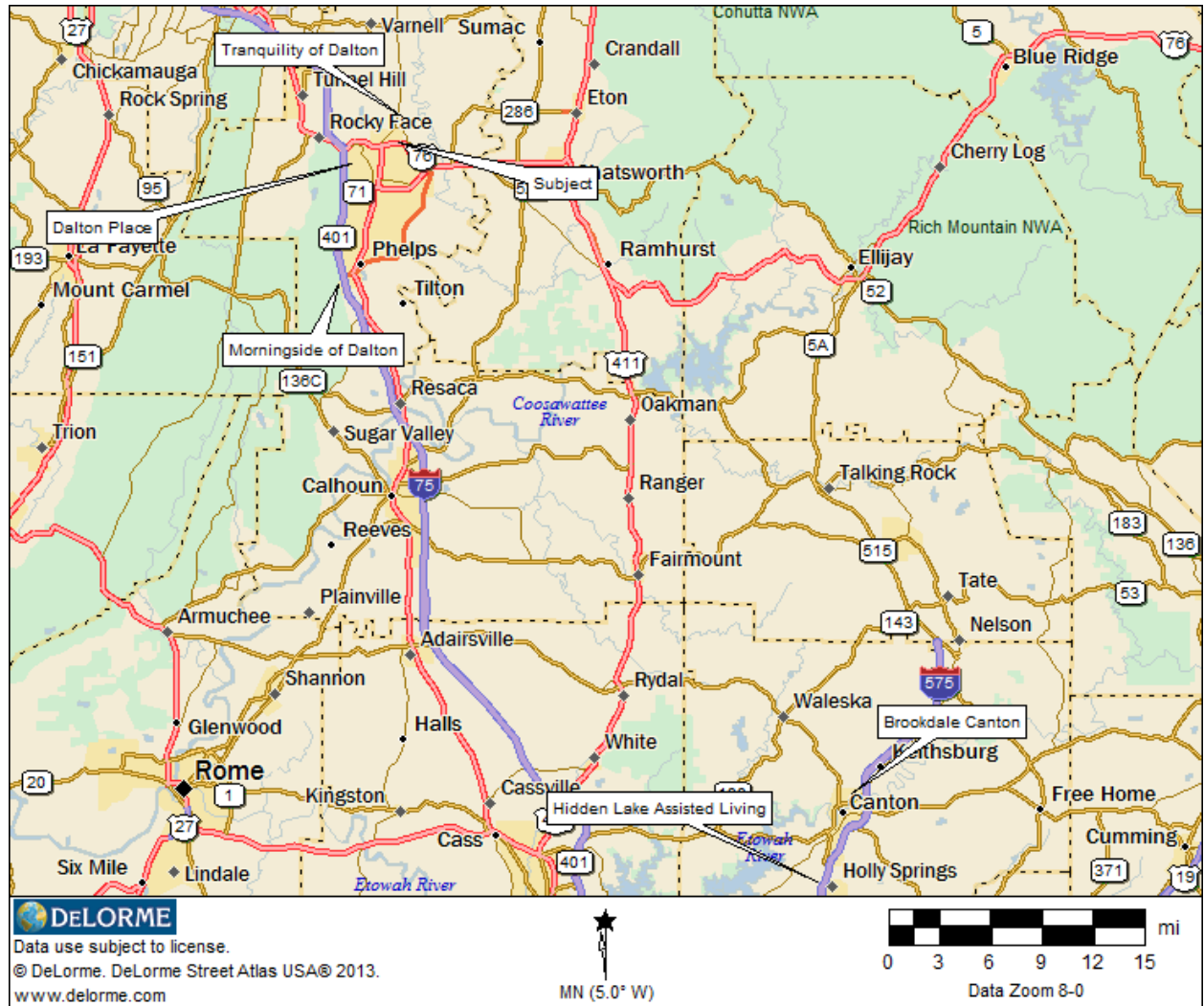
There are a number of ways in which to price senior living services. A brief description of the pricing structures follows:

- **A-La-Carte:** Residents are charged a base rate for all basic services. Additional services are charged on an individual need.
- **Tiered Rate:** Residents are charged a flat rate for services or a per diem rate based upon their care level. 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 has been widely accepted by assisted living providers.
- **Flat Rate:** Residents are charged a flat fee based on the unit that they occupy.
- **Extensive Agreement:** Residents are charged one flat fee regardless of care level (congregate care, assisted living or nursing). This is normally found in older life care communities or continuing care retirement communities (CCRCs).

The subject is expected to have a tiered rate pricing for its assisted living component and a flat rate pricing for the memory care component.

Market Rent Survey – Assisted Living

We have surveyed five facilities that are comparable to the subject. Detailed comparable profiles are included in the addenda of this report. They are as follows:



Rent Comparable Location Map

Summary of Rental Comparables					
Element of Comparison	Comparable Number				
	1	2	3	4	5
Property Name	Tranquility of Dalton	Dalton Place	Morningside of Dalton	Hidden Lake Assisted Living	Brookdale Canton
Address	986 Orchard Way, Dalton, GA	1300 West Waugh St, Dalton, GA	2470 Dug Gap Rd, Dalton, GA	3100 Hidden Valley Dr, Canton, GA	125 Riverstone Terrace, Canton, GA
Ownership	Tranquility Senior Living	Enlivant Communities	Five Star Quality Care	Capital Senior Living	Brookdale Senior Housing
Levels of Care IL = Independent Living AL = Assisted Living NC = Nursing Care MC = Memory Care	AL, MC	AL	AL	AL, MC	AL, MC
Range of Monthly Rental Rates	\$2,500 to \$3,600	\$2,677 to \$3,600	\$2,200 to \$3,600	\$2,785 to \$4,350	\$2,650 to \$3,870
Facility Occupancy	74%	90%	80%	97%	94%
Year Built (Original)	2016	2010	1998	2014	2006
Miles from Subject	1.5	3.0	8.3	52.0	46.0

Note that Comparables 4 and 5 are located outside the subject's market area and are not directly competitive with the subject.

Adjustment for Concessions

We found no concessions offered in the market, so no adjustments are required.

Adjustment for Entrance Fees

None of the comparables charge significant upfront entrance fees (\$10,000 or more), so no adjustments are required.

Adjustment for Size and/or Type

For the subject's 1 bedroom analysis, Comparable 1 is adjusted upward since it does not have a one bedroom unit type. This comparable is adjusted upward by \$800 in the subject's two bedroom unit analysis. Comparables 2-4 are adjusted upward by \$400 since they do not have a two bedroom unit type. Comparable 1 does not offer a semi-private memory care room. Its private room rate is adjusted downward by \$800.

Adjustment for Levels of Care

Comparable 1 has a flat rate assisted living pricing that is all inclusive of care. A downward adjustment of \$400 is made.

Adjustment for Utilities

The subject and comparables are considered to provide similar utilities in their rents. No adjustments are required.

Adjustment for Meals

The subject and the assisted living comparables all provide three meals per day, and no adjustments are needed. For the independent living analysis, Comparable 3 is adjusted upward since it serves one meal per day.

Adjustment for Housekeeping

The comparables and subject all provide weekly housekeeping in the base rates and do not require adjustment.

Adjustment for Parking

The comparables all include open surface parking in the base rates. Carports and garages, when available, are rented for additional charges. No adjustments are required.

Adjustment for Location

The subject and comparables are considered to have similar locations. No adjustments are required.

Adjustment for Age/Quality/Condition

No adjustments for age and quality are made.

Summary of Adjustments

Adjustment grids for each subject unit type follow. In the grids, each subject unit is compared to the most similar unit for each comparable.

Rental Comparable Adjustment Table For Assisted Living Studio 400 SF					
Item	Comparable Number				
	1	2	3	4	5
Comparable Name	Tranquility of Dalton	Dalton Place	Morningside of Dalton	Hidden Lake Assisted Living	Brookdale Canton
Unit Type	Studio	Studio	Studio	Studio	Studio
Size (Square Feet)	400	286	400	412	296
Monthly Rent	\$3,400	\$2,677	\$3,400	\$3,300	\$3,250
Adjustment for Concessions	-	-	-	-	-
Adjustment for Entrance Fees	-	-	-	-	-
Adjustment for Size/Type	-	-	-	-	-
Adjustment for Levels of Care	(\$400)	-	-	-	-
Adjustment for Utilities	-	-	-	-	-
Adjustment for Meals	-	-	-	-	-
Adjustment for Housekeeping	-	-	-	-	-
Adjustment for Parking	-	-	-	-	-
Adjustment for Location	-	-	-	-	-
Adjustment for Quality/Condition	-	-	-	-	-
Adjusted Monthly Rent	\$3,000	\$2,677	\$3,400	\$3,300	\$3,250
Adjusted Rent Per SF	\$7.50	\$9.36	\$8.50	\$8.01	\$10.98
Average Adjusted Rent	\$3,125				
Average Adjusted Rent Per SF	\$8.87				
Integra Market Rent Conclusion	\$3,000				
Integra Market Rent Conclusion Per SF	\$7.50				

The comparables' adjusted rental rates range between \$2,677 and \$3,400 per month, with a mean of \$3,125 per month. The subject will have 10 of this unit type. Considering the adjusted rents, we will utilize a market rent of \$3,000 in our forecast.

Rental Comparable Adjustment Table For Assisted Living 1 Bedroom 600 SF					
Item	Comparable Number				
	1	2	3	4	5
Comparable Name	Tranquility of Dalton	Dalton Place	Morningside of Dalton	Hidden Lake Assisted Living	Brookdale Canton
Unit Type	Studio Large	1 Bedroom	1 Bedroom	1 Bedroom	1 Bedroom
Size (Square Feet)	500	513	500	495	625
Monthly Rent	\$3,600	\$3,600	\$3,600	\$3,850	\$3,425
Adjustment for Concessions	-		-	-	-
Adjustment for Entrance Fees	-		-	-	-
Adjustment for Size/Type	\$400		-	-	-
Adjustment for Levels of Care	(\$400)		-	-	-
Adjustment for Utilities	-		-	-	-
Adjustment for Meals	-		-	-	-
Adjustment for Housekeeping	-		-	-	-
Adjustment for Parking	-		-	-	-
Adjustment for Location	-		-	-	-
Adjustment for Quality/Condition	-		-	-	-
Adjusted Monthly Rent	\$3,600	\$3,600	\$3,600	\$3,850	\$3,425
Adjusted Rent Per SF	\$7.20	\$7.02	\$7.20	\$7.78	\$5.48
Average Adjusted Rent			\$3,615		
Average Adjusted Rent Per SF			\$6.94		
Integra Market Rent Conclusion			\$3,600		
Integra Market Rent Conclusion Per SF			\$6.00		

The comparables' adjusted rental rates range between \$3,425 and \$3,850 per month, with a mean of \$3,615 per month. The subject will have 16 of this unit type. Considering the adjusted rents, we will utilize a market rent of \$3,600 in our forecast.

Rental Comparable Adjustment Table For Assisted Living 2 Bedroom 800 SF					
Item	Comparable Number				
	1	2	3	4	5
Comparable Name	Tranquility of Dalton	Dalton Place	Morningside of Dalton	Hidden Lake Assisted Living	Brookdale Canton
Unit Type	Studio Large	1 Bedroom	1 Bedroom	1 Bedroom	2 Bedroom
Size (Square Feet)	500	513	500	495	550
Monthly Rent	\$3,600	\$3,600	\$3,600	\$3,850	\$3,870
Adjustment for Concessions	-		-	-	-
Adjustment for Entrance Fees	-		-	-	-
Adjustment for Size/Type	\$800	\$400	\$400	\$400	-
Adjustment for Levels of Care	-		-	-	-
Adjustment for Utilities	-		-	-	-
Adjustment for Meals	-		-	-	-
Adjustment for Housekeeping	-		-	-	-
Adjustment for Parking	-		-	-	-
Adjustment for Location	-		-	-	-
Adjustment for Quality/Condition	-		-	-	-
Adjusted Monthly Rent	\$4,400	\$4,000	\$4,000	\$4,250	\$3,870
Adjusted Rent Per SF	\$8.80	\$7.80	\$8.00	\$8.59	\$7.04
Average Adjusted Rent			\$4,104		
Average Adjusted Rent Per SF			\$8.04		
Integra Market Rent Conclusion			\$4,200		
Integra Market Rent Conclusion Per SF			\$5.25		

The comparables' adjusted rental rates range between \$3,870 and \$4,400 per month, with a mean of \$4,104 per month. The subject will have 10 of this unit type. Considering the adjusted rents, we will utilize a market rent of \$4,200 in our forecast.

Rental Comparable Adjustment Table For Memory Care Studio, Private 340 SF					
Item	Comparable Number				
	1	2	3	4	5
Comparable Name	Tranquility of Dalton	Dalton Place	Morningside of Dalton	Hidden Lake Assisted Living	Brookdale Canton
Unit Type	Studio			Studio	Studio
Size (Square Feet)	300			400	286
Monthly Rent	\$3,850			\$4,350	\$4,060
Adjustment for Concessions	-			-	-
Adjustment for Entrance Fees	-			-	-
Adjustment for Size/Type	-			-	-
Adjustment for Levels of Care	-			-	-
Adjustment for Utilities	-			-	-
Adjustment for Meals	-			-	-
Adjustment for Housekeeping	-			-	-
Adjustment for Parking	-			-	-
Adjustment for Location	-			-	-
Adjustment for Quality/Condition	-			-	-
Adjusted Monthly Rent	\$3,850			\$4,350	\$4,060
Adjusted Rent Per SF	\$12.83			\$10.88	\$14.20
Average Adjusted Rent			\$4,087		
Average Adjusted Rent Per SF			\$12.63		
Integra Market Rent Conclusion			\$4,000		
Integra Market Rent Conclusion Per SF			\$11.76		

The comparables' adjusted rental rates range between \$3,850 and \$4,350 per month, with a mean of \$4,087 per month. The subject will have 10 of this unit type. Considering the adjusted rents, we will utilize a market rent of \$4,000 in our forecast.

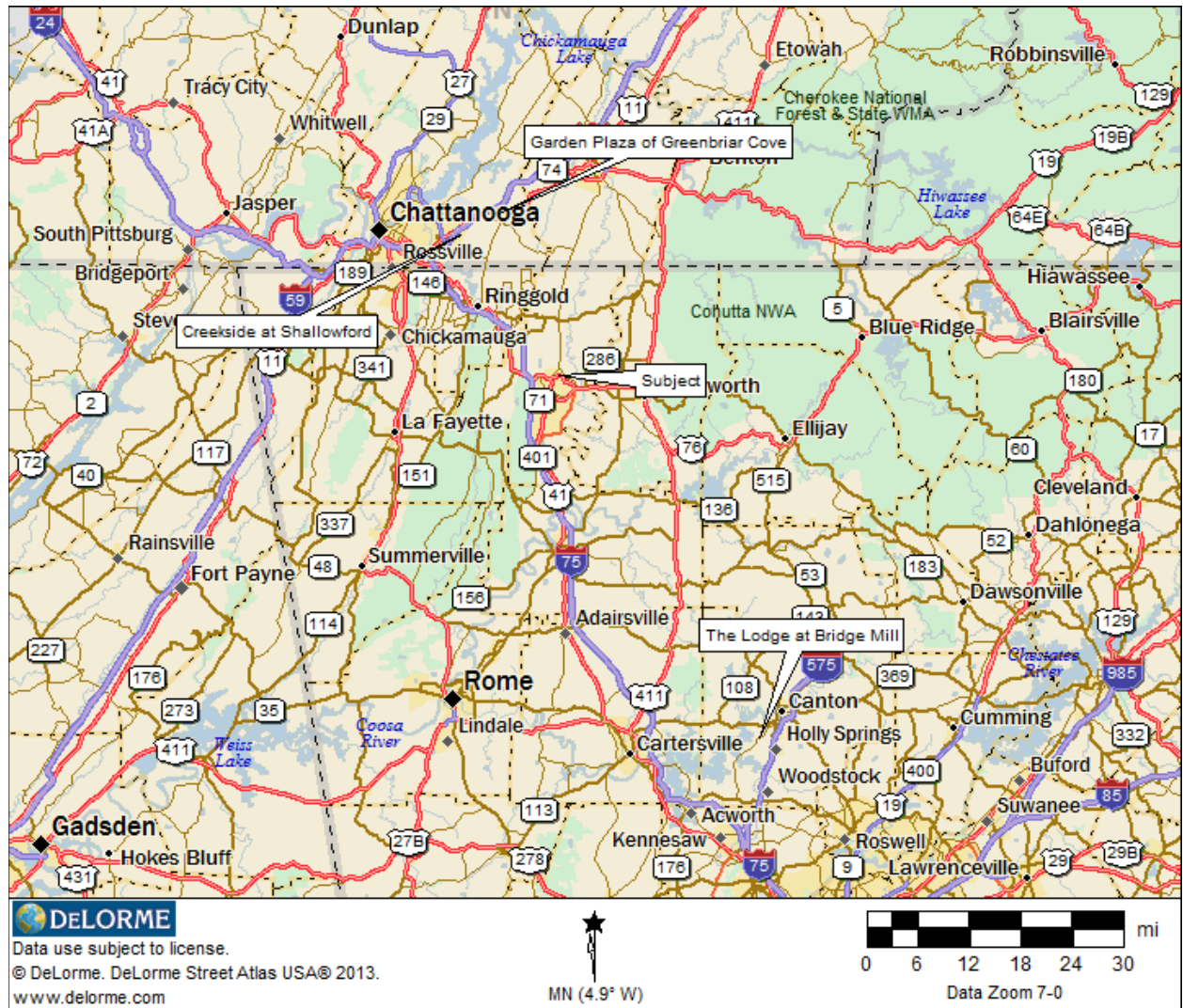
Rental Comparable Adjustment Table For Memory Care Studio, Shared 440 SF					
Item	Comparable Number				
	1	2	3	4	5
Comparable Name	Tranquility of Dalton	Dalton Place	Morningside of Dalton	Hidden Lake Assisted Living	Brookdale Canton
Unit Type	Private			Semi-Private	Semi-Private
Size (Square Feet)	300			400	286
Monthly Rent	\$3,850			\$3,300	\$2,690
Adjustment for Concessions	-			-	-
Adjustment for Entrance Fees	-			-	-
Adjustment for Size/Type	(\$800)			-	-
Adjustment for Levels of Care	-			-	-
Adjustment for Utilities	-			-	-
Adjustment for Meals	-			-	-
Adjustment for Housekeeping	-			-	-
Adjustment for Parking	-			-	-
Adjustment for Location	-			-	-
Adjustment for Quality/Condition	-			-	-
Adjusted Monthly Rent	\$3,050			\$3,300	\$2,690
Adjusted Rent Per SF	\$10.17			\$8.25	\$9.41
Average Adjusted Rent			\$3,013		
Average Adjusted Rent Per SF			\$9.27		
Integra Market Rent Conclusion			\$3,100		
Integra Market Rent Conclusion Per SF			\$7.05		

The comparables' adjusted rental rates range between \$2,690 and \$3,300 per month, with a mean of \$3,013 per month. The subject will have 14 of this unit type. Considering the adjusted rents, we will utilize a market rent of \$3,100 in our forecast.

Market Rent Analysis – Independent Living

Market Rent Survey

We have surveyed three facilities that are comparable to the subject. Detailed comparable profiles are included in the addenda of this report. They are as follows:



Rent Comparable Location Map

Summary of Rental Comparables			
Element of Comparison	Comparable Number		
	1	2	3
Property Name	The Lodge at Bridge Mill	Garden Plaza of Greenbrar Cove	Creekside at Shallowford
Address	10451 Bells Ferry Rd, Canton, GA	4586 Forsythia Way, Ooltewah, TN	7511 Shallowford Rd, Chattanooga, TN
Ownership	United Group	Lifecare	Holiday Retirement
Levels of Care IL = Independent Living AL = Assisted Living NC = Nursing Care MC = Memory Care	IL	IL, AL	IL
Range of Monthly Rental Rates	\$1,793 to \$3,348	\$2,429 to \$4,300	\$1,874 to \$3,849
Facility Occupancy	97%	90%	90%
Year Built (Original)	2006	2007	2006
Miles from Subject	48.0	20.0	19.0

Note that the comparables are located outside the subject's market area and are not directly competitive with the subject. However, due to a lack of comparables that are directly competitive, we have used these comparables which are similar properties located in similar markets.

Adjustment for Concessions

We found no concessions offered in the market, so no adjustments are required.

Adjustment for Entrance Fees

None of the comparables charge significant upfront entrance fees (\$10,000 or more), so no adjustments are required.

Adjustment for Size and/or Type

We are comparing similar units of size and/or type, so no adjustments are needed.

Adjustment for Utilities

No adjustment for utilities are required.

Adjustment for Meals

Meal service is as follows:

Comp.	Meals Per Day Included In Base Rate	Adjustment
1	0	\$750
2	2	\$0
3	3	-\$300
Subject	2	N/A

The subject is presumed to offer two meals per day. Comparable 1 is adjusted upward by \$750 since meals are not included in the base rate. A meal plan is offered at an additional cost of \$678 for two meals per day. Comparable 3 is adjusted downward by \$300 since it offers three meals per day.

Adjustment for Housekeeping

The comparables and subject all provide weekly housekeeping in the base rates and do not require adjustment.

Adjustment for Parking

The comparables all include open surface parking in the base rates. Carports and garages, when available, are rented for additional charges. No adjustments are required.

Adjustment for Location

Comparables 2 and 3 are adjusted downward for their superior locations.

Adjustment for Age/Quality/Condition

Comparable 2 is adjusted downward for its superior quality.

Summary of Adjustments

Adjustment grids for each subject unit type follow. In the grids, each subject unit is compared to the most similar unit for each comparable.

Rental Comparable Adjustment Table For Independent Living Studio 450 SF					
Item	Comparable Number				
	1	2	3	5	6
Comparable Name	The Lodge at Bridge Mill	Garden Plaza of Greenbrar Cove	Creekside at Shallowford		
Unit Type		Studio	Studio		
Size (Square Feet)		433	396		
Monthly Rent		\$2,429	\$1,874		
Adjustment for Concessions	-	-	-		
Adjustment for Entrance Fees	-	-	-		
Adjustment for Size/Type	-	-	-		
Adjustment for Levels of Care	-	-	-		
Adjustment for Utilities	-	-	-		
Adjustment for Meals	-	-	(\$300)		
Adjustment for Housekeeping	-	-	-		
Adjustment for Parking	-	-	-		
Adjustment for Location	-	(\$243)	(\$187)		
Adjustment for Quality/Condition		(\$243)	-		
Adjusted Monthly Rent		\$1,943	\$1,387		
Adjusted Rent Per SF		\$4.49	\$3.50		
Average Adjusted Rent			\$1,665		
Average Adjusted Rent Per SF			\$3.99		
Integra Market Rent Conclusion			\$1,700		
Integra Market Rent Conclusion Per SF			\$3.78		

The comparables' adjusted rental rates range between \$1,387 and \$1,943 per month, with a mean of \$1,665 per month. The subject will have 10 of this unit type. Considering the adjusted rents, we will utilize a market rent of \$1,700 in our forecast.

Rental Comparable Adjustment Table For Independent Living 1 Bedroom 650 SF					
Item	Comparable Number				
	1	2	3	5	6
Comparable Name	The Lodge at Bridge Mill	Garden Plaza of Greenbrar Cove	Creekside at Shallowford		
Unit Type	1 Bedroom	1 Bedroom	1 Bedroom		
Size (Square Feet)	665	579	549		
Monthly Rent	\$1,793	\$3,196	\$2,900		
Adjustment for Concessions	-	-	-		
Adjustment for Entrance Fees	-	-	-		
Adjustment for Size/Type	-	-	-		
Adjustment for Levels of Care	-	-	-		
Adjustment for Utilities	-	-	-		
Adjustment for Meals	\$750	-	(\$300)		
Adjustment for Housekeeping	-	-	-		
Adjustment for Parking	-	-	-		
Adjustment for Location	-	(\$320)	(\$290)		
Adjustment for Quality/Condition	-	(\$320)	-		
Adjusted Monthly Rent	\$2,543	\$2,557	\$2,310		
Adjusted Rent Per SF	\$3.82	\$4.42	\$4.21		
Average Adjusted Rent			\$2,470		
Average Adjusted Rent Per SF			\$4.15		
Integra Market Rent Conclusion			\$2,500		
Integra Market Rent Conclusion Per SF			\$3.85		

The comparables' adjusted rental rates range between \$2,310 and \$2,557 per month, with a mean of \$2,470 per month. The subject will have 45 of this unit type. Considering the adjusted rents, we will utilize a market rent of \$2,500 in our forecast.

Rental Comparable Adjustment Table For Independent Living 2 Bedroom 1000 SF			
Item	Comparable Number		
	1	2	3
Comparable Name	The Lodge at Bridge Mill	Garden Plaza of Greenbrar Cove	Creekside at Shallowford
Unit Type	2 Bedroom	2 Bedroom	2 Bedroom
Size (Square Feet)	1,000	745	975
Monthly Rent	\$2,361	\$4,300	\$3,824
Adjustment for Concessions	-	-	-
Adjustment for Entrance Fees	-	-	-
Adjustment for Size/Type	-	-	-
Adjustment for Levels of Care	-	-	-
Adjustment for Utilities	-	-	-
Adjustment for Meals	\$750	-	(\$300)
Adjustment for Housekeeping	-	-	-
Adjustment for Parking	-	-	-
Adjustment for Location	-	(\$430)	(\$382)
Adjustment for Quality/Condition	-	(\$430)	-
Adjusted Monthly Rent	\$3,111	\$3,440	\$3,142
Adjusted Rent Per SF	\$3.11	\$4.62	\$3.22
Average Adjusted Rent			\$3,231
Average Adjusted Rent Per SF			\$3.65
Integra Market Rent Conclusion			\$3,150
Integra Market Rent Conclusion Per SF			\$3.15

The comparables' adjusted rental rates range between \$3,111 and \$3,440 per month, with a mean of \$3,231 per month. The subject will have 5 of this unit type. Considering the adjusted rents, we will utilize a market rent of \$3,150 in our forecast.

Assessment/Community Fee

The following table summarizes the policy of the subject and comparables in the subject's market area.

Summary of Assessment/Community Fees	
Property Name	Amount
Subject - Dalton Seniors Housing Market	N/A
Tranquility of Dalton	\$1,200
Dalton Place	N/A
Morningside of Dalton	\$750
Hidden Lake Assisted Living	\$1,000
Brookdale Canton	\$2,500
The Lodge at Bridge Mill	\$1,000
Garden Plaza of Greenbrar Cove	\$2,000
Creekside at Shallowford	\$3,000 to \$5,000
Integra Fee Conclusion	\$1,000

Second Person Charges

Second person charges for the comparables are as follows:

Summary of Second Person Fees		
Property Name	Type	
	Independent Living	Assisted Living
Subject - Dalton Seniors Housing Market St	N/A	N/A
Tranquility of Dalton	N/A	N/A
Dalton Place	N/A	N/A
Morningside of Dalton	N/A	\$750
Hidden Lake Assisted Living	N/A	\$1,000
Brookdale Canton	N/A	\$750
The Lodge at Bridge Mill	\$0	N/A
Garden Plaza of Greenbrar Cove	\$700	\$752
Creekside at Shallowford	\$855	\$753
Integra Second Person Fee Conclusion	\$750	\$750

The concluded second person fee is \$750 per month.

Projected Market Rents

Utilizing the preceding estimates, the projected market rents are summarized in the following table.

Estimated of Market Rents						
Unit/Bed Type	Care Type	Square Feet	Number of Units/Beds	Monthly Rent	Rent Per Square Foot	Monthly Gross Potential Income
Studio	Assisted Living	400	10	\$3,000	\$7.50	\$30,000
1 Bedroom	Assisted Living	600	16	\$3,600	\$6.00	\$57,600
2 Bedroom	Assisted Living	800	10	\$4,200	\$5.25	\$42,000
Studio, Private	Memory Care	340	10	\$4,000	\$11.76	\$40,000
Studio, Shared	Memory Care	440	14	\$3,100	\$7.05	\$43,400
Studio	Independent Living	450	10	\$1,700	\$3.78	\$17,000
1 Bedroom	Independent Living	650	45	\$2,500	\$3.85	\$112,500
2 Bedroom	Independent Living	1,000	5	\$3,150	\$3.15	\$15,750
Totals			120			\$358,250
Annual Gross Potential Unit Rental Income						\$4,299,000

Certification

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I 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.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- John F. Thigpen, MAI has not made a personal inspection of the property that is the subject of this report. Phillip R. Thomas, MAI, MRICS, has made a personal inspection of the subject property. Bradford L. Johnson, MAI, MRICS has not made a personal inspection of the property that is the subject of this report.
- No other persons provided significant real property appraiser assistance to the persons signing this certification.
- I certify that, to the best of my knowledge and beliefs, 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 the Standards of Professional Appraisal Practice of the Appraisal Institute.
- I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- USPAP 2016-17 requires the appraiser to disclose “any services regarding the subject property performed by the appraiser within the three year period immediately preceding acceptance of the assignment, as an appraiser or in any other capacity.” Pursuant to that requirement, to the best of our knowledge, we:
 - Have not provided consulting services in connection with this property within the past three years.

- As of the date of this report, John F. Thigpen, MAI has completed the continuing education requirements of the Appraisal Institute. As of the date of this report, Bradford L. Johnson, MAI, MRICS has completed the continuing education requirements of the Appraisal Institute.
- Various analysts employed by Integra Realty Resources procured the comparable data used in this report.



John F. Thigpen, MAI
Managing Director
Georgia Certified General Real Property Appraiser #287684
Telephone: 813-287-1000, ext. 123
Email: jthigpen@irr.com



Bradford L. Johnson, MAI, MRICS
Senior Managing Director
Georgia Certified General Real Property Appraiser #3936
Telephone: 813-287-1000, ext. 121
Email: bljohnson@irr.com

Assumptions and Limiting Conditions

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

General Assumptions

- No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
- There are no existing judgments or pending or threatened litigation that could affect the value of the property.
- The property is appraised free and clear of any and all liens or encumbrances unless otherwise stated.
- Responsible ownership and competent property management are assumed.
- The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
- All engineering is assumed to be correct. The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
- It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
- It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in this appraisal report.
- It is assumed that the subject is in compliance with all applicable zoning and use regulations and restrictions unless nonconformity has been stated, defined, and considered in this appraisal report.
- It is assumed that all required licenses, certificates of occupancy, consents or other legislative or administrative authority from any local, state, or national government, or private entity, or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
- It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in this report.
- The presence of hazardous materials such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials could impact the value of the property. We assume no responsibility for any existing conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if so desired.

- We have relied upon the following documents for factual information pertaining to the subject:
 - Site Plan
- No significant changes will occur in regulations impacting the subject, unless specifically noted and addressed in this report.

General Limiting Conditions

- The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
- Possession of this report, or a copy thereof, does not carry with it the right of publication.
- We are not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.
- The going concern value conclusions include real estate, FF&E, and business value. Refer to the summary of facts, assumptions and conclusions for a value allocation. However, our valuation specifically excludes items not normally transferred between buyer and seller, specifically: cash, working capital, accounts receivable, and accounts payable.
- Note that any allocation value provided is based upon the continuation of the business enterprise. Were the business to cease operations, values of the individual components would likely be something different than the value allocated to the components based upon the continuation of the business operation.
- 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.
- The current purchasing power of the dollar is the basis for the value stated in our appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
- 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. We are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment.
- Any prospective value estimates presented in this report are estimates and forecasts, which are prospective in nature and 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 including, but not limited to changes in the economy, interest rates, capitalization rates, consumers' behaviors, investors, lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

- No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
- 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.
- 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.
- 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.
- 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 person(s) signing the report.
- Information, estimates and opinions contained in the report, obtained from third-party sources are assumed to be reliable and have generally not been independently verified.
- The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of any property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. In as much as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, we cannot comment on compliance to ADA. Given that compliance can change with each owner's financial ability to cure non-accessibility, the value of the subject does not consider possible non-compliance. 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.
- The appraisal report is prepared for the exclusive benefit of the client, its 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.
- 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 and the person signing the report 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.

- We 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. We are not qualified to detect such areas; therefore we 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.
- We are not building or environmental inspectors; and we do not guarantee that the subject property is free of defects or environmental problems. The client is urged to retain experts in this area and to have an environmental site assessment conducted.
- The appraisal report and value conclusion for an appraisal assumes the satisfactory completion of any construction, repairs or alterations required in a workmanlike manner.
- 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 part thereof including, without limitation, conclusions of value and our identity), to any third parties.

Extraordinary Assumptions

USPAP defines an extraordinary assumption as “an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.” Our appraisal is subject to the following extraordinary assumptions:

- None

Hypothetical Conditions

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

- None

Addendum A

MAP

FINAL PLAT OF
HAMMOND CREEK
LOCATED IN LAND LOT 140 AND 141, 12TH, DISTRICT, 3RD. SECTION.
WHITFIELD COUNTY, GEORGIA
SCALE 1" = 100' AUGUST 18, 2004

3.87 Ac. 0.73 Ac.

P.O.B. NOTE:
N 41° 48' 35" W - 960.99'
from the S.E. corner of
Land Lot 141

NORTH DALTON BY-PASS R/W VARIES

CERTIFICATE OF OWNERSHIP AND DEDICATION
I (We) hereby certify that I am (We are) the owner(s) of the property shown and described hereon and that I (We) hereby adopt this plan of subdivision, establish the minimum setback lines and dedicate to the use of the public forever, all streets, parks, drains, easements and public grounds thereon shown except as otherwise noted.
It is understood that this certificate does not constitute the dedication of land and improvements intended to be dedicated and that I (We) shall have prepared to the satisfaction of legal counsel for the appropriate public agency, such documentation and materials as necessary to effect such dedication.

Date: _____

Owner

CERTIFICATE OF ACCURACY
I hereby certify that the plan shown and described hereon is true and correct and was prepared from an actual survey of the property by me or under my supervision in the accuracy required by the subdivision regulations of Dalton, Georgia and that monuments or pins shown have been placed in the specifications set forth in said regulations.

Date: 11-08-04

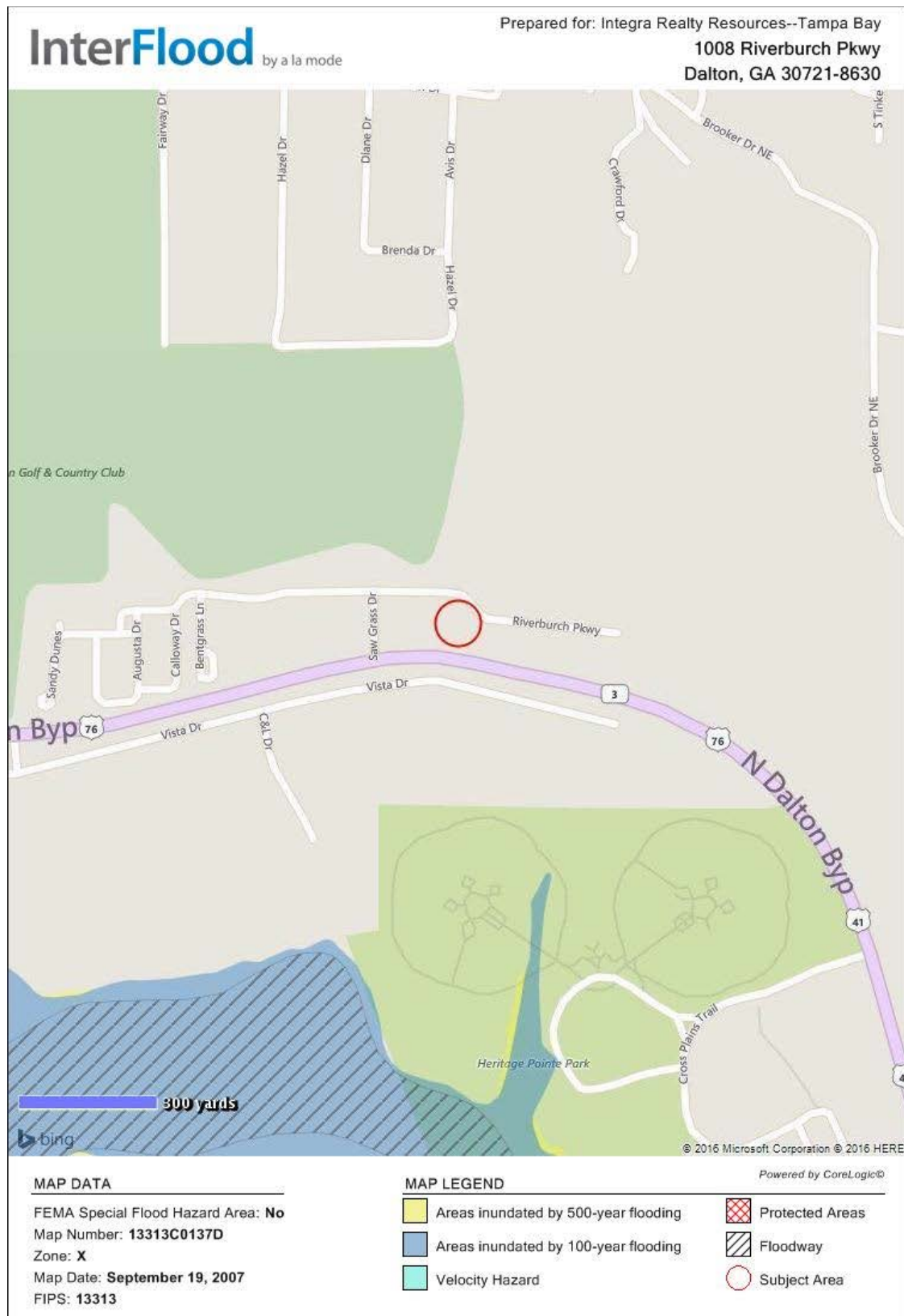
GA. REG. LAND SURVEYOR NO. 1347

CERTIFICATE OF APPROVAL OF STREETS AND DRAINAGE (PUBLIC)
I hereby certify that the streets and drainage improvements in this subdivision have been installed (has been secured by) _____ in an acceptable manner and meet all the requirements of the subdivision regulations of Dalton, Georgia.

Date: 11-08-04

DALTON PUBLIC WORKS DIRECTOR

CERTIFICATE OF APPROVAL OF WATER SYSTEM (PUBLIC)
I hereby certify that the public water supply and distribution system has been installed (has been secured by sufficient surety to be installed) in the subdivision shown hereon and meets fully the requirements of Dalton Utilities and are hereby approved.



Addendum B

Letter of Engagement

Integra Realty Resources
Tampa Bay

550 N. Reo Street
Suite 220
Tampa, FL 33609

T 813-287-1000
F 813-281-0681
Tampabay@irr.com
www.irr.com/tampa



March 23, 2016

Mr. Thomas Chandler
P.O. Box 555
Fayetteville, FL 32246
PH: 770-231-0231
Chandler_Thomas@bellsouth.net

SUBJECT: Proposal/Authorization for Consulting Services

Property: Planned Seniors Housing Property
Property Address: Northwest Corner of Sawgrass Drive and North Dalton By-Pass,
Dalton, GA 30721
Parcel ID: 12-163-24-012

Dear Mr. Chandler:

Integra Realty Resources – Tampa Bay (“IRR – Tampa Bay”), appreciates the opportunity to provide this proposal for consulting services to the undersigned (the “Client”) for the Subject Property.

It is our mutual understanding that the purpose of this market study is to assist the Client in determining market demand and rental rate analysis for the Subject Property. The market study report will be prepared in conformance with and subject to, the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute and the *Uniform Standards of Professional Appraisal Practice* (USPAP) developed by the Appraisal Standards Board of the Appraisal Foundation. The Ethics Rule of USPAP requires us to disclose to you any prior services we have performed regarding the Subject Property within a three year period immediately preceding the acceptance of this assignment, either as an appraiser or in any other capacity. We represent that we have not performed any services that require disclosure under this rule.

The scope of the market study will include the following:

- Area and market area description,
- Demand analysis for independent living, assisted living and the memory care market segment,
- Description of independent living, assisted living and memory care supply in PMA,
- Supply and demand analysis for independent living, assisted living and memory care markets,
- Occupancy survey of supply in PMA,

Mr. Thomas Chandler
March 23, 2016
Page 2

- Pipeline survey with unit mix information if available in PMA and adjacent markets,
- Reporting of rent levels and cost of ancillary charges of primary competitors for seniors housing.

Federal banking regulations require banks and other lending institutions to engage appraisers where FIRREA compliant market studies must be used in connection with mortgage loans or other transactions involving federally regulated lending institutions. Given that requirement, this market study may not be accepted by a federally regulated financial institution.

Our fee for this assignment will be \$5,800, which includes out-of-pocket expenses. We will require a retainer of \$2,900 (or 50 %) prior to us beginning our work with the balance due upon delivery of the report. We will provide one (1) pdf and two (2) hard copies of the report(s); however, additional copies of the report are available at an additional cost. The current minimum cost for each additional copy is \$100 per copy. The report(s) will be completed and delivered to you within four (4) weeks from our receipt of this fully executed engagement letter and the information requested in Attachment II.

Additional fees will be charged on an hourly basis for any work which exceeds the scope of this proposal, including performing additional valuation scenarios, additional research and conference calls or meetings with any party which exceed the time allotted for an assignment of this nature.

In order to complete this assignment in the designated time, we will require as much of the available information as possible, as identified in Attachment I, within five (5) business days after the execution of this engagement letter. Any delays in the receipt of this information or in the access to the property will automatically extend the final delivery date of the report as proposed. Furthermore, the market study report and conclusions therein will be predicated upon the accuracy and completeness of the information provided by the Client and set forth in Attachment I. In the absence of some of this information, the appraisers will attempt to obtain this information from other sources and/or may require the use of Extraordinary Limiting Conditions and Assumptions within the market study report.

The market study report will be limited by our standard Assumptions and Limiting Conditions and any Extraordinary Assumptions and Limiting Conditions, which become apparent or necessary during the course of the assignment. A copy of the standard Assumptions and Limiting Conditions is set forth in Attachment II.

In addition, this engagement letter is subject to the following terms:

1. Duration of Quote. This proposal and fees quoted are valid for a period of fourteen (14) calendar days from the date hereof. If we do not receive a signed copy of this engagement letter from you within such 14 days, the fact that we made the foregoing proposal of professional services will not preclude us from performing professional services for another client on the Subject Property.
2. Completion Date. The delivery date of the report will be 30 days from your acceptance of this engagement letter. The foregoing delivery date is contingent upon the absence of events outside our control such as illness, lack of specific necessary data and/or Acts of God, timely access for inspection of the Subject Property, as well as our receipt of all requested information necessary to complete the assignment.

Mr. Thomas Chandler
 March 23, 2016
 Page 3

3. Information. Both parties acknowledge that real estate market study requires current and historical market data to competently analyze the Subject Property. Accordingly, the Client agrees that: (i) the data collected by us in this assignment will remain our property; and (ii) with respect to any data provided by the Client, Integra and its partner companies may utilize, sell and include such data (either in the aggregate or individually), in the Integra database and for use in derivative products. The Client agrees that all data already in the public domain may be utilized on an unrestricted basis. Finally, the Client agrees that we may use commercially available as well as proprietary software programs to perform your assignment (web based and others).
4. Litigation. In the event one or more Integra Parties (defined below), is called upon to provide testimony or receives a subpoena concerning any suit or proceeding or otherwise becomes involved in any litigation relating to, in which the Integra Party is not a party, the Integra Parties will make every reasonable effort to assist Client and provide such testimony. Client agrees to compensate the Integra Parties at their then current rates, on an hourly basis, plus reimbursement for all expenses incurred as a result of said litigation. In addition to the foregoing, the following terms are applicable:
 - Review and trial preparation (if applicable) in-office, will be billed at standard hourly rates; outside office rates may apply to conferences, depositions and testimony.

Senior Managing Director, Bradford L. Johnson, MAI	\$450.00/hour
Managing Directors, Raymond E. Veal, MAI John Thigpen, MAI	\$400.00/hour
Senior Analyst	\$250.00/hour
Analyst/Researcher	\$100.00 to 150.00/hour

- All reports for which testimony is required must be disclosed prior to report authorization.
- All fees for reports, conferences and depositions must be paid prior to hearings and trial.
- Scheduling of casework and appearances will be made with due consideration for the time of all persons involved. Every effort to comply with reasonable requests for appearances will be made. Once an appointment, deposition or appearance is scheduled, that time is set aside. Therefore, if the appearance is canceled, or the reserved time is abandoned for whatever reason, the following cancellation charges will apply:

1. More than one week	No Charge
2. 48 hours prior	[\$200.00]
3. Less than 48 hours prior	[\$250.00]
4. Stand-by Charge	[\$500.00 per day]
- Due to the difficulty associated with accurately forecasting the number of hours which may be required for the research, hearing and/or trial preparation, deposition time, client/expert

Mr. Thomas Chandler
March 23, 2016
Page 4

conferences, etc., the Integra Parties will maintain contemporaneous time and expense records and will provide Client with invoices on a 30 day billing cycle. Client agrees to pay the Integra Parties at the time the invoice is submitted and further agrees that such payment is not contingent upon any set outcome or result of such litigation.

5. Limitations of Liability. IRR – Tampa Bay is an independently owned and operated company. The parties hereto agree that Integra Realty Resources, Inc. ("Integra") shall not be liable for any claim arising out of or relating to any market study report or any information or opinions contained therein as such market study report is the sole and exclusive responsibility of IRR – Tampa Bay. In addition, it is expressly agreed that in any action which may be brought against IRR – Tampa Bay and/or any of its officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), arising out of, relating to, or in any way pertaining to this engagement letter, the market study 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 market study 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 market study 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.
6. Proprietary Software. Client acknowledges that Integra's Marketpoint, Appraisal Template and DataPoint software is proprietary and confidential. Accordingly, Client agrees not to use such software other than in furtherance of the purposes of this engagement letter. Client further agrees not to make such software available for the use of any third party.
7. Fees. Unless arrangements are made otherwise, a late charge of 15% per annum, commencing thirty (30) days after the receipt of invoice will be charged on any balance not paid; however, in no event shall this delinquency rate of interest exceed the maximum rate permitted by law. The Integra Parties shall also be entitled to recover their costs (including attorneys' fees), associated with collecting any amounts owed or otherwise relating to this engagement. Upon default by you, we shall be permitted to file a lien against the Subject Property for any amounts owed pursuant to this engagement letter.
8. Cancellation. In the event the assignment is canceled prior to completion, an invoice will be prepared reflecting the percentage of work completed as of that date. Any credits to Client will be promptly refunded or any remaining balances will be indicated on the invoice.
9. Purpose; Reliance. The purpose of the market study is to develop an opinion of the market value of the Subject Property on behalf of the Client as the intended user of the market study. The intended use of the market study is to assist the Client, as the intended user of the market study, in evaluating the Subject Property for internal purposes. The use of the market study by anyone other than the Client is prohibited. Accordingly, the market study report will be addressed to and shall be solely for the Client's use and benefit unless IRR - Tampa Bay provides its prior written consent. IRR - Tampa Bay expressly reserves the unrestricted right to withhold its consent to your disclosure of the market study report (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless the prior written consent of IRR - Tampa Bay is obtained, no third party may

Mr. Thomas Chandler
March 23, 2016
Page 5

rely on the market study report (even if their reliance was foreseeable). In the event the Client provides a copy of this market study to, or permits reliance thereon by, any person or entity not authorized by IRR - Tampa Bay, the Client agrees to indemnify and hold harmless the Integra Parties from and against all damages, expenses, claims and costs, including attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the review market study by any such unauthorized person or entity. If the market study is referred to or included in any offering material or prospectus, the market study shall be deemed referred to or included for informational purposes only and the Integra Parties shall have no liability to such recipients. IRR - Tampa Bay disclaims any and all liability to any party other than the Client which retained IRR - Tampa Bay to prepare the market study.

10. Special Experts. Any out-of-pocket expenses incurred during this assignment will be billed at cost and included on the invoice. Should the Client request the assistance of any of the Integra Parties in hiring a special expert to contribute to any assignment (including but not limited to, a surveyor, environmental consultant, land planner, architect, engineer, business, personal property, machinery and equipment appraiser, among others), the Client agrees to perform their own due diligence to qualify said special expert. The Client agrees and acknowledges it is solely responsible in paying for the services of said special expert. Furthermore, the Client acknowledges that the Integra Parties, are not responsible for the actions and findings of the special expert and agrees to hold the Integra Parties harmless from any and all damages that may arise out of the Client's reliance on the special expert.
11. Responding to Review. We agree to respond to your review of our report within five (5) business days of your communication to us. Correspondingly, you will have twenty-one (21) days from receipt of our report to communicate your review. We reserve the right to bill you for responding to your review beyond this time period.
12. Choice of Law/Submission to Jurisdiction/Separate Legal Representation. The law of the State of Florida shall govern, construe, and enforce all of the rights and duties of the parties arising from or relating in any way to the subject matter of this engagement letter. Any action commenced for the purpose of enforcing the terms and provisions of this engagement letter or any accepted assignment and in any way related to the subject matter of this engagement letter shall be brought in the state in which IRR - Tampa Bay is located. In executing this engagement letter, each party agrees to submit to the personal jurisdiction of the courts of the state in which such IRR - Tampa Bay is located. In case any one or more of the provisions or parts of a provision contained in this engagement letter shall, for any reason, be held to be invalid, illegal or unenforceable in any respect in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or part of a provision of this engagement letter or any other jurisdiction, but this engagement letter shall be reformed and construed in any such jurisdiction as if such invalid or illegal or unenforceable provision or part of a provision had never been contained herein and such provision or part shall be reformed so that it would be valid, legal and enforceable to the maximum extent permitted in such jurisdiction. Each party acknowledges and agrees that he has been advised and encouraged to consult an attorney in connection with this engagement letter, that he fully understands his right to discuss all aspects of this engagement letter with a private attorney, that he has carefully read and fully understands all of the provisions of this engagement letter, and that he is voluntarily and knowingly entering into this engagement letter.

Mr. Thomas Chandler
March 23, 2016
Page 6

13. Third Party Beneficiaries. Integra and each other Local Office of Integra is an intended third party beneficiary of this engagement letter.

If this proposal is acceptable, please authorize us to proceed by executing this engagement letter where noted below and returning one copy to the undersigned. Thank you for considering us for this assignment and we look forward to working with you. Please call if you wish to discuss this proposal or the assignment any further.

Sincerely,

INTEGRA REALTY RESOURCES – TAMPA BAY



John F. Thigpen, MAI
Managing Director
Florida Certified General Real Estate Appraiser Certification #RZ2287


Attachments

AGREED & ACCEPTED THIS 24 DAY OF March, 2016.

BY: Mr. Thomas Chandler



AUTHORIZED SIGNATURE


NAME (PRINT)

Mr. Thomas Chandler
March 23, 2016
Page 7

ATTACHMENT I
REQUEST FOR INFORMATION

Please forward the following information to our office so we can provide the proposed services within the agreed upon time frame as discussed above. If you care to send the information as you gather it if you like, please forward the physical data such as the site plan, previous engineering reports and/or property reports describing the physical attributes of the property and all financial information such as rent roll and income and expense statements first as these items are the most time sensitive and should be received immediately to meet the time requirements of this assignment. If, at this time, you are certain you will not be providing any specific items noted below, please cross out the item and mark "NA" next to the item so that we will be notified that the information is not available and will not be forthcoming.

1. Site plan, if available. (Preferably, an AS BUILT PLAN showing an outline of building/s drawn to scale. Please do not send reductions so original scale may be used for measurement purposes.
2. Building plans, if available.
3. Prior engineering report or physical descriptions from prior appraisals or asset management report, if available.
4. Leasing brochures and/or other marketing materials, if available.
5. If the property has been offered for sale within the last two years, a copy of the offering memorandum or investment book.
6. Past feasibility or market studies and economic impact studies as well as any relevant information collected from third party sources.
7. Agreements of Sale/Options to Buy (current or during last three years), if any.
8. Income and expense statements for the past three years plus year-to-date income and expense statements. *Please sign and date.*
9. Operating budget for the current year, if available.
10. Management contracts.
11. Copy of most recent real estate tax bill. Please advise if there has been a recent assessment increase.
12. Title report, Legal Description, or copy of deed. Provide a written statement of five year history of legal property owner. *Please advise, if there any deed restrictions or encumbrances, easements or cross easements.*
13. Personal property inventory, if available.
14. Occupancy rates for the last three years, if not revealed in the financial statements.
15. Ground leases, if any.
16. Approximate actual construction costs, if built during the past three years.
17. Environmental audits and studies disclosing any wetlands, hazardous wastes or other environmental conditions such as asbestos or radon.
18. List of any known major repairs and improvements needed.
19. Aerial photos, if available.

Mr. Thomas Chandler
March 23, 2016
Page 8

- 20. Three year history of capital improvements.
- 21. Name of contact person for the on-site physical inspection.

For Apartment Property

- 22. Unit mix showing rentable area and asking rent by unit type
- 23. Scaled apartment unit plans showing layouts and measurements so that rentable area can be confirmed, if available.
- 24. Rent roll showing tenant name, apartment number, dates of leases and the type of apartment, asking/market rents for each apartment, and contractual rent for each apartment unit. *Please sign and date the rent roll for certification purposes.*
- 25. Terms of leases and/rent roll for leased commercial space or roof top rentals. Copies of commercial leases are desirable. If any commercial leases provide for pass through of operating expenses over a base year stop, please provide the dollar amount of the base year stop.

For Industrial, office, retail property

- 26. Rent Roll (please sign and date) and copies of leases, including addenda and all amendments. Please indicate which leases may have early termination provisions, expansion and/or purchase options. Please identify any tenants who have initiated discussions to renew, terminate or renegotiate/modify their lease(s), or who have given notice to terminate. Proposed terms for such re-negotiations should be revealed.
- 27. Provide letters of intent to lease or other any outstanding lease proposals that have a reasonable likelihood of being finalized into executed leases.
- 28. Prior Argus files, if any.
- 29. List of outstanding leasing commissions brokers and terms of future payments.
- 30. Financial information such as Annual Statements or credit report/ratings on any major tenant in the building.
- 31. CAM and real estate tax reimbursement worksheets or listing of base year operating expenses, if applicable.
- 32. Three-year history of tenant retail sales, if available.

For lodging property:

- 33. Terms of leases if any and/rent roll for leased commercial space or roof top rentals.
- 34. ADR and Occupancy rates for the last three years, if not revealed in the financial statements.
- 35. Business Plan and Marketing Strategy, if any for the upcoming fiscal year.
- 36. Terms of franchise agreement and management agreement, if any.

Mr. Thomas Chandler
March 23, 2016
Page 9

ATTACHMENT II
STANDARD ASSUMPTIONS & LIMITING CONDITIONS

The market study report and any work product related to the engagement will be limited by the following standard assumptions:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The Subject 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 Subject Property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the Subject Property more or less valuable. Furthermore, there is no asbestos in the Subject 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 Subject 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.

The market study report and any work product related to the engagement will be subject to the following limiting conditions, except as otherwise noted in the report:

1. A market study is inherently subjective and represents our opinion as to the value of the Subject Property appraised.
2. The conclusions stated in our market study apply only as of the effective date of the market study, 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 market study, 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 market study 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 Subject Property without compensation relative to such additional employment.
6. We have made no survey of the Subject Property and assume no responsibility in connection with such matters. Any sketch or survey of the Subject Property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The market study

Mr. Thomas Chandler
March 23, 2016
Page 10

covers the Subject 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 Subject Property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our market study.
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 Subject Property. The allocations of value for land and improvements must not be used in conjunction with any other market study and are invalid if so used. The market study report shall be considered only in its entirety. No part of the market study 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 market study report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
13. If the Subject Property is subject to one or more leases, any estimate of residual value contained in the market study may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the Subject 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 Subject Property 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 value stated in the market study; 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

Mr. Thomas Chandler
March 23, 2016
Page 11

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 Subject 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 Property 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 market study 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 – Tampa Bay and/or any of its 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 market study 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 market study 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 Subject 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 market study report and value conclusions for a market study assumes the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
24. IRR – Tampa Bay is an independently owned and operated company. The parties hereto agree that Integra Realty Resources, Inc. ("Integra") shall not be liable for any claim arising out of or relating to any market study report or any information or opinions contained therein as such market study report is the sole and exclusive responsibility of IRR – Tampa Bay. 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 market study 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 market study was fraudulent or prepared with

Mr. Thomas Chandler
March 23, 2016
Page 12

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 market study 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 – Tampa Bay is an independently owned and operated company, which has prepared the market study for the specific intended use stated elsewhere in the report. The use of the market study report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the market study 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 market study 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 market study 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 the Subject 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, 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.

As will be determined during the course of the assignment, additional extraordinary or hypothetical conditions may be required in order to complete the assignment. The market study shall also be subject to those assumptions.

Addendum C

Analyst Qualifications

Mr. Bradford L. Johnson, MAI, MRICS

Experience

Mr. Johnson began his real estate career in 1971 as an eminent domain appraiser with several independent real estate valuation and consulting firms in Michigan, where he appraised a wide variety of properties throughout the state before forming his own firm in 1981. He was later recruited to open the Tampa office of Pardue, Heid, Church, Smith and Waller in 1984, which became the largest real estate appraisal firm in the Tampa Bay area within four years, with Commercial, Residential and Eminent Domain divisions. By 1992, the firm had 65 employees in three offices, including one devoted to his specialty practice in seniors housing and healthcare properties. In 1996, he formed Realty Valuation Advisors, Inc., which became part of Integra Realty Resources (IRR) in 2000. Mr. Johnson has over 40 years of real estate related experience in consulting, valuation, brokerage and land use planning.

Mr. Johnson serves as a National Practice Leader of IRR's Seniors Housing & Health Care Specialty Practice. In this role, he directs valuation and consulting engagements related to a wide variety of seniors housing and health care properties, including nursing homes, assisted living facilities, independent living facilities, CCRCs, hospitals, brain trauma and neurological rehabilitation facilities, ambulatory surgery centers, diagnostic imaging facilities, and medical office buildings. Mr. Johnson has supervised the completion of several thousand market analysis and valuation assignments throughout the United States, including portfolio engagements.

In addition to the major property types such as office, retail, industrial and special purpose properties, Mr. Johnson has extensive experience in the analysis and valuation of conventional and affordable housing projects, including retirement communities, multi family, condominium projects, student housing, subdivisions, planned unit developments and master planned communities. Aside from conventional financing, Mr. Johnson is experienced with various specialized financing programs utilized for these projects including FNMA DUS, Freddie Mac, Low Income Housing Tax Credits (LIHTC), SAIL loans, HUD/MAP, FHA and USDA Section 538 programs.

Professional Activities & Affiliations

American Seniors Housing Association, Advisory Council
Member: Real Estate Investment Council
Member: National and Florida Associations of Realtors
Appraisal Institute, Member (MAI), December 1987
Royal Institute of Chartered Surveyors, Member (MRICS), December 2007
Board of Director: Florida Real Estate Women (CREW) Treasurer, January 2012
Board of Director: Florida Gulf Coast Chapter, Appraisal Institute
Member: Westshore Alliance
Member: Urban Land Institute

Licenses

Florida, State Certified General Appraiser, RZ409, Expires November 2016
Georgia, Certified General Real Property Appraiser, 3936, Expires February 2015
North Carolina, Certified General Real Estate Appraiser, A7379, Expires June 2015
Alabama, Certified General Real Property Appraiser, G01126, Expires September 2015

bljohnson@irr.com - 813.287.1000 x121

Integra Realty Resources

Tampa Bay

550 North Reid Street
Suite 220
Tampa, FL 33609

T 813.287.1000
F 813.281.0681

irr.com



Mr. Bradford L. Johnson, MAI, MRICS

Education

Licensed Real Estate Broker in the State of Florida
Bachelor's and Masters degrees in Resource Development and Land Use Planning, Michigan State University

Articles and Publications

What Is It Worth? Valuation of Seniors Housing Properties National Association of Senior Living

Successful mixed-use development downtown requires fee on the street, Guest Column in the Tampa Bay

Qualified Before Courts & Administrative Bodies

Testified at various Tax Adjustment Board hearings and Florida Tax Appeals Court.
Qualified as an expert witness in Florida, Connecticut, and Michigan District and Circuit Courts, and U.S. Bankruptcy Courts.

Integra Realty Resources

Tampa Bay

550 North Reo Street
Suite 220
Tampa, FL 33609

T 813.287.1000
F 813.281.0681

irr.com

bljohnson@irr.com - 813.287.1000 x121



John F. Thigpen, MAI

Experience

Managing Director for Integra Realty Resources of Tampa Bay. Mr. Thigpen is a member of the Firm's Seniors Housing and Health Care Specialty Practice Group. He has been actively engaged in real estate valuation and counseling for 23 years. Mr. Thigpen has specialized in the appraisal of seniors housing properties since 1997.

Valuations have been performed on various properties including, but not limited to, neighborhood and community shopping centers, restaurants, apartment complexes, single and multi-tenanted industrial buildings, low to high rise office buildings, mixed-used facilities, and vacant land for different uses. Specialized expertise in medical office, health care and senior housing properties.

Public agency work has included Fannie Mae, Freddie Mac, HUD MAP and HUD LEAN market study and appraisal reports for multifamily and healthcare projects, and various other HUD, State and County Agency reports for senior housing, healthcare and multifamily programs.

Professional Activities & Affiliations

Member: Appraisal Institute

Licenses

Florida, State Certified General Appraiser, RZ000228, Expires November 2016
Florida, Licensed Real Estate Salesperson, SL0666946, Expires March 2016
North Carolina, Certified General Real Estate Appraiser, A7380, Expires June 2016
South Carolina, Certified General Appraiser, 7064, Expires June 2016
Georgia, Certified General Real Property Appraiser, 287684, Expires May 2016

Education

Bachelor of Science – Florida State University, Major – Finance
Bachelor of Science – Florida State University, Major – Marketing

APPRAISAL INSTITUTE COURSES:

Course 120, Appraisal Procedures
Course 310, Basic Income Capitalization
Course I410, Standards of Professional Practice Part A
Course I420, Standards of Professional Practice Part B
Course I430, Standards of Professional Practice Part C)
Course 509, General Demonstration Appraisal Report Writing
Course 510, Advanced Income Capitalization
Course 520, Highest and Best Use and Market Analysis
Course 530, Advanced Sales Comparison & Costs Approaches
Course I1540, Report Writing & Valuation Analysis

Integra Realty Resources

Tampa Bay

550 North Reo Street
Suite 220
Tampa, FL 33609

T 813-287-1000
F 813-281-0681

irr.com

jthigpen@irr.com - 813.287.1000 x123



John F. Thigpen, MAI

Education (Cont'd)

Course 550, Advanced Applications

Courses approved by the Florida Real Estate Appraisal Board:

Principles of Real Estate
Real Estate Law

Numerous continuing education classes and seminars including:

45 Hour Salesperson Post-License Course

Florida State Law and USPAP Review

14 Hour Continuing Education Course for Real Estate Salespersons

The Comprehensive Appraisal Workshop

Numerous continuing education classes and seminars

MAP Third Party Technical Training, U.S. Department of Housing and Urban Development

(2001)

Integra Realty Resources

Tampa Bay

550 North Reo Street
Suite 220
Tampa, FL 33609

T 813-287-1000
F 813-281-0681

irr.com

jthigpen@irr.com - 813.287.1000 x123

