

Integra Realty Resources
Seniors Housing & Health Care Specialty Practice

Market Study Report of:

Madison's Royal Hall Proposed IL, AL, MC Facility
1581 Eatonton Road
Madison, Georgia 30650
Latitude: 33.568433, Longitude: -83.479005

Prepared for:

Mr. Thomas Chandler
P.O. Box 555
Fayetteville, Georgia 30214

Integra Realty Resources File Number:

File Number: 148-2018-0042





March 1, 2018

Mr. Thomas Chandler
P.O. Box 555
Fayetteville, Georgia 30214

Subject: Madison's Royal Hall Proposed IL, AL, MC Facility
1581 Eatonton Road
Madison, Georgia 30650

Pursuant to your request, we have completed a comprehensive market study of the above-referenced property. Accompanying this letter is a report that contains a detailed identification of the property, factual data concerning the property and its surroundings, comparable market data, and appropriate analyses and conclusions. Please note that Integra Realty Resources is not part of the development team, owner of the subject, nor affiliated with any member of the development team engaged in the continued operations of the existing improvements and the proposed improvements. 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 scope of this assignment includes an analysis of supply and demand conditions and a rental rate analysis.

The subject property is proposed for the development of an approximate 172-unit independent living, assisted living and memory care development. The number of units and unit mix have not yet been determined. We have taken into consideration several newer properties in the Atlanta Metro area, and the number of units and unit mix used in this report are based on our analysis and conclusions. The market study contains market area descriptions, supply and demand analysis and achievable rent conclusions. We were not provided with a unit mix, or exact unit sizes from the borrower, and instead have relied market comparables in order project unit mix and unit sizes.

RECOMMENDATION


Our analysis shows that the independent living, assisted living, and memory care assisted living markets are undersupplied in the current year. However, with the additions to the market including the proposed subject property, the assisted living market will be oversupplied in 2020. There is sufficient unmet demand for the memory care and independent living segments to support the subject's planned memory care and independent living components.

Because of the oversupply of assisted living beds in 2020, we recommend that the property be built in two phases; the first is an approximate 100-unit building consisting of independent living, assisted living and memory care. This building could be licensed entirely as assisted living but should target IL residents as well. As the IL residents age in place, they could convert to assisted living. The second phase, consisting of 72 independent living units could be built once the first building reaches a stabilized occupancy. At that time, the assisted living supply and demand should be closer to equilibrium.

The attached narrative report contains the research, analysis and conclusions of the market study.

We appreciate this opportunity to provide our consulting services to Mr. Thomas Chandler.

Integra Realty Resources Seniors Housing & Health Care Specialty Practice



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Addenda

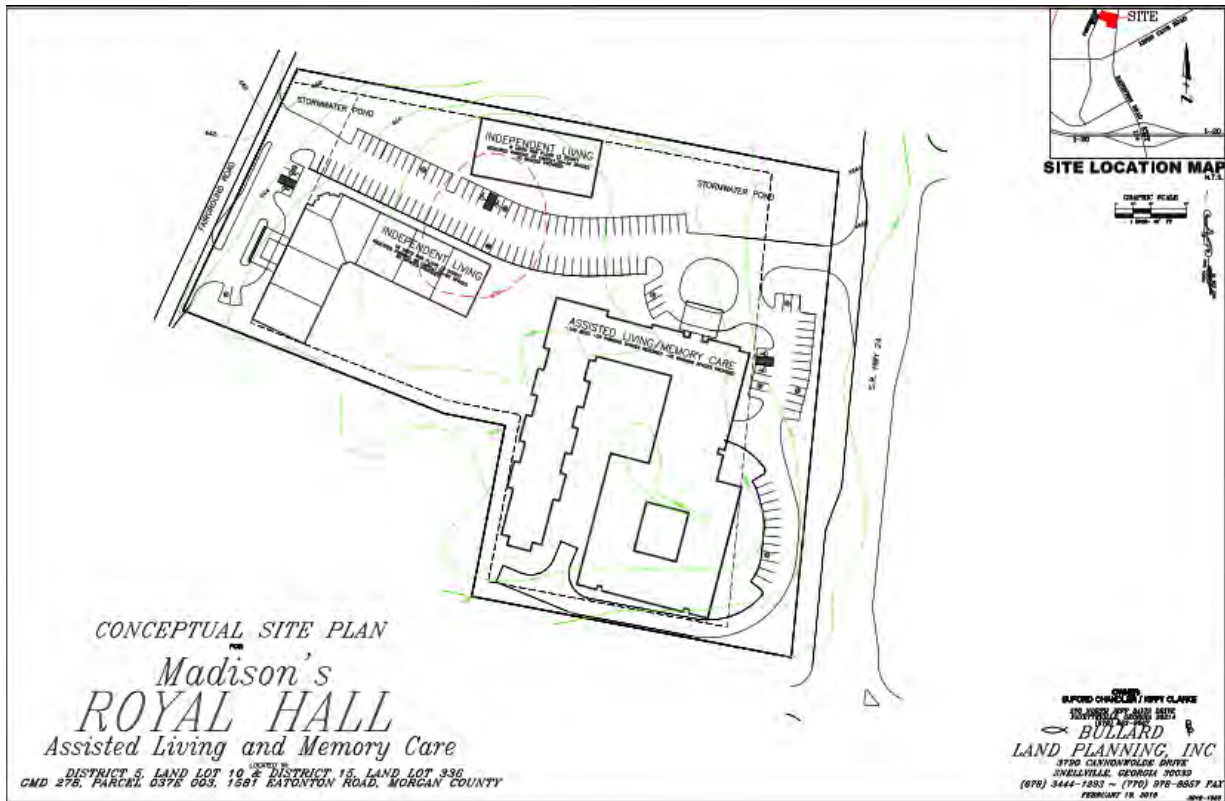
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Conclusions and Recommendations

Identification of the Subject

The subject is a proposed seniors housing facility located at 1581 Eatonton Road, Madison, Morgan County, Georgia.

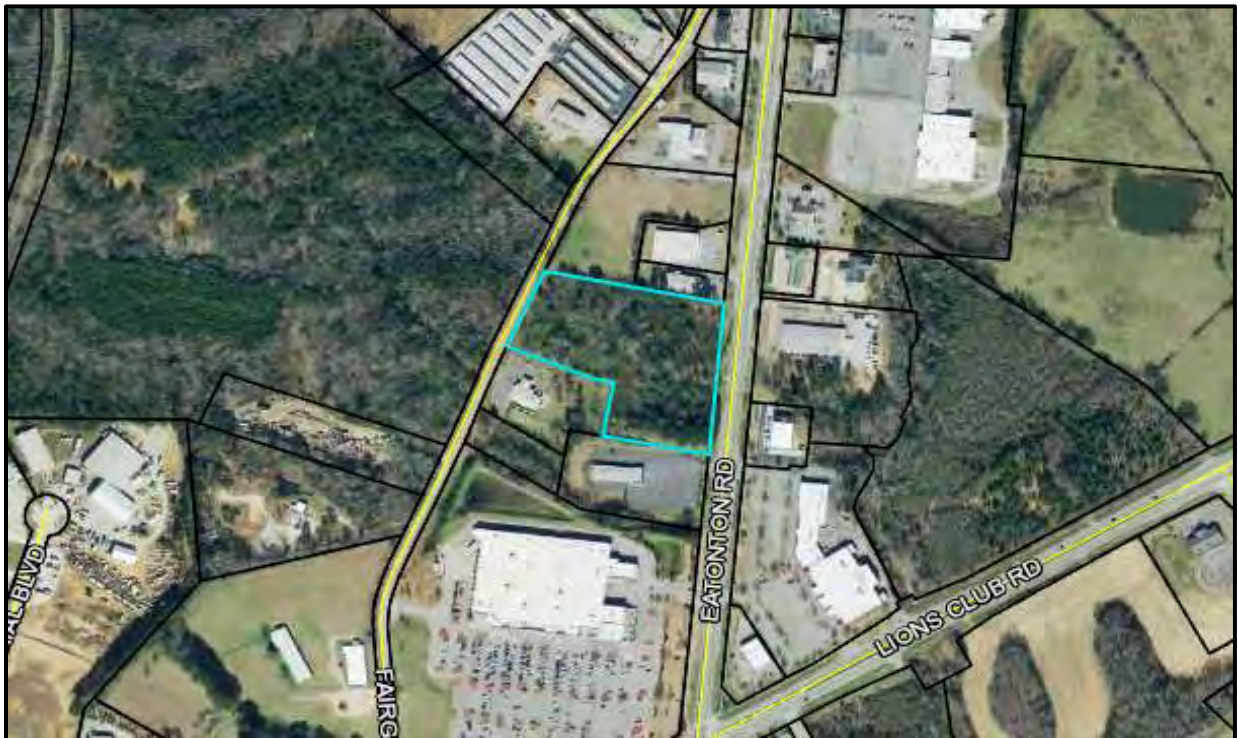
The subject property is proposed for the development of a 172-unit independent living, assisted living, and memory care development. The preliminary site plan, plat map and aerial map are as follows:



Preliminary Site Plan (Source: Bullard Land Planning, Inc., dated February 19, 2018)



Plat Map (Source: Morgan County GIS)



Aerial View (Source: Morgan County GIS)

The subject is located along the west side of Eatonton Road, approximately one mile north of Interstate 20, and approximately two miles south of downtown Madison. The subject is also located approximately 60 miles southeast of downtown Atlanta. The subject property includes approximately 550 feet of frontage along the west side of Eatonton Road and approximately 330 feet of frontage along the east side of Fairgrounds Road.

The immediate area is primarily driven by its proximity to an Interstate 20 interchange, with the interchange facilitating the hospitality and service need of travelers, as well as residents of Madison and nearby towns. Many national retailers are represented at this interchange, with fast-food restaurants, hotels, and gas stations being located within one-half mile of the exit ramps. Developments to the north of the interchange have spurred growth in the subject neighborhood, including a Wal-Mart Supercenter that was built in 2005 that is located just south of the subject at the northwest corner of Eatonton Road and Lions Club Road, as well as a Lowe's that was built in 2006 that is located at the southwest corner of the intersection. Additionally, Eatonton Road is the main commercial thoroughfare through the subject neighborhood and creates a high traffic flow in front of the subject property from Madison to the Interstate 20 interchange. The northeast quadrant of the Eatonton Road and Lions Club Road intersection will be the future home to the Morgan Memorial Hospital, which will be a 74,500 square foot, 25-bed critical access hospital. The \$35 million funding for the project was acquired in late 2017 via a tax-exempt USDA loan. The 24 acre facility will replace the 57 year old Morgan Memorial Hospital that is located 1.2 miles north of the subject. Construction is scheduled to be complete in late 2018/early 2019. Additionally, a new \$50 million middle school and high school campus has begun construction and is scheduled to be completed in 2020.

Residential development is sporadic along Eatonton Road north to Main Street, where single family residential developments become more prevalent. Large Antebellum period houses line both sides of Main Street heading northeast into downtown Madison. These single family residential developments radiate along neighborhood roadways from the city center. Madison highly driven southeast side of Interstate 20 and 1.50 miles southeast of downtown Douglasville. Douglasville is the county seat of Douglas County, and is located approximately 20 miles west of Atlanta. Madison was ranked #6 in USA Today's 10 Best Southern Small Towns 2017, and consistently ranks as one of the top small towns in America. Madison has one of Georgia's oldest and largest National Historic Districts, and the center is highlighted by Town Park, Madison's bicentennial legacy and downtown landmark that is a popular outdoor event venue and downtown greenspace.

Overall, the residential development to the north, the popular tourist destination of downtown Madison, and strong commercial development along Eatonton Road all benefit the subject property. Additional maps highlighting Madison and the subject neighborhood are as follows:



Bird's Eye Aerial (Source: Google Maps)



Surrounding Area South from Lions Club Road to Interstate 20 (Source: Google Maps)



Surrounding Area Aerial (Source: Google Maps)



Surrounding Area Aerial (Source: Google Maps)

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

Strengths of the property include:

- **Location:** The property is located in Madison, which is currently in a growth stage of development. Additionally, the subject is located approximately one mile north of an Interstate 20 interchange and has frontage on Eatonton Road, which is the primary commercial thoroughfare in Madison. Its location in should provide the subject with an advantage over its competitors.
- **Demographics:** The forecasted growth rates of seniors 65 years and older and 75 years and older are in-line with to slightly above those of the rest of the nation. The forecasted growth rate of the 85 years and older age group are greater than the nation. Additionally, the percentage of adult children (45-64) and senior aged 65 to 84 years are higher in the PMA than in the nation as a whole.
- **Market Demand:** There is sufficient unmet demand to support the proposed subject property. The independent living market segment has a current year unmet demand of 115 units. The assisted living market segment has a current year unmet demand of 87 beds and memory care has 39 beds of unmet demand in the current year. Demand in the PMA is forecasted to grow at an annual rate of 2.0% over the next ten years. There is sufficient unmet demand to support the proposed subject property.
- **Quality/Design:** It is assumed the proposed subject property will have a modern, functional design with amenities comparable to the competing facilities in the market. It should be noted that the number of units and unit mix have not yet been determined. The number of units and unit mix used in this report are based on our analysis and conclusions.
- **Lack of Competition:** The subject immediate vicinity of the subject only include one competitor, The Madison House Senior Living, which is located 2.1 miles away and includes a total of 20 beds. Additionally , The Madison Assisted Living is under construction with a scheduled completion date in 2018. This facility is located 1.9 miles away from the subject and is proposed to include a total of 44 assisted living beds.
- **Income:** Income levels for the seniors are slightly above the national averages.

Weaknesses of the property include:

- **Demographics:** The forecasted growth of the total population of the PMA is less that the nation. Reflective of the lack of residential growth in the area, the adult child group, age 45-64 years is growing below the national average.
- **Threat of New Competition:** The subject is located in a market with low barriers to entry. It is likely that additional facilities may be developed within the area based upon current supply and demand conditions. Additionally, we have identified two facilities under construction within a 30-mile radius of the subject property.

Achievable Rental Rate Analysis

The unit mix and unit sizes have not been designed yet. Our achievable rental rates are based upon analysis of other recently built good quality seniors housing properties in the Atlanta metro area. The following table concludes the market rates for the proposed subject property.

Estimate of Achievable Rental Rates						
Unit/Bed Type	Care Type	Square Feet	Number of Units/Beds	Monthly Rent	Rent Per Square Foot	Monthly Gross Potential Income
Studio	Independent Living	500	30	\$3,000	\$6.00	\$90,000
1 Bdrm, 1 Bath	Independent Living	600	32	\$3,500	\$5.83	\$112,000
2 Bdrm, 2 Bath	Independent Living	900	10	\$4,000	\$4.44	\$40,000
Studio	Assisted Living	430	35	\$3,700	\$8.60	\$129,500
1 Bdrm, 1 Bath	Assisted Living	550	25	\$4,000	\$7.27	\$100,000
2 Bdrm, 2 Bath	Assisted Living	800	10	\$4,500	\$5.63	\$45,000
Studio	Memory Care	325	30	\$5,000	\$15.38	\$150,000

General Information

Purpose of the Market Study

The purpose of this market study is to determine if there is sufficient market demand for the proposed seniors housing facility, to determine the achievable market rental rates for the proposed subject property, and to forecast income and expenses for the proposed subject property.

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

Mr. Thomas Chandler engaged IRR to prepare this market study and is also the intended user of this report. The intended use is to assist the client in their due diligence concerning a potential purchase of the subject property.

Pertinent Dates

Dates pertinent to this assignment are as follows:

Pertinent Dates	
Item	Date
Report Date	March 1, 2018
Effective Date	January 24, 2018

Prior Services

USPAP 2018-19 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 performed any services in connection with the subject property within the three-year period immediately preceding acceptance of this assignment, either as an appraiser or in any other capacity.

Scope of Work

USPAP 2018-2019 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:

The scope of the market study will include the following:

- Area and market area description,
- Demand analysis for assisted living and memory care market segments,
- Description of assisted living and memory care supply in PMA,
- Supply and demand analysis for assisted living and memory care markets,
- Pipeline survey with unit mix information if available in PMA and adjacent markets
- Rent comparable analysis for assisted living and memory care
- Reporting of rents levels and cost of ancillary charges of primary competitors; and
- Absorption analysis

Inspection

John F. Thigpen, MAI conducted an inspection of the subject property on January 24, 2018.

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, Morgan 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 57 offices nationwide, Integra Realty Resources is America's largest commercial valuation and counseling firm. From 2002 through 2017, 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.

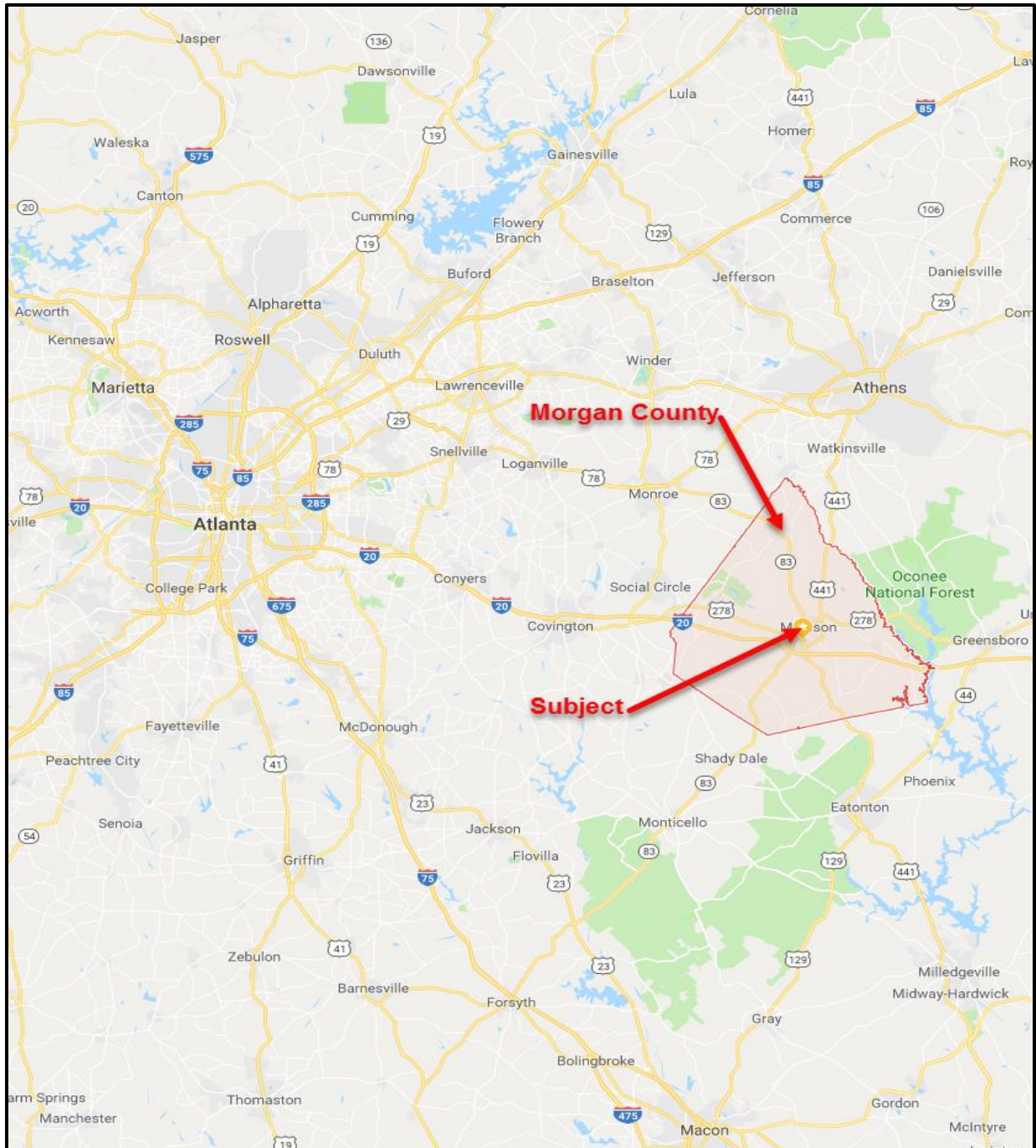
Current Ownership

At the time of this report, the subject parcel totals +6.86 acres of vacant land, and is currently owned by Morgan Partners, LLC. The site is currently listed for sale by Kathleen Campbell with Stratus Property Group. The asking price for the site is \$125,000 per acre, with equates to \$857,500, or \$2.90 per land square foot.

Regional Economic Analysis

Morgan County Area Analysis

Morgan County is located in Georgia approximately 60 miles southeast of Atlanta. It is 347 square miles in size and has a population density of 53 persons per square mile. Morgan County is part of the Atlanta-Sandy Springs-Roswell, GA Metropolitan Statistical Area, hereinafter called the Atlanta MSA, as defined by the U.S. Office of Management and Budget.



Population

Morgan County has an estimated 2018 population of 18,316, which represents an average annual 0.3% increase over the 2010 census of 17,868. Morgan County added an average of 56 residents per year over the 2010-2018 period, but its annual growth rate lagged the United States rate of 0.7%.

Looking forward, Morgan County's population is projected to increase at a 0.7% annual rate from 2018-2023, equivalent to the addition of an average of 125 residents per year. The Morgan County growth rate is expected to be similar to that of the United States.

Population Trends					
	Population			Compound Ann. % Chng	
	2010 Census	2018 Estimate	2023 Projection	2010 - 2018	2018 - 2023
Morgan County	17,868	18,316	18,940	0.3%	0.7%
Georgia	9,687,653	10,467,269	10,993,562	1.0%	1.0%
United States	308,745,538	326,533,070	337,947,861	0.7%	0.7%

Source: EnviroNics Analytics

Employment

Total employment in Morgan County is currently estimated at 6,653 jobs. Between year-end 2006 and the present, employment rose by 333 jobs, equivalent to a 5.3% increase over the entire period. There were gains in employment in four out of the past ten years despite the national economic downturn and slow recovery. Although Morgan County's employment rose over the last decade, it underperformed the United States, which experienced an increase in employment of 5.8% or 7,859,901 jobs over this period.

A comparison of unemployment rates is another way of gauging an area's economic health. Over the past decade, the Morgan County unemployment rate has been generally higher than that of the United States, with an average unemployment rate of 7.2% in comparison to a 6.8% rate for the United States. A higher unemployment rate is a negative indicator.

Recent data shows that the Morgan County unemployment rate is 4.1% in comparison to a 3.7% rate for the United States, a negative sign for Morgan County.

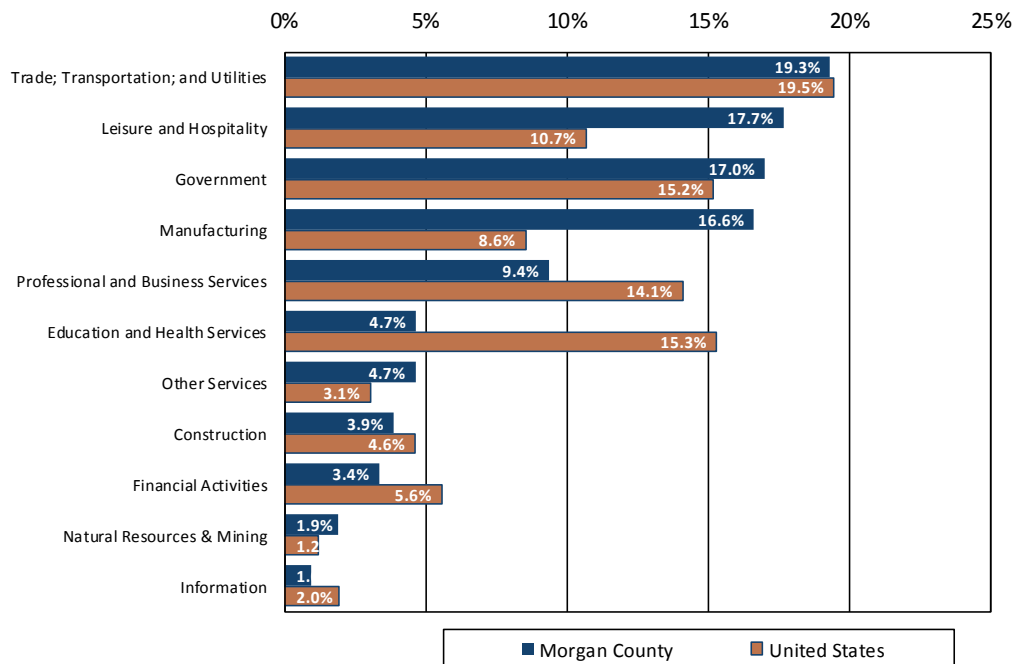
Employment Trends						
Year	Total Employment (Year End)				Unemployment Rate (Ann. Avg.)	
	Morgan County		United States		Morgan County	United States
		% Change		% Change		
2006	6,320		135,938,194		4.1%	4.3%
2007	6,228	-1.5%	137,040,511	0.8%	4.3%	4.6%
2008	6,082	-2.3%	133,856,429	-2.3%	6.0%	5.8%
2009	5,708	-6.1%	128,312,441	-4.1%	10.0%	9.3%
2010	5,642	-1.2%	129,471,802	0.9%	10.4%	9.6%
2011	5,935	5.2%	131,286,178	1.4%	10.0%	9.0%
2012	5,931	-0.1%	133,785,010	1.9%	9.0%	8.1%
2013	5,947	0.3%	136,171,103	1.8%	8.1%	7.4%
2014	6,457	8.6%	139,266,474	2.3%	6.6%	6.2%
2015	6,708	3.9%	141,976,263	1.9%	5.5%	5.3%
2016	6,653	-0.8%	143,798,095	1.3%	5.0%	4.9%
Overall Change 2006-2016	333	5.3%	7,859,901	5.8%		
Avg Unemp. Rate 2006-2016					7.2%	6.8%
Unemployment Rate - October 2017					4.1%	3.7%

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 Morgan 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 Morgan County jobs in each category.

Employment Sectors - 2016



Source: Bureau of Labor Statistics and Economy.com

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

1. Leisure and Hospitality, representing 17.7% of Morgan County payroll employment compared to 10.7% for the United States as a whole. This sector includes employment in hotels, restaurants, recreation facilities, and arts and cultural institutions.
2. Government, representing 17.0% of Morgan County payroll employment compared to 15.2% for the United States as a whole. This sector includes employment in local, state, and federal government agencies.
3. Manufacturing, representing 16.6% of Morgan County payroll employment compared to 8.6% for the United States as a whole. This sector includes all establishments engaged in the manufacturing of durable and nondurable goods.
4. Other Services, representing 4.7% of Morgan County payroll employment compared to 3.1% for the United States as a whole. This sector includes establishments that do not fall within other defined categories, such as private households, churches, and laundry and dry cleaning establishments.

Morgan County is underrepresented in the following sectors:

1. Trade; Transportation; and Utilities, representing 19.3% of Morgan County payroll employment compared to 19.5% for the United States as a whole. This sector includes jobs in retail trade, wholesale trade, trucking, warehousing, and electric, gas, and water utilities.
2. Professional and Business Services, representing 9.4% of Morgan County payroll employment compared to 14.1% for the United States as a whole. This sector includes legal, accounting, and engineering firms, as well as management of holding companies.
3. Education and Health Services, representing 4.7% of Morgan County payroll employment compared to 15.3% for the United States as a whole. This sector includes employment in public and private schools, colleges, hospitals, and social service agencies.
4. Construction, representing 3.9% of Morgan County payroll employment compared to 4.6% for the United States as a whole. This sector includes construction of buildings, roads, and utility systems.

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 Atlanta MSA is considered meaningful when compared to the nation overall, as Morgan County is part of the MSA and subject to its influence.

Economic growth, as measured by annual changes in GDP, has been somewhat higher in the Atlanta MSA than the United States overall during the past eight years. The Atlanta MSA has grown at a 2.5% average annual rate while the United States has grown at a 1.9% rate. As the national economy improves, the Atlanta MSA continues to perform better than the United States. GDP for the Atlanta MSA rose by 3.7% in 2016 while the United States GDP rose by 1.5%.

The Atlanta MSA has a per capita GDP of \$55,300, which is 9% greater than the United States GDP of \$50,577. This means that Atlanta MSA industries and employers are adding relatively more value to the economy than their counterparts in the United States overall.

Gross Domestic Product				
	(\$ Mil)		(\$ Mil)	
Year	Atlanta MSA	% Change	United States	% Change
2009	269,571		14,320,114	
2010	269,939	0.1%	14,628,165	2.2%
2011	274,621	1.7%	14,833,679	1.4%
2012	278,537	1.4%	15,126,281	2.0%
2013	288,509	3.6%	15,348,034	1.5%
2014	299,881	3.9%	15,690,349	2.2%
2015	308,761	3.0%	16,094,516	2.6%
2016	320,171	3.7%	16,342,925	1.5%
Compound % Chg (2009-2016)		2.5%		1.9%
GDP Per Capita 2016	\$55,300		\$50,577	

Source: Bureau of Economic Analysis and Economy.com; data released September 2016. 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

Morgan County has a lower level of household income than the United States. Median household income for Morgan County is \$56,295, which is 6.4% less than the corresponding figure for the United States.

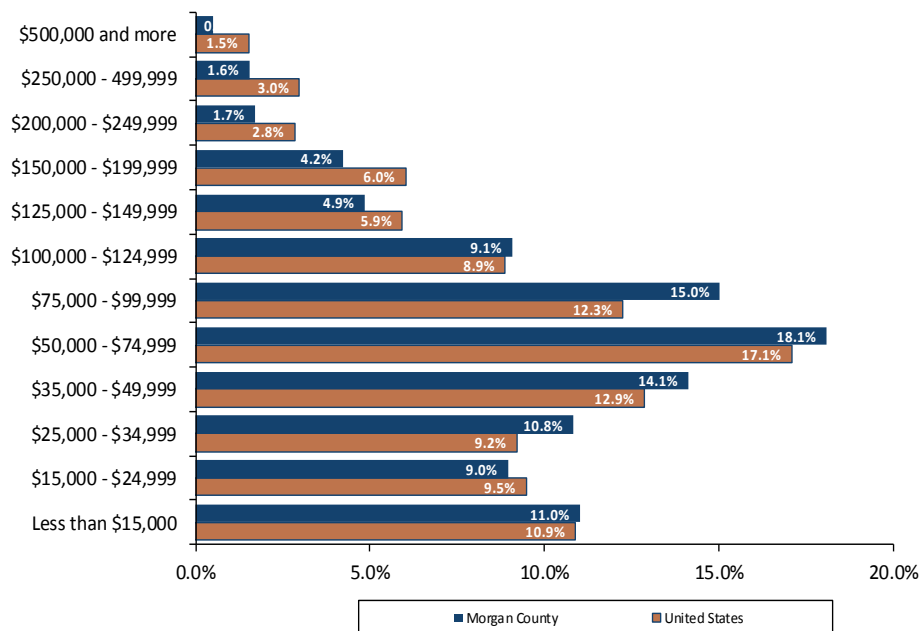
Median Household Income - 2018

	Median
Morgan County	\$56,295
United States	\$60,133
Comparison of Morgan County to United States	- 6.4%

Source: Environics Analytics

The following chart shows the distribution of households across twelve income levels. Morgan County has a greater concentration of households in the middle income levels than the United States. Specifically, 32% of Morgan County households are between the \$35,000 - \$75,000 levels in household income as compared to 30% of United States households. A lesser concentration of households is apparent in the higher income levels, as 37% of Morgan County households are at the \$75,000 or greater levels in household income versus 40% of United States households.

Household Income Distribution - 2018

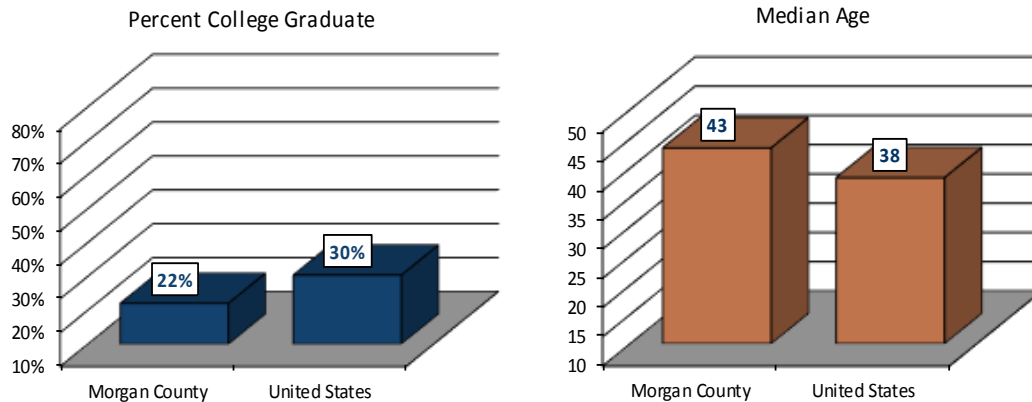


Source: Environics Analytics

Education and Age

Residents of Morgan County have a lower level of educational attainment than those of the United States. An estimated 22% of Morgan County residents are college graduates with four-year degrees, versus 30% of United States residents. People in Morgan County are older than their United States counterparts. The median age for Morgan County is 43 years, while the median age for the United States is 38 years.

Education & Age - 2018



Source: Environics Analytics

Conclusion

The Morgan County economy will be affected by a growing population base and lower income and education levels. Morgan County experienced growth in the number of jobs over the past decade, and it is reasonable to assume that employment growth will occur in the future. Moreover, Morgan County benefits from being part of the Atlanta MSA, which is the ninth most populous metropolitan area in the country, and exhibits both a higher rate of GDP growth and a higher level of GDP per capita than the nation overall. We anticipate that the Morgan County economy will improve and employment will grow, strengthening the demand for real estate.

Conclusion

The Douglas County economy will be affected by a growing population base and lower income and education levels. Douglas County experienced growth in the number of jobs over the past decade, and it is reasonable to assume that employment growth will occur in the future. Moreover, Douglas County benefits from being part of the Atlanta MSA, which is the ninth most populous metropolitan area in the country, and generates a higher level of GDP per capita than the nation overall. We anticipate that the Douglas County economy will improve and employment will grow, strengthening the demand for real estate.

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	Assisted Living	Assisted & Independent Living	CCRC
		Living	
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 highway, 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

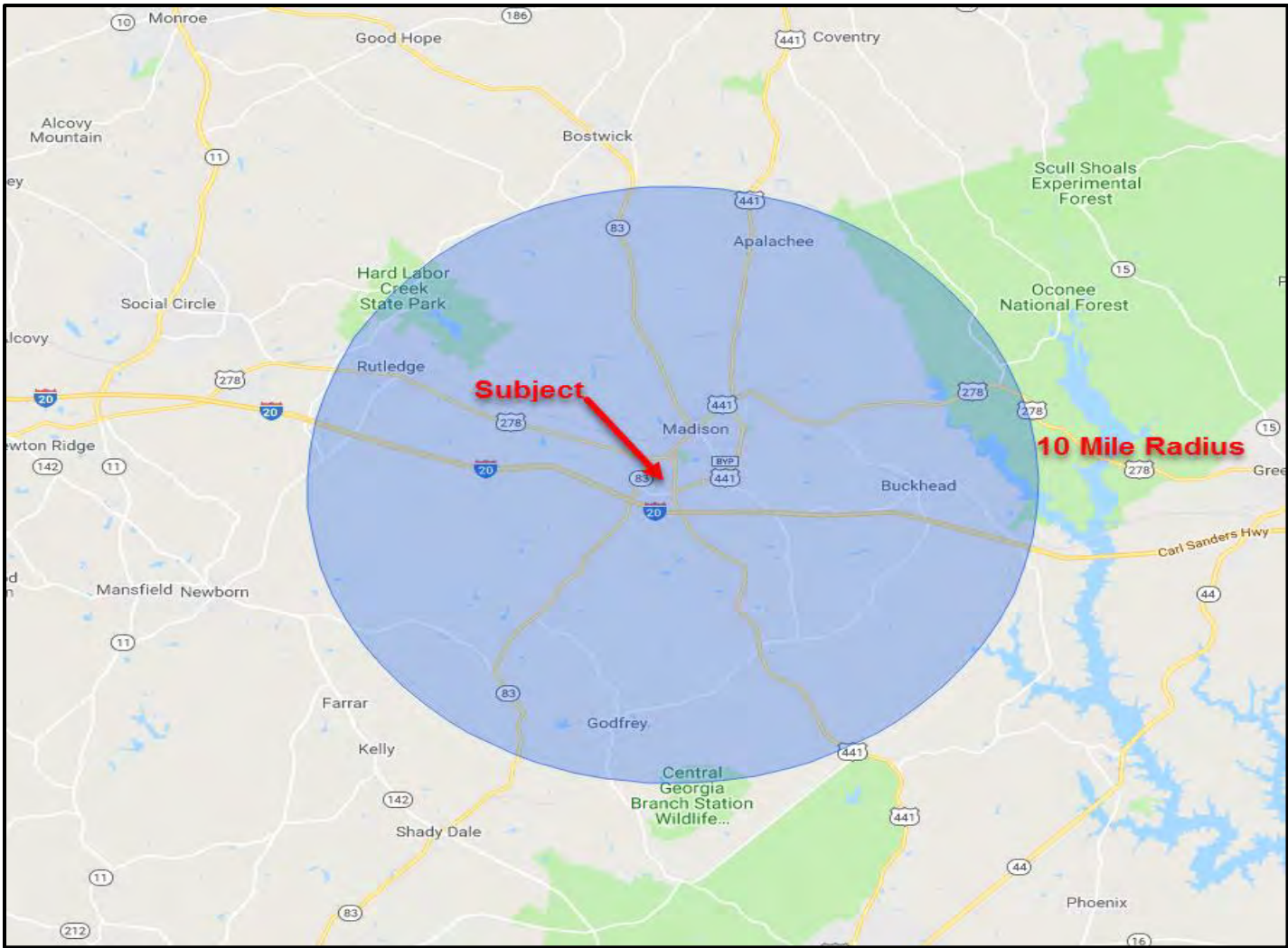
The subject's market area is not constrained by any known psychological barriers.

Location of Competing Facilities

There is one personal care facility named Madison House Senior Living located in Madison, with an additional facility called The Madison under construction. The facilities are located 2.1 miles and 1.9 miles away from the subject, respectively. Additionally, there are competing facilities scattered throughout the area, indicating that seniors have a wide variety of facilities from which to choose. This tends to limit the size of market areas, as it is not necessary for seniors or adult children decision makers to travel far from the home to find suitable seniors housing.

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 10 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 vacant land. The estimated land use composition is shown in the following table:

Estimated Land Use Composition	
Property Type	% Used For Type
Single-Family Residential	15%
Multi-Family	5%
Schools, Churches, Public Buildings, Rec. Areas	5%
Retail & Personal Service	5%
Office	5%
Industrial	5%
Vacant Land	60%
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 Environics Analytics.

Population Growth

Population growth figures are shown below:

Population Growth							
Area	2000	2010	Annual % Change 2000-2010	2018	Annual % Change 2010-2018	2023	Annual % Change 2018-2023
PMA	13,761	15,738	1.35%	16,091	0.28%	16,627	0.66%
United States	281,421,942	308,745,538	0.93%	326,533,070	0.70%	337,947,861	0.69%

Source: Environics Analytics

Between 2010 and 2018, 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	2018	Annual % Change 2010-2018	2023	Annual % Change 2018-2023
PMA	4,967	5,880	1.70%	6,123	0.51%	6,372	0.80%
United States	105,480,131	116,716,292	1.02%	123,942,960	0.75%	128,512,580	0.73%

Source: Environics Analytics

Between 2010 and 2018, PMA household growth was less than the national average. The forecasted growth for the PMA is at a rate greater than the nation as a whole.

Income Levels

Pertinent income data are shown below.

Income Levels		
Area	2018 Average HH Income	2018 Median Household Income
PMA	\$71,139	\$55,961
United States	\$86,278	\$60,133

Source: Environics Analytics

Current PMA income levels are lower than the national average.

Housing Market

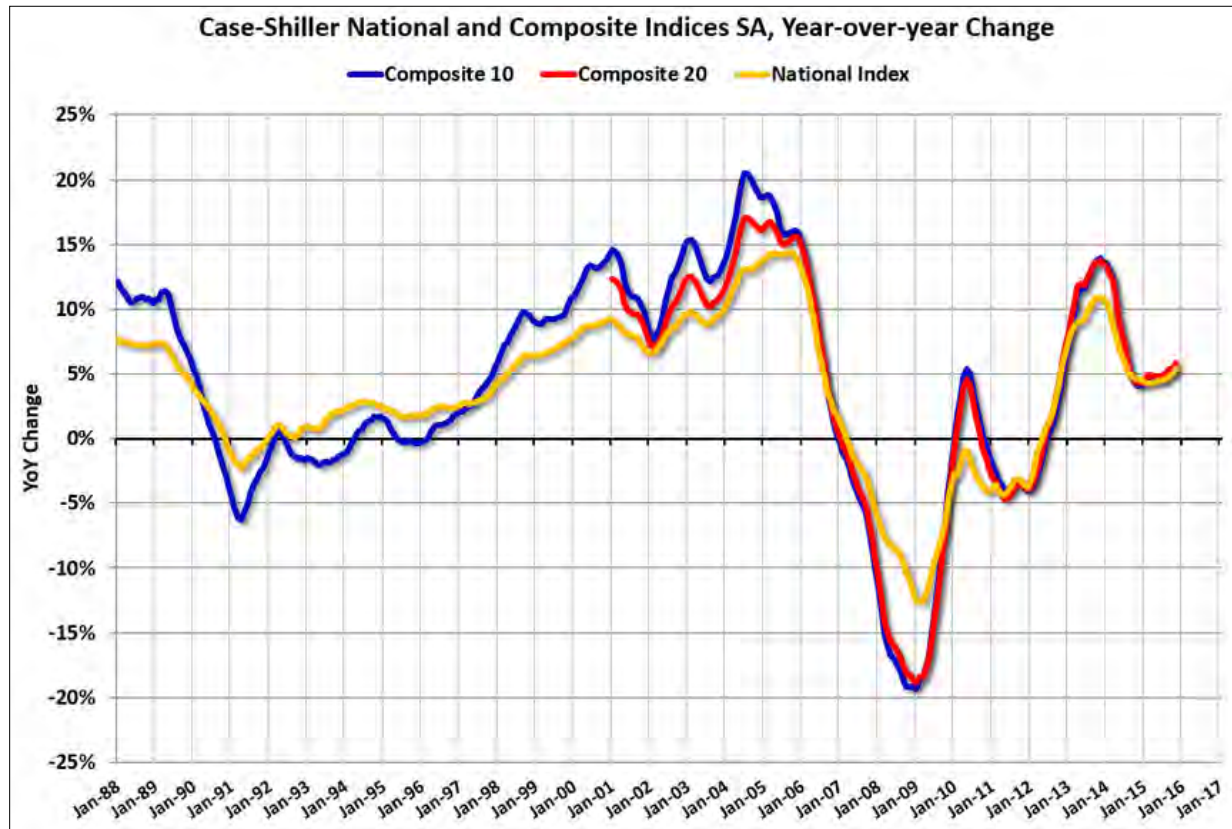
Environics Analytics reports the housing market statistics shown below:

Housing Market Statistics		
Area	2018 Owner Occupied Housing Percent	2018 Median Housing Value
PMA	76.0%	\$207,035
United States	65.0%	\$207,644

Source: Environics Analytics

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 through 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 2015.²



According to the Zillow's April 2016 Market Report, U.S. home values have appreciated faster than many experts expected, increasing approximately 5% from April 2015 with a median home value of approximately \$187,000. This is due to the current low inventory of residential homes, stronger wage growth, and continued low mortgage rates. In the short term, home values are expected to grow 2.4% over the next year through April 2017. Over a longer term, a cumulative increase in home values of nearly 18% 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% annual growth rate through 2019.

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

The following charts (courtesy of *Zillow.com*) shows data on median sales prices and average price per square foot within the subject's market area:



As shown, median sales prices and the average sales price per square foot have generally been increasing over the past year.

The housing market in the PMA is considered to be healthier than average.

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:	None
East-West:	Interstate 20

Other Highways

North-South:	US Highway 441 (Eatonton Road), US Highway 441 Bypass, US Highway 278 (Main Street)
East-West:	US Highway 278

Major City Streets

North-South:	State Road 83, Bethany Road
East-West:	None

Overall, accessibility is rated as good.

Police/Fire Protection

Police protection is provided by the Morgan County Sheriff, City of Madison, and the Georgia State Patrol, while fire protection is provided by Morgan County and the City of Madison.

Schools

The area is within the Morgan County School District.

Shopping

The area is adequately served by a number of shopping and retail centers, with the Eatonton Road corridor and downtown Madison providing the main retail destination in the area, representing most national retailers.

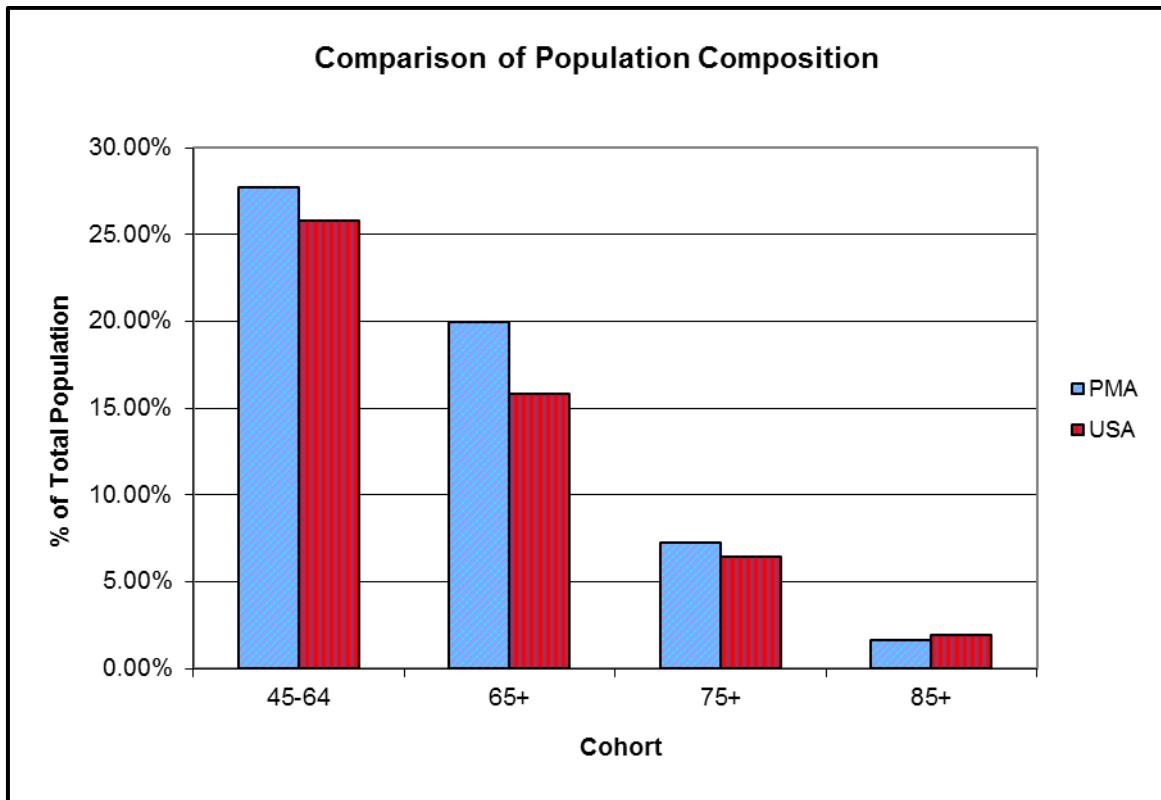
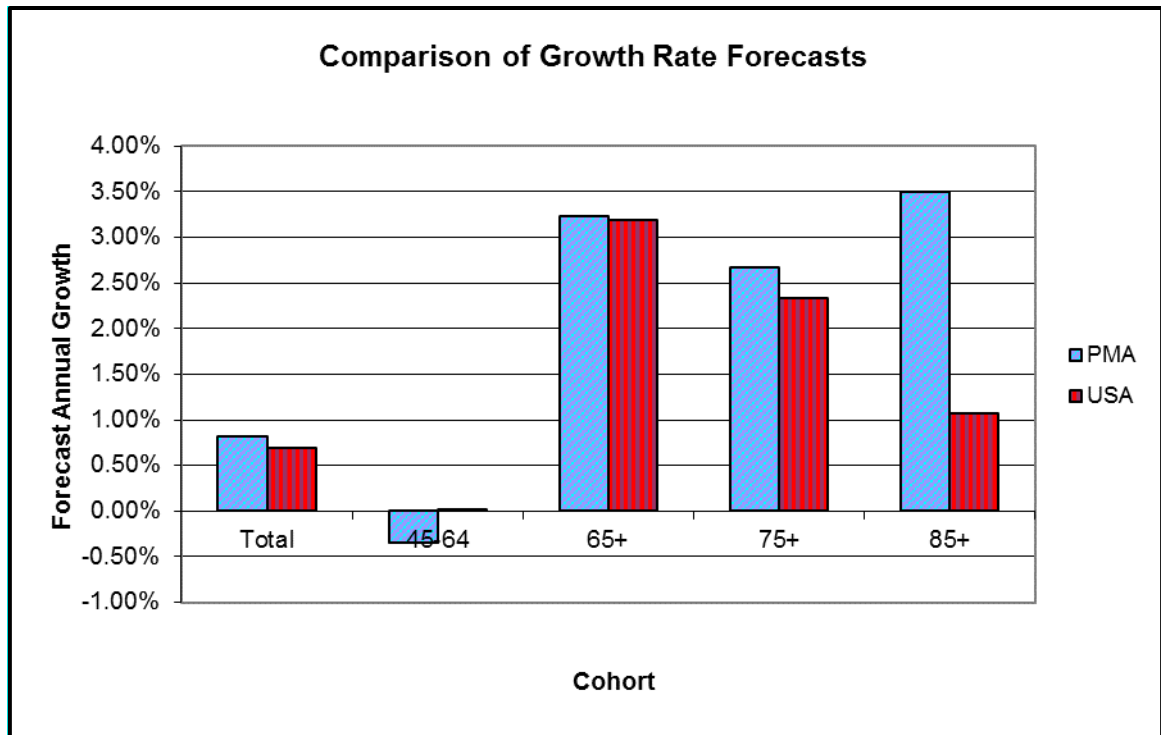
Medical

The full-service hospital nearest the subject is Morgan Memorial Hospital, which is located approximately 1.2 miles north of the subject property. Morgan Memorial Hospital is a 25-bed non-profit critical access hospital that offers a 24 hour emergency room and a wide array of outpatient services. Morgan Memorial Hospital, which was established in 1960, is being moved to the northeast quadrant of the Eatonton Road and Lions Club Road. The facility will still be named Morgan Memorial Hospital, and will include a 74,500 square foot, 25-bed critical access hospital. The \$35 million funding for the project was acquired in late 2017 via a tax-exempt USDA loan. The 24 acre facility will replace the 57 year old Morgan Memorial Hospital that is located 1.2 miles north of the subject. Construction is scheduled to be complete in late 2018/early 2019.

Seniors Housing Market Demographics

Demographics relevant to the seniors housing market are as follows:

Market Area Characteristics		
Item	PMA	USA
Total Population		
2018 Population	16,091	326,533,070
Forecasted 2023 Population	16,627	337,947,861
Forecasted Annual Growth, 2018-2023	0.66%	0.69%
Adult Child (45-64) Population		
2018 Population 45-64	4,468	84,269,969
Forecasted 2023 Population 45-64	4,356	84,279,591
Forecasted Annual Growth, 2018-2023	-0.51%	0.00%
2018 Age 45-64 Pop. as % of Total Pop.	27.77%	25.81%
65 Plus Population		
2018 Population 65+	3,211	51,775,608
Forecasted 2023 Population 65+	3,714	60,578,714
Forecasted Annual Growth, 2018-2023	2.95%	3.19%
2018 Age 65+ Pop. as % of Total Pop.	19.96%	15.86%
75 Plus Population		
2018 Population 75+	1,254	21,177,722
Forecasted 2023 Population 75+	1,375	23,761,330
Forecasted Annual Growth, 2018-2023	1.86%	2.33%
2018 Age 75+ Pop. as % of Total Pop.	7.79%	6.49%
85 Plus Population		
2018 Population 85+	302	6,416,437
Forecasted 2023 Population 85+	349	6,768,745
Forecasted Annual Growth, 2018-2023	2.94%	1.07%
2018 Age 85+ Pop. as % of Total Pop.	1.88%	1.97%
Income Levels		
Median Household Income, All Ages	\$55,961	\$60,133
Median Income Level Age 65 to 74	\$52,263	\$52,563
Median Income Level Age 75 to 84	\$39,573	\$37,421
Median Income Level Age 85+	\$31,605	\$28,472
Source: Environics Analytics		



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 less than average, while the percent of total population that is within the 45 to 64 age group is greater than average. The percent of total population that is 65+ is greater than average. Forecasted growth for the 65+ cohort is less than average. The percent of total population that is 75+ is greater 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 10 mile radius from the site. The PMA encompasses Madison, Athens, Covington, Social Circle, Eatonton, and Monroe. The primary land use in the area is vacant land and the area is approximately 40% developed. The PMA is experiencing above average population growth and has slightly below average income levels. The area is considered to be in a stage of growth. Between 2018 and 2023, 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:	1581 Eatonton Road
Additional Frontage To:	Fairgrounds Road
Site Orientation:	Interior Site
Nearest Cross-Street:	Lions Club Road, approximately three-tenths of mile south

Accessibility and Visibility -

Primary Access Via:	Eatonton Road, a moderately traveled roadway with one lane extending in each direction. Eatonton Road is not median divided. There is not a traffic light that facilitates access to the site.
Secondary Access Via:	Fairgrounds Road
Accessibility Rating:	Average
Visibility Rating:	Average

Physical Characteristics -

Site Size:	6.86 acres
Shape:	Irregular
Topography:	Rolling
Vegetation	Moderate
Excess Land Area:	None

Flood Zone Information -

Zone:	X
Panel Number:	13211C0205A
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



Site Interior facing West



Eastern Boundary facing South



Eastern Boundary facing North



Southern Boundary facing West



Northern Boundary facing West



View of Subject Interior



Subject Interior facing Northeast



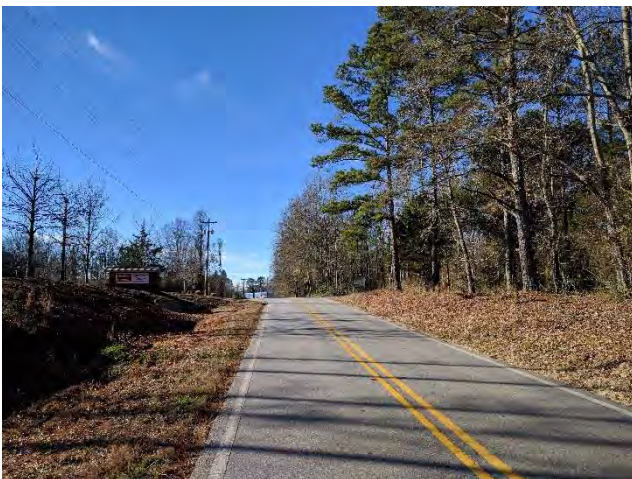
Subject Interior facing Southeast



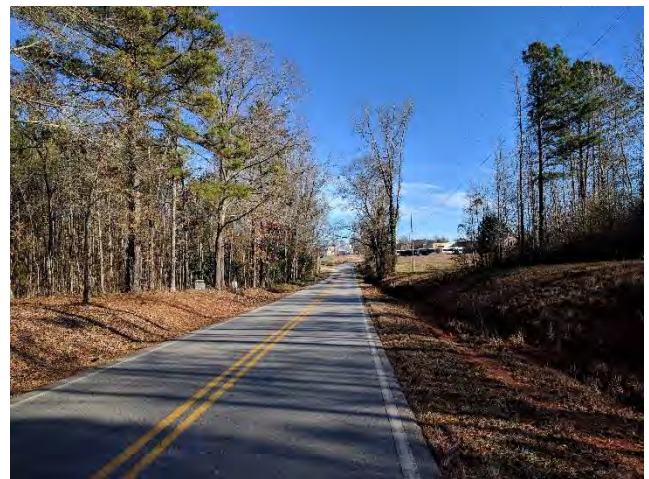
Eatonton Road facing South



Eatonton Road facing North



Fairgrounds Road facing South



Fairgrounds Road facing North

Adjacent Properties -

North:	Retail- Vacant/Farmer's Home Furniture
East:	Retail- AutoZone/Classic Collision Center
South:	Retail-Max Title Pawns/Wal-Mart Supercenter
West:	Humane Society/Vacant Land
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 6.86 acres. The shape of the site is irregular, and the topography is rolling. Overall, the site is considered to have good functional utility. It is physically suited for a wide variety of uses and is well suited for the proposed use.

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, the facilities are not equipped to provide increased care as the individual ages. It may include amenities such as clubhouse, golf course and recreational spaces. Outdoor maintenance is normally included in the monthly homeowner's association or condominium fee.

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

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

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

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

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

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

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 facility care, eye exams, glasses, transportation for medical care, and other medical services. Medicaid is funded and regulated by both federal and state governments. As a result, Medicaid rules vary from state to state.

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

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

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

Medicare Part B: Seniors are required to enroll in Medicare Part B. Medicare, which pays for doctors’ services, outpatient hospital care, and some other medical services that Part A does not cover, such as the services of physical and occupational therapists, and some home health care. Part B helps pay for these covered services and supplies when they are medically necessary.

Medicare Prospective Payment System (PPS): Section 4432(a) of the Balanced Budget Act (BBA) of 1997 modified how payment is made for Medicare skilled nursing facility (SNF) services. Effective with cost reporting periods beginning on or after July 1, 1998, SNFs were no longer paid on a reasonable cost basis or through low volume prospectively determined rates, but on the basis of the PPS. The PPS rates are adjusted for case mix and geographic variation in wages and covers all costs of covered SNF services, such as routine, ancillary, and capital-related costs. The amount of reimbursement for each resident is based upon the Resource Utilization Groups (RUG) IV case mix system.

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

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

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

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

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

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

Unit/Bed Mix and Building Areas

The subject property has not been designed yet. Our analysis is based upon the unit mixes and unit sizes of several recently built seniors housing properties in the Atlanta Metro area. The following is a tabulation of the unit/bed mix and building area that is based on this analysis.

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	Independent Living	500	30	1	30	10.7%	15,000
1 Bdrm, 1 Bath	Independent Living	600	32	1	32	13.7%	19,200
2 Bdrm, 2 Bath	Independent Living	900	10	1	10	6.4%	9,000
Studio	Assisted Living	430	35	1	35	10.8%	15,050
1 Bdrm, 1 Bath	Assisted Living	550	25	1	25	9.8%	13,750
2 Bdrm, 2 Bath	Assisted Living	800	10	1	10	5.7%	8,000
Studio	Memory Care	325	30	1	30	7.0%	9,750
Totals			172	-	172	64.1%	89,750
Plus Common Areas						35.9%	50,250
Total Gross Building Area							140,000

The forecasted unit mix and unit sizes are based upon several newer properties in the Atlanta Metro area. The gross building area is forecasted on the net rentable area and the average percentage of common area for an IALF/MC property.

Summary of Unit Mixes and Unit Sizes																				
Location	Atlanta Metro			Atlanta Metro			Atlanta Metro			Atlanta Metro			Atlanta Metro			Subject: Forecasted Unit Mix				
Year Built	2018			2007			2012			2017			2019			2020				
IL/AL	Size	Number	%/Total	Size	Number	%/Total	Size	Number	%/Total	Size	Number	%/Total	Size	Number	%/Total	Size	Number	%/Total		
Studio	450	8	9%	405	27	29%	415	54	100%	454	4	5%	430	57	26%	430	30	50%		
1 Bedroom	575	24	26%	525	42	45%	0	0	0%	525	68	92%	550	115	53%	550	20	33%		
2 Bedroom	880	50	54%	648	9	10%	0	0	0%	752	2	3%	800	47	21%	900	10	17%		
1/1 Cottage				1004	4	4%														
2/2 Cottages	1300	10	11%	1483	11	12%														
3/2 Cottages				1510	1	1%														
Total		92	100%		94	100%		54	100%		74	100%		219	100%		60	100%		
Memory Care																				
Private	340	18	100%	319	15	100%	252	23	100%	343	25	100%	325	31	100%	325	30	100%		
Shared	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%		
Total		18	100%		15	100%		23	100%		25	100%		31	100%		30	100%		
Total Units		110			109			77			99			250			90			

We are projecting the subject could be licensed for 172 assisted living beds. Our forecasts will be based upon the bed mix shown above, as this mix most accurately reflects the composition of beds with which the subject is projected to operate.

As shown in the preceding table, the subject is configured for 172 units and 172 primary beds. However, the subject also is also forecast to be occupied by second persons who are related to the primary occupant of some units. Thus, our forecast of total operating beds is based upon 30 second persons, as shown below:

Calculation of Operating Beds	
Number of Beds Configured for Specific Private or Semi-Private Occupancy	172
Plus Forecasted Net Number of Second Persons in Unspecified Units	30
Total Number of Operating Beds	202

Payor Types

The subject will likely be 100% private pay, accepting no Medicaid or Medicare reimbursement.

Functional Utility

The subject's functional utility is rated as follows:

Subject's Functional Utility	
Median Number of Units/Beds (113 units for IL; 177 units for IALF; 170 units for IALF/ALZ; 56 units for AL; 88 units for AL/ALZ; and 379 units for CCRC)	Average
Median Common Area Percentage (32.4% for IL; 31.1% for IALF; 37.1% for IALF/ALZ; 48.3% for AL; 49.4% for AL/ALZ; and 26.5% for CCRC)	Average
Unit Layout	Good
Common Area Layout	Good
Overall Functional Utility	Good
Medians from <i>State of Seniors Housing 2016</i>	

Overall, the subject will be similar to the typical facility and will have good functional utility.

Conclusion

The proposed subject will offer independent living, assisted living, and memory care, with a total of 172 units and 202 operating beds. The improvements will contain a total of 140,000 square feet. Its construction quality will be rated as good to excellent. The subject's amenities will be considered above average when compared to the competing properties in the market. Overall, the subject's appeal to the market will be considered above average.

Licensing Requirements

Assisted living is subject to some level of regulation in every state in the nation. The following summarizes the regulations in the State of Georgia.

Licensure

Assisted Living Community, Personal Care Homes

General Approach

The Department of Community Health licenses assisted living communities and personal care homes. Requirements for these two settings differ with regard to admission thresholds, required services, medication management, and physical plant requirements. Facilities that provide “memory care” services must meet additional requirements.

Adult foster care providers that serve two or more adults are licensed as a type of personal care home.

This profile includes summaries of selected assisted living and personal care home regulatory provisions. Unless otherwise indicated, the provisions apply to both settings. The complete regulations can be viewed online using the links provided at the end.

Definitions

Assisted living community means a personal care home that serves 25 or more persons and is licensed to provide “assisted living care,” defined as the provision of personal services, the administration of medications by a certified medication aide, and the provision of assisted self-preservation.

Assisted self-preservation defines the capacity of a resident to be evacuated to a designated point of safety within an established period of time, as determined by the Office of the Fire Safety Commissioner.

Personal care home means a setting that provides or arranges for the provision of housing, food service, and one or more personal services for two or more adults who are not related to the owner or administrator. Personal services include individual assistance with or supervision of self-administered medication, and assistance with essential activities of daily living (ADLs), such as eating, bathing, grooming, dressing, toileting, ambulation, and transfer.

Memory care unit means the specialized unit of an assisted living community or personal care home that either presents itself as providing memory care services or provides personal services in secured surroundings to persons with diagnoses of probable Alzheimer’s disease or other dementia. Memory care services means the additional watchful oversight systems, program, activities, and devices that are required for residents who have cognitive deficits that may impact memory, language, thinking, reasoning, or impulse control, and which place the residents at risk of eloping (i.e., engaging in unsafe wandering activities outside the home).

Resident Agreements

In both settings, the residency agreement must provide information about services and fees; policies for changes in services or fees; assessment provisions; complaints; transportation services and fees; refund policies; house rules; medication management provisions, including staff responsibility for refilling prescriptions; and requirements for the use of proxy caregivers (i.e., an unlicensed staff person; see Staffing section below).

The agreement must be written to be understandable to the resident and his/her representative or legal guardian.

Disclosure Provisions

In both settings, marketing materials must disclose the facility's licensure classification; and the facility must disclose whether or not proxy caregivers are permitted to perform certain health maintenance activities that the facility is not required to provide. A personal care home which is not licensed as an assisted living community must not use the term "assisted living" in its name or marketing materials.

Facilities with memory care units must disclose information about the following: building design and safety features; staffing and staff training; and specific admission requirements, post-admission assessments, individual service plans, and therapeutic activities.

Admission and Retention Policy

Assisted living community administrators must assess prospective residents prior to move-in to determine if they are capable of transferring with minimal assistance and able to participate in the facility's social activities. Individuals may not be admitted if a physical examination--which must be conducted by a licensed physician, nurse practitioner, or physician's assistant within the 30-day period prior to admission--determines that an individual requires continuous medical or nursing care and services or has active tuberculosis. If an emergency placement is made at the request of the Adult Protective Services Section of the Division of Aging Services or another licensed facility, the facility may defer the physical examination for up to 14 days.

Personal care home residents must be ambulatory and must not have a behavioral condition that requires the use of physical or chemical restraints, isolation, or confinement. Residents must not be bedridden or require continuous medical or nursing care and treatment. No home is permitted to admit or retain a resident who needs care beyond which the home is permitted to provide.

Residents of memory care units in both settings must have a physician's report of a physical examination completed within 30 days prior to admission to the assisted living community or personal care home, on forms made available by the Department. The physical examination must clearly reflect that the resident has a diagnosis of probable Alzheimer's disease or other dementia, and has symptoms that demonstrate a need for placement in the specialized unit. However, the unit may also care for a resident who does not have a probable diagnosis of Alzheimer's disease or other dementia, but desires to live in this unit and waives his or her right to live in a less restrictive environment. In addition, the physical examination report must establish that the potential resident of the unit does not require 24-hour skilled nursing care.

Services

Assisted living communities must provide assisted living care, described as personal services, the administration of medications by a certified medication aide, and the provision of assisted self-preservation.

Personal care homes must provide personal services and social activities, and assist with or supervise self-administration of medications.

Memory care units in both settings must provide activities appropriate to the needs of the individual residents and adapt the activities, as-necessary, to encourage resident participation in the following at least weekly, with at least some therapeutic activities occurring daily:

- Gross motor activities, such as exercise, dancing, gardening, cooking.
- Self-care activities, such as dressing, personal hygiene, grooming.
- Social activities, such as games, music.
- Sensory enhancement activities, such as distinguishing pictures and picture books, reminiscing, and scent and tactile stimulation.

Service Planning

Both settings require an assessment to determine the resident's functional capacity with regard to ADLs, physical care needs, medical needs, cognitive and behavioral impairments, personal preferences relative to care needs, and whether the family supports are available.

A written care plan must document the assessment findings and be updated at least annually and when there is a change in the resident's needs.

Memory care units must review care plans quarterly and modify them as changes in the residents' needs occur. The residents' written care plan will be developed or updated by a staff team that includes at least one member of the specialized memory care staff providing direct care.

Third-Party Providers

Residents of licensed facilities may directly hire a "proxy caregiver" to assist with or administer medications and provide personal care.

Assisted living community staff may not provide medical and nursing health services (other than care plans, staff training, and medication administration) that are required on a periodic or short-term basis. When such services are required, residents must purchase them from licensed providers that are neither owned nor operated by the facility.

Medication Provisions

Assisted living community residents who have the cognitive and functional capacity to self-administer medications must be allowed to store and self-administer their own medications. Communities must

assist residents with self-administration if requested. Specific tasks for assisting residents with self-administration include storage of medications, placing an oral dosage in the resident's hand, applying topical medications, and assisting with an Epi pen. Unlicensed staff may provide this assistance only if unit dose or multi-dose packaged medications are used.

If the facility provides medication administration, certified medication aides must be employed. Certified medication aides may administer medications using only unit dose or multi-dose packaging, and perform the following tasks:

- Administer physician-ordered medications.
- Administer insulin, epinephrine, and B-12 according to physicians' orders and protocols.
- Administer medications via a metered dose inhaler.
- Conduct finger stick blood glucose testing following an established protocol.
- Administer a commercially prepared disposable enema ordered by a physician.

A licensed pharmacist must conduct quarterly drug regimen reviews, which include the following duties: (1) report any irregularities to the assisted living community administration; (2) remove for proper disposal any drugs that are expired, discontinued, or in a deteriorated condition; (3) establish or review policies and procedures for safe and effective drug therapy, distribution, use, and control; and (4) monitor compliance with established policies and procedures for medication handling and storage.

Personal care homes have the same provisions regarding self-administration and assistance with self-administration of medications described above. However, personal care homes may not administer medications, nor do they require pharmacist review.

Medications for residents living in a memory care unit must be provided by either or both of the following: (1) a licensed registered nurse (RN) or a licensed practical nurse who is working under the supervision of a licensed physician or RN; and (2) a proxy caregiver employed by the facility in compliance with the rules and regulations for proxy caregivers.

Food Service and Dietary Provisions

At least three meals, one nutritious snack, and any therapeutic diets ordered by a resident's health care provider must be provided each day.

Staffing Requirements

Type of Staff: Each facility must have a full-time administrator who is responsible for daily operations and may designate a house manager to be responsible when the administrator is absent. Direct care staff provide assistance with personal services, but not health maintenance activities. Certified medication aides may administer medications in assisted living communities only.

Proxy caregivers are defined as unlicensed persons who have been determined to possess the necessary knowledge and skills, acquired through training by a licensed health care professional, to perform health maintenance activities. They may not administer medications but may assist residents with self-administration of medications. Residents or their representatives must provide written informed consent before using a proxy caregiver. The facility must disclose whether or not proxy caregivers are permitted to perform certain health maintenance activities that the facility is not required to provide.

Staff Ratios. Facilities must staff according to residents' needs. At least one administrator, on-site manager, or responsible staff person must be on the premises 24 hours a day. The minimum on-site, staff-to-resident ratio is 1:15 during waking hours and 1:25 during non-waking hours. Facilities must exceed these minimum ratios, if needed, in order to meet residents' specific ongoing health, safety, and care needs.

Training Requirements

All staff must have training within the first 60 days of employment on the following topics:

- Residents' rights and identification of conduct constituting abuse, neglect, or exploitation of a resident, and reporting requirements.
- General infection control principles, including the importance of hand hygiene in all settings, and attendance policies when ill.
- Training necessary to carry out assigned job duties and emergency preparedness.

In addition to the above, direct care staff must receive training within the first 60 days of employment on the following topics:

- Medical and social needs and characteristics of the resident population, including the special needs of residents with dementia.
- Residents' rights and the provision of resident care that is individualized and helpful.
- Training specific to assigned job duties, such as, but not limited to, assistance with medications, assisting residents in transferring and ambulation, and proper food preparation.

They must also receive training and be certified to provide emergency first-aid and cardiopulmonary resuscitation.

Direct care staff who work as proxy caregivers must have training in health maintenance activities.

All assisted living community staff offering hands-on personal services to the residents, including the administrator or on-site manager, must complete 24 hours of continuing education during the first year and 16 hours annually thereafter. All personal care home directors and employees involved with the provision of personal services to the residents must have at least 16 hours of training per year.

Provisions for Apartments and Private Units

Assisted Living Communities. Apartment-style units are not required. Living units may be single-occupancy or double-occupancy. At least one toilet and sink must be provided for each four residents, and at least one bathing/showering room for each eight residents, based on the facility's licensed capacity. Communities that serve persons dependent on a wheelchair or walker must have fully accessible bathrooms for their use.

Personal Care Homes. Apartment-style units are not required. Living units may be single-occupancy or have up to four residents. If a resident chooses in writing to share a private bedroom or living space with another resident of the home, then the residents must be permitted to share the room, subject to the usable square feet requirement and the limitation that no more than four residents may share any bedroom or private living space.

At least one toilet and sink must be provided for each four residents, and at least one bathing/showering room for each eight residents. At least one toilet and sink must be provided on each floor having residents' bedrooms.

Provisions for Serving Persons with Dementia

Dementia Care Staff. The unit must have a sufficient number of specially trained staff to meet residents' unique needs, including, at a minimum, certified medication aides to administer certain medications. At least one staff member must be awake and supervising the unit at all times, and sufficient numbers of trained staff must be on-duty at all times.

Dementia Staff Training. In addition to general training requirements, staff in Memory Care Units must be trained in the philosophy of care for residents with dementia and facility-specific policies and procedures. Required training topics include:

- Alzheimer's disease and other dementias, including the definition of dementia, and dementia-specific care needs.
- Common behavior problems and recommended behavior management techniques.
- Communication skills for resident-staff relations.
- Positive therapeutic interventions and activities such as exercise, sensory stimulation, and ADL skills.
- The role of the family and family needs.
- Environmental modifications that can avoid problematic behavior and create a more therapeutic environment.
- Individualized service planning.
- New developments in dementia care that impact the approach to caring for residents in the special unit.

- Skills for recognizing residents' physical or cognitive changes that warrant seeking medical attention.
- Skills for maintaining the safety of residents with dementia.

Dementia Facility Requirements

Memory care units must be designed to accommodate residents with severe dementia or Alzheimer's disease in a home-like environment that includes the following:

- A multipurpose room(s) for dining, group and individual activities.
- Secured outdoor spaces and walkways that are wheelchair accessible and allow residents to ambulate safely and prevent undetected egress.
- Appropriate floor and wall surfaces with the exception of fire exits, door, and access ways, which may be designed to minimize contrast to conceal areas where the residents should not enter.
- Lighting that minimizes glare and shadows.
- The opportunity for the resident's free movement between the common space and the resident's room.
- Individually identified entrances to residents' rooms to assist them in identifying their own personal spaces.
- An automated device or system to alert staff to individuals entering or leaving the unit in an unauthorized manner.
- A communication system(s) that permits staff to communicate with staff outside the unit and with emergency services personnel as needed.

Background Checks

Criminal history background checks, including a satisfactory fingerprint records check, are required for owners, administrators, managers, and all staff. Any owner or employee who acquires a criminal record must report it to the Department and undergo another fingerprint records check.

Inspection and Monitoring

An on-site inspection is required before an initial license is approved. Facilities must be available for review and examination by properly identified representatives of the Department. Inspections may be conducted both on an announced and unannounced basis.

Public Financing

The state has two Elderly and Disabled 1915(c) Medicaid Waiver programs that pay for services (referred to as alternative living services) in personal care homes with up to 24 beds: (1) the Community Care Services Program is managed by the Department of Community Health's Division of Medical Assistance Plans and partners with the Division of Aging Services; and (2) the Service Options

Using Resources in a Community Environment (SOURCE) program, an enhanced primary care case management program that serves frail elderly and disabled beneficiaries. The SOURCE program works to improve the health outcomes of persons with chronic health conditions, by linking primary medical care with home and community-based services through case management agencies.

In addition, the Independent Care Waiver Program is a 1915(c) Waiver program managed by the Department of Community Health that provides alternative living services primarily for adults ages 21-64 who reside in small personal care homes for 2-6 people.

Room and Board Policy

The state does not provide a supplement to the federal Supplemental Security Income (SSI) benefit for individuals in residential care settings. In 2015, room and board rates are capped at the federal monthly SSI benefit rate of \$733 less a personal needs allowance of \$114. Family supplementation is permitted.

Potential Changes in the Regulatory Environment

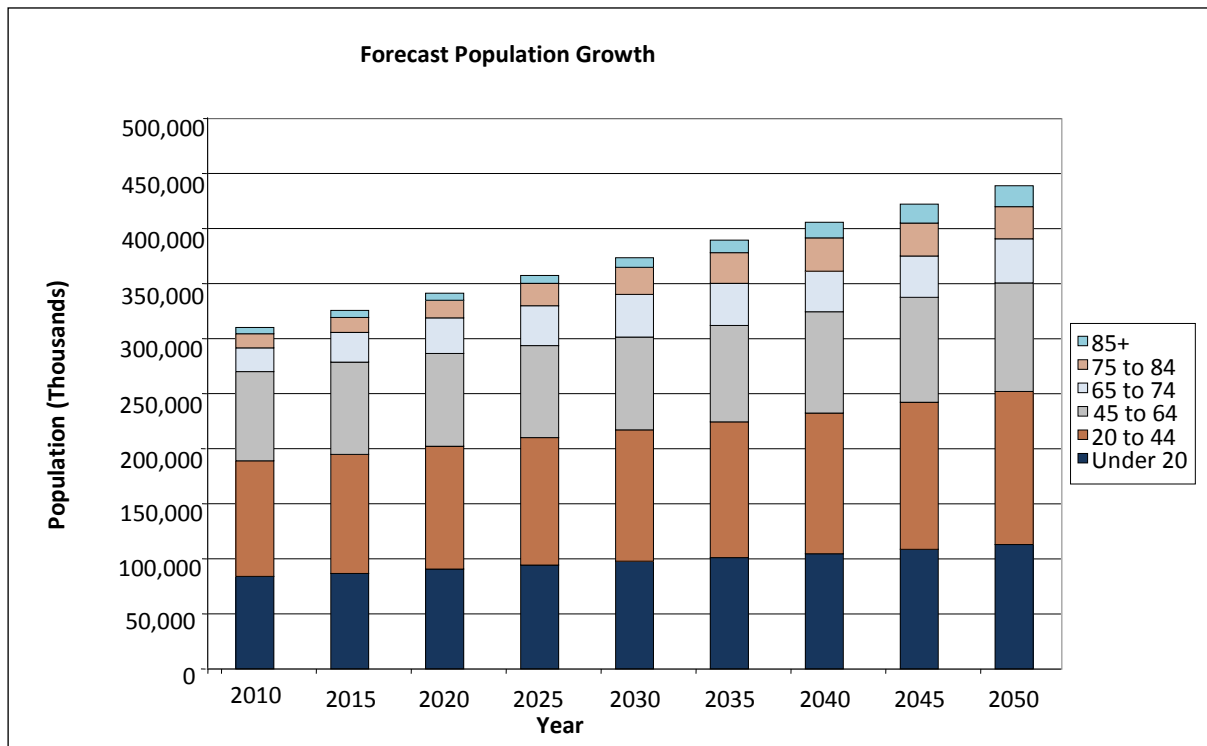
We are aware of no pending changes in the regulatory environment in the State of Georgia that would negatively impact the subject.

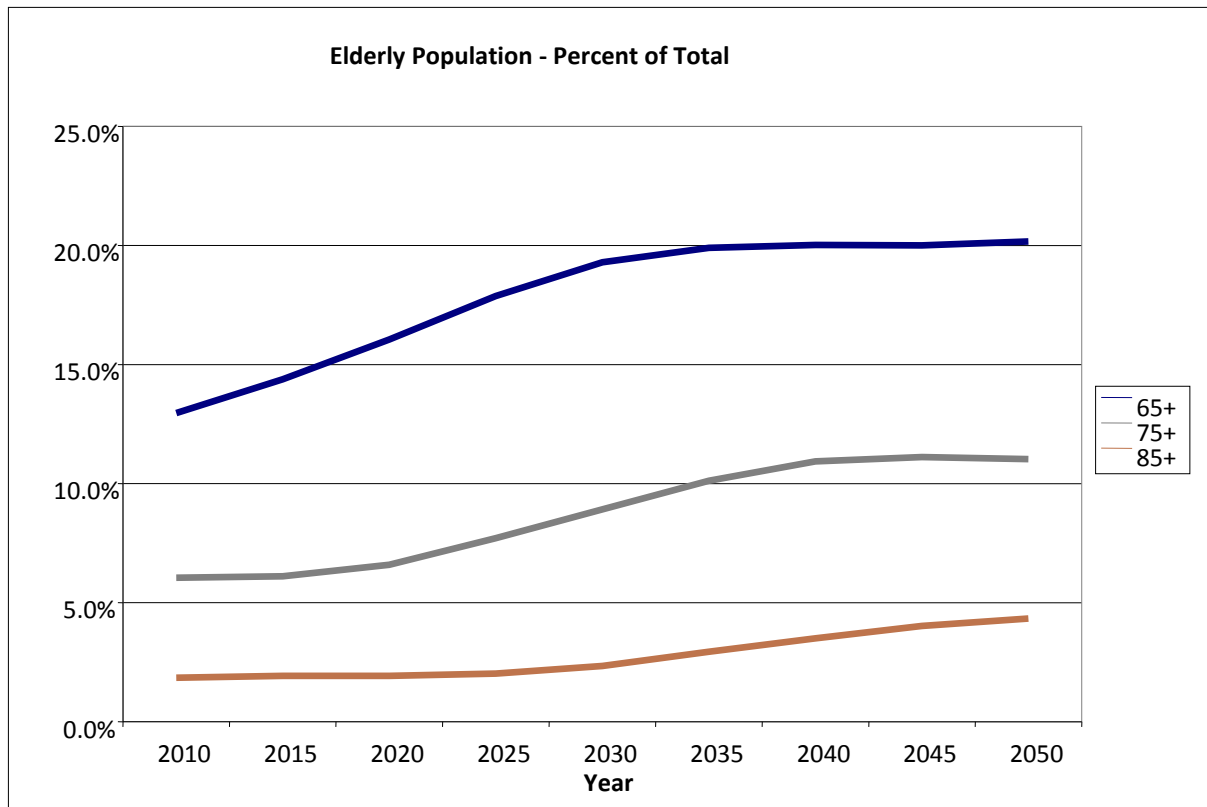
Seniors Housing Market Analysis

Aging Trends

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

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





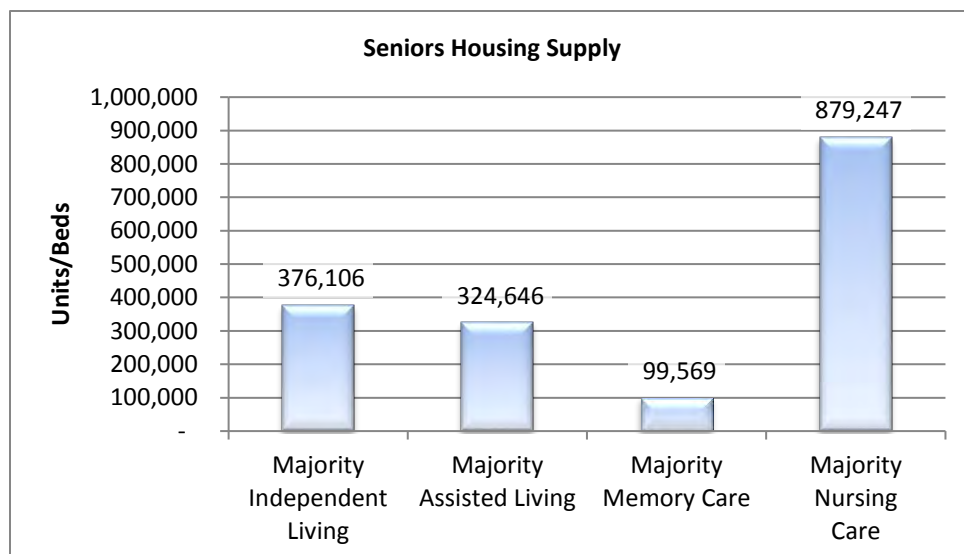
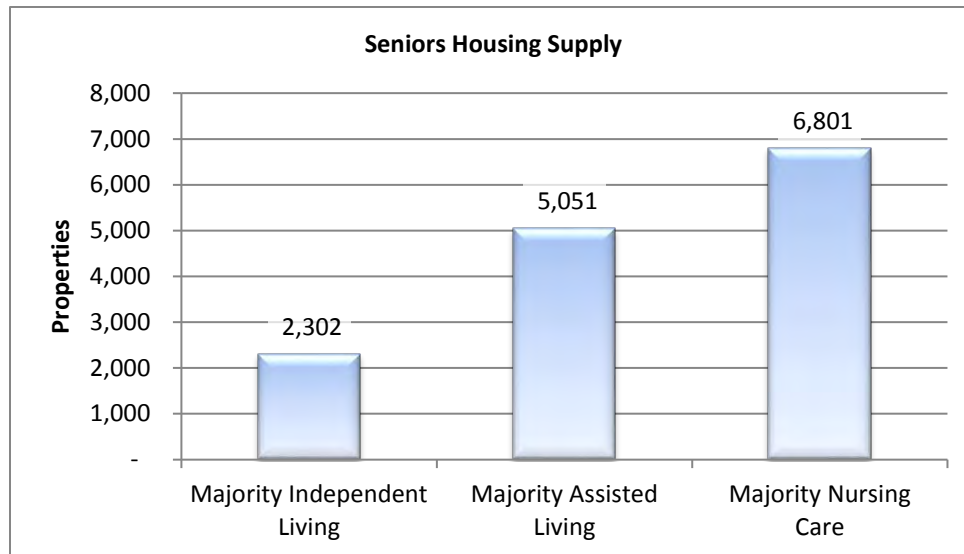
Other Factors Leading to Increased Demand

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

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

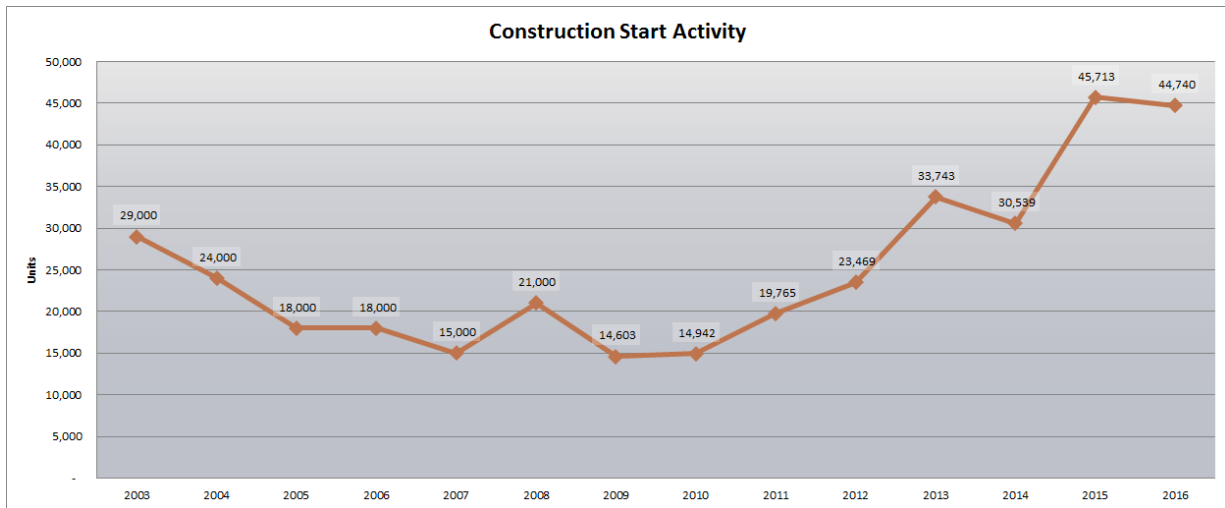
National Senior Housing Supply Trends

Senior apartments and independent living supply is typically expressed in terms of units, while assisted and nursing supply is expressed in terms of beds. *NIC MAP Construction Monitor* estimated there were 1,787,825 units/beds in the U.S. as of the 3rd quarter 2017, as shown below.



New Development

According to *NIC Map Construction Monitor* for the 3rd quarter of 2017, national construction start activity (not including senior apartments) was as follows.

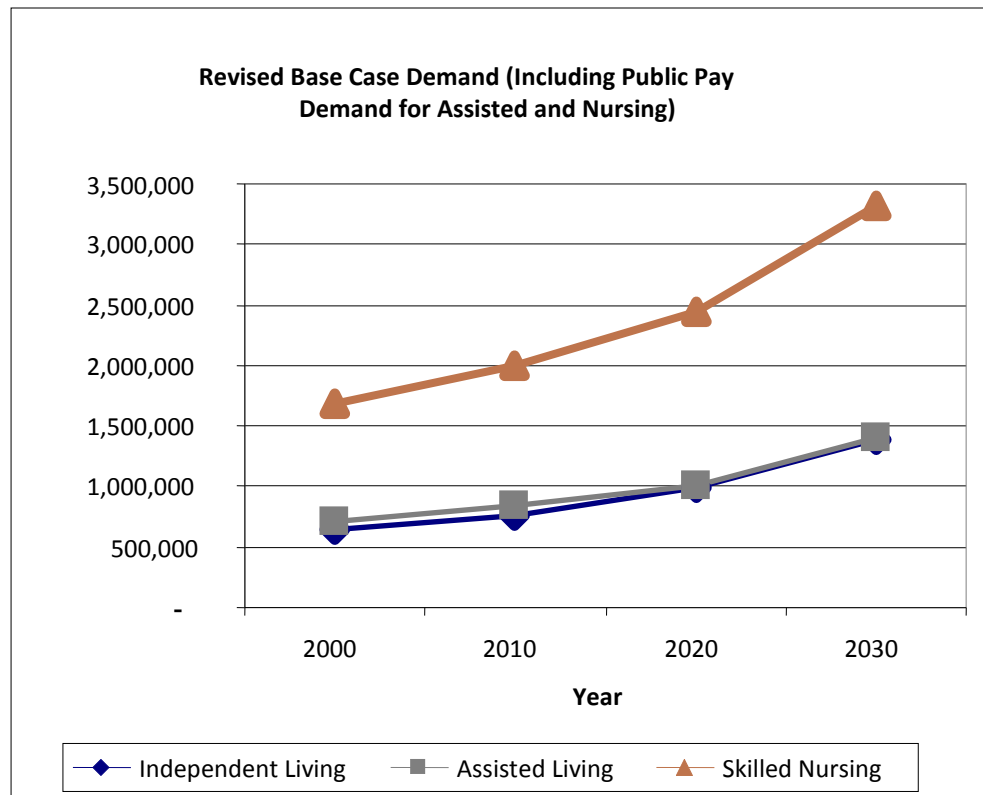


There were 558 seniors housing and skilled care properties under construction as of the 3rd quarter of 2017. The majority of the construction in seniors housing was within new properties, with construction in these properties totaling 43,759 units spread across 363 properties. In addition, there were also 128 existing properties undergoing expansions, totaling 7,214 units. For majority nursing care properties, 67 properties are undergoing construction, with 27 new properties and 3,464 units and 40 existing properties adding 2,241 expansion 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.

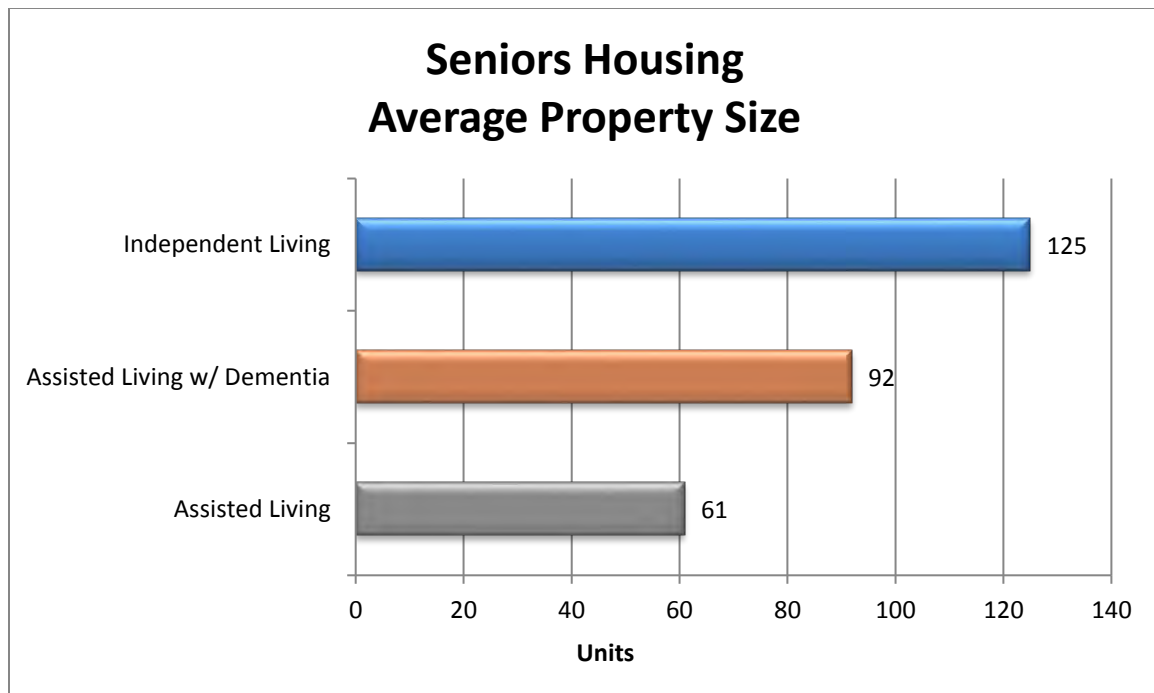
To date the most comprehensive estimate of demand for seniors housing was published in *The Case for Investing in Seniors Housing and Long Term Care Properties with Updated Projections*. The study, conducted by NIC in partnership with Price Waterhouse, LLP, produced the following base case estimates 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 114 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 64 units for assisted living and 90 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.

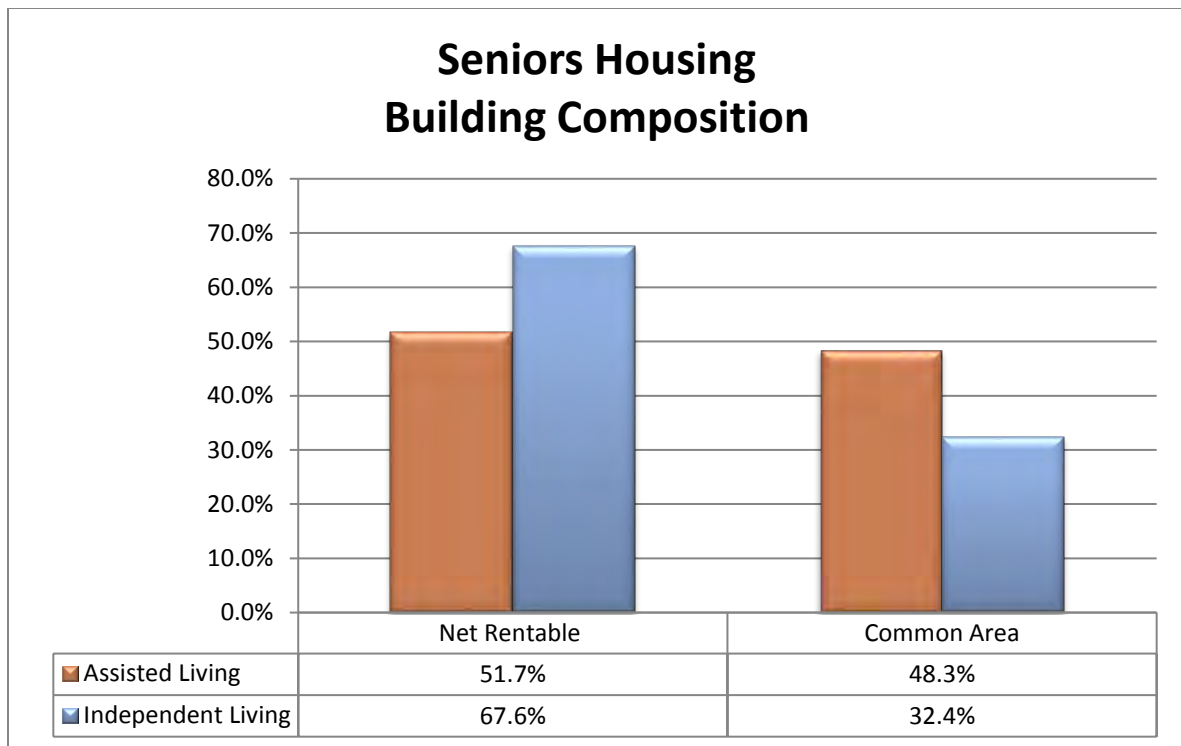


Source: *The State of Seniors Housing 2017* ASHA

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.

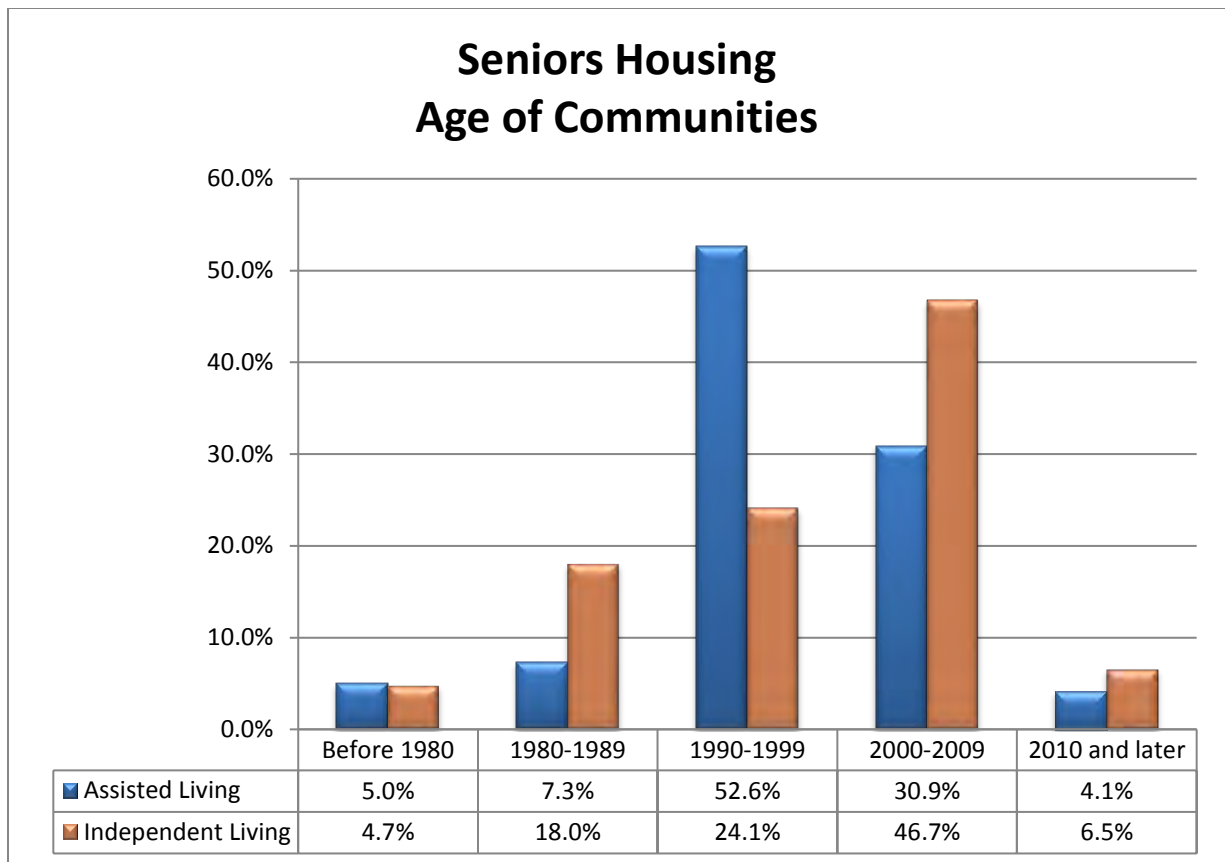


Source: *The State of Seniors Housing 2017*, ASHA

Community Age

Seniors Housing

The majority of independent living communities now in existence were developed between 1980 and 1999 (48.7%), with another large share of the total developed since 2000 (47.0%). This is in contrast to nursing care, which has experienced relatively constant development for a number of decades, and assisted living, most of which (49.1%) was developed since 2000, with 42.1% developed in the 1990s.



Source: The State of Seniors Housing 2017, ASHA

Occupancy

Seniors Housing

The table on the following page shows the 3rd Quarter 2017 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 decreased slightly from 91.7% to 91.4% from a year ago as did assisted living occupancy, decreasing from 89.7% to 88.7%. Annual rents in independent living decreased from 3.8% to 2.4% from a year ago while assisted living rent growth remained nearly the same from 2.9% to 2.8%. The most significant independent living occupancy growth of 110 bps occurred in the Mountain region, while the remaining regions saw a decrease in occupancy. The Southeast had the greatest decrease of 130 bps. Assisted living occupancy in each region declined, with the Mountain and Northeast regions decreasing the least (40 bps) and West North Central region the most (220 bps). Lastly, skilled nursing occupancy among stabilized properties decreased from 86.7% to 86.1%. The most significant continuing care retirement community occupancy growth of 30 bps occurred in the Mountain region.

Performance by Region Current Quarter vs. One Year Ago										
	Current Quarter vs. Prior Quarter vs. One Year Ago									
	Occupancy (%)		Stabilized Occupancy (%)		Annual Rent Growth (%)		Annual Inventory Growth (%)		Annual Absorption (%)	
	3Q16	3Q17	3Q16	3Q17	3Q16	3Q17	3Q16	3Q17	3Q16	3Q17
Independent Living¹	91.1%	90.6%	91.7%	91.4%	3.8%	2.4%	1.8%	2.6%	1.8%	1.9%
East North Central	91.0%	90.6%	91.4%	91.3%	5.3%	1.3%	1.6%	1.6%	1.9%	1.2%
Mid-Atlantic	92.7%	92.9%	93.4%	93.2%	3.6%	3.3%	1.6%	1.9%	1.7%	2.1%
Mountain	88.2%	88.8%	88.7%	89.8%	3.9%	1.8%	1.6%	2.1%	0.8%	2.9%
Northeast	92.4%	92.0%	92.6%	92.3%	4.5%	2.3%	1.4%	1.9%	1.3%	1.5%
Pacific	92.4%	92.0%	92.6%	92.5%	3.3%	4.0%	0.9%	1.6%	1.4%	1.1%
Southeast	90.6%	89.3%	91.4%	90.1%	3.5%	2.4%	2.5%	2.9%	2.8%	1.4%
Southwest	88.0%	85.6%	89.0%	88.3%	2.1%	1.0%	2.7%	8.6%	1.8%	5.7%
West North Central	91.4%	91.4%	92.4%	92.0%	3.1%	2.9%	2.9%	1.6%	2.1%	1.7%
Assisted Living¹	87.5%	86.4%	89.7%	88.7%	2.9%	2.8%	4.3%	6.6%	3.3%	5.2%
East North Central	86.6%	84.9%	89.4%	88.2%	2.5%	2.2%	6.6%	7.5%	4.5%	5.5%
Mid-Atlantic	87.9%	85.4%	89.2%	88.1%	3.0%	2.9%	2.9%	7.2%	0.4%	4.2%
Mountain	85.6%	83.3%	88.0%	87.6%	3.7%	1.5%	4.3%	10.7%	4.1%	7.6%
Northeast	89.4%	89.3%	90.9%	90.5%	2.6%	2.9%	2.3%	4.4%	2.3%	4.2%
Pacific	90.3%	89.5%	91.4%	90.5%	3.7%	4.2%	1.6%	3.4%	1.7%	2.5%
Southeast	85.4%	85.6%	88.5%	87.8%	2.7%	1.6%	7.6%	8.4%	5.2%	8.7%
Southwest	82.9%	81.7%	86.0%	84.3%	2.0%	3.0%	7.7%	8.4%	6.4%	6.9%
West North Central	88.0%	85.1%	90.5%	88.3%	3.1%	2.6%	4.8%	9.7%	4.4%	6.1%
Nursing Care¹	86.6%	86.0%	86.7%	86.1%	2.7%	2.6%	-0.1%	0.2%	-1.0%	-0.5%
East North Central	83.7%	83.0%	84.1%	83.2%	2.7%	2.5%	0.3%	-0.4%	-0.4%	-1.2%
Mid-Atlantic	88.6%	88.1%	88.6%	88.1%	2.8%	2.9%	-0.2%	0.3%	-1.0%	-0.3%
Mountain	80.7%	81.2%	81.5%	82.0%	2.4%	2.8%	1.4%	2.1%	-1.3%	2.7%
Northeast	90.8%	90.4%	90.9%	90.4%	2.8%	2.1%	-0.3%	-0.1%	-1.1%	-0.6%
Pacific	89.3%	89.1%	89.4%	89.2%	2.8%	3.9%	-0.2%	0.1%	-1.4%	-0.1%
Southeast	88.5%	88.1%	88.7%	88.2%	2.2%	2.5%	-0.2%	0.1%	-0.8%	-0.4%
Southwest	76.8%	75.5%	77.0%	75.9%	2.6%	2.2%	-0.4%	2.5%	-0.3%	0.8%
West North Central	82.3%	81.1%	82.5%	81.1%	3.6%	2.6%	0.1%	-0.9%	-1.9%	-2.3%
CCRCs¹	90.8%	91.0%	90.9%	91.1%	4.4%	3.5%	0.9%	1.0%	0.9%	1.2%
East North Central	89.9%	90.3%	90.1%	90.4%	7.3%	3.1%	1.1%	0.2%	1.1%	0.7%
Mid-Atlantic	93.3%	93.6%	93.5%	93.9%	4.4%	4.1%	0.9%	2.4%	1.2%	2.7%
Mountain	82.4%	85.6%	83.0%	86.0%	3.8%	1.9%	1.7%	0.6%	-2.0%	4.5%
Northeast	92.4%	92.6%	92.4%	92.6%	5.4%	3.4%	0.9%	0.7%	0.8%	0.9%
Pacific	92.2%	92.5%	92.2%	92.5%	1.9%	4.6%	-0.3%	0.6%	0.3%	0.9%
Southeast	90.9%	90.5%	90.9%	90.5%	3.6%	4.0%	0.8%	0.9%	2.0%	0.5%
Southwest	87.8%	87.1%	87.8%	87.1%	1.4%	2.4%	0.7%	2.1%	0.5%	1.3%
West North Central	89.4%	90.0%	89.8%	90.0%	3.2%	3.6%	2.0%	1.1%	1.1%	1.8%

1. Represents aggregate property type data for primary and secondary markets.

The preceding table represents aggregate property type data collected from the NICMAP 140 markets (primary and secondary market aggregate), as shown below:

East North Central: Includes Akron, OH; Chicago, IL; Cincinnati, OH; Cleveland, OH; Columbus, OH; Dayton, OH; Detroit, MI; Grand Rapids, MI; Indianapolis, IN; Madison, WI; Milwaukee, WI; Toledo, OH; and Youngstown, OH.

Mid-Atlantic: Includes Baltimore, MD; Charleston, SC; Charlotte, NC; Columbia, SC; Greensboro, NC; Greenville, SC; Louisville, KY; Raleigh, NC; Richmond, VA; Virginia Beach, VA; and Washington, DC.

Mountain: Includes Albuquerque, NM; Boise, ID; Colorado Springs, CO; Denver, CO; Las Vegas, NV; Ogden, UT; Phoenix, AZ; Salt Lake City, UT; and Tucson, AZ.

Northeast: Includes Albany, NY; Allentown, PA; Boston, MA; Bridgeport, CT; Buffalo, NY; Harrisburg, PA; Hartford, CT; Lancaster, PA; New Haven, CT; New York, NY; Philadelphia, PA; Pittsburgh, PA; Portland, ME; Providence, RI; Rochester, NY; Scranton, PA; Springfield, MA; Syracuse, NY; and Worcester, MA.

Pacific: Includes Bakersfield, CA; Fresno, CA; Los Angeles, CA; Modesto, CA; Portland, OR; Riverside, CA; Sacramento, CA; San Diego, CA; San Francisco, CA; San Jose, CA; Seattle, WA; Stockton, CA; and Ventura, CA.

Southeast: Includes Atlanta, GA; Augusta, GA; Birmingham, AL; Chattanooga, TN; Daytona Beach, FL; Fort Myers, FL; Jackson, MS; Jacksonville, FL; Knoxville, TN; Lakeland, FL; Melbourne, FL; Memphis, TN; Miami, FL; Nashville, TN; Orlando, FL; Sarasota, FL; and Tampa, FL.

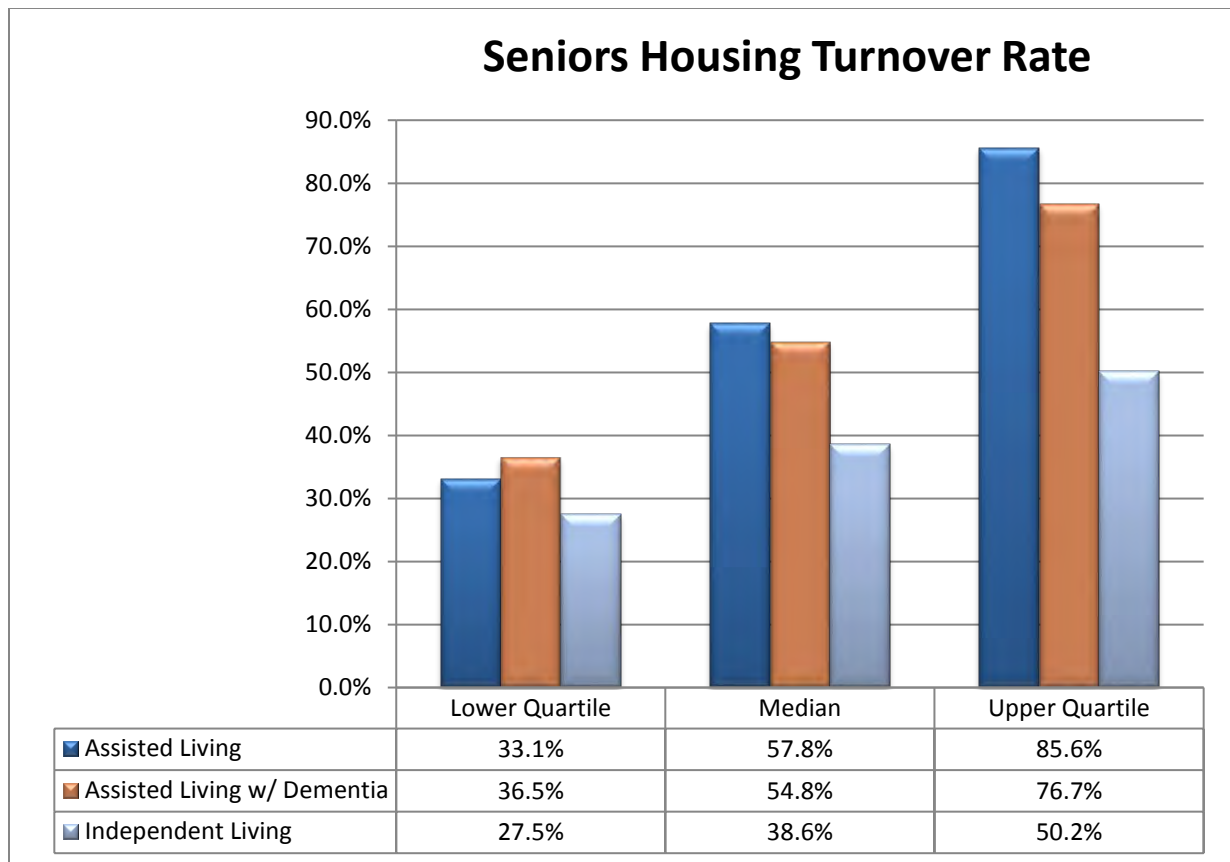
Southwest: Includes Austin, TX; Baton Rouge, LA; Dallas, TX; El Paso, TX; Houston, TX; Little Rock, AR; McAllen, TX; New Orleans, LA; Oklahoma City, OK; San Antonio, TX; and Tulsa, OK.

West North Central: Includes Des Moines, IA; Kansas City, MO; Minneapolis, MN; Omaha, NE; St. Louis, MO; and Wichita, KS.

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 2017* is as follows.

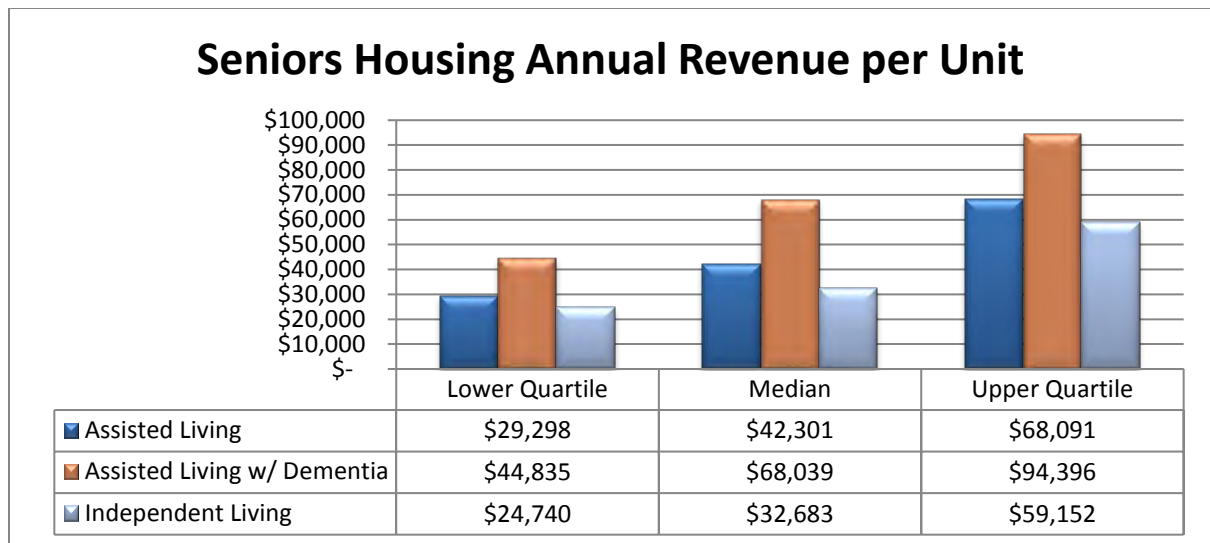


Source: *The State of Seniors Housing 2017* ASHA

Rental Rates

Seniors Housing

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

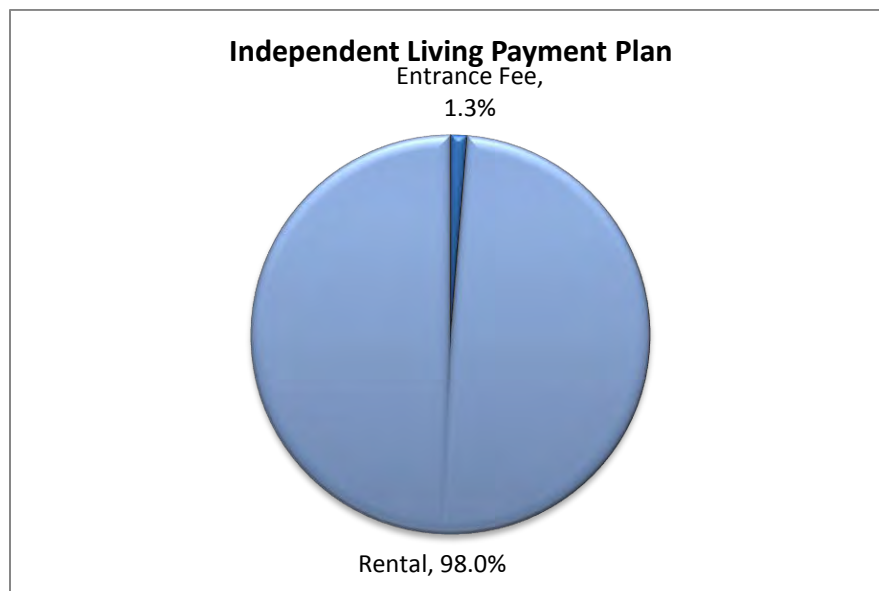


Source: *The State of Seniors Housing 2017*, ASHA

Payment Types

Independent Living

The vast majority of independent living units utilize a rental form of payment. However, 1.3% of the communities surveyed for the *2017 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.

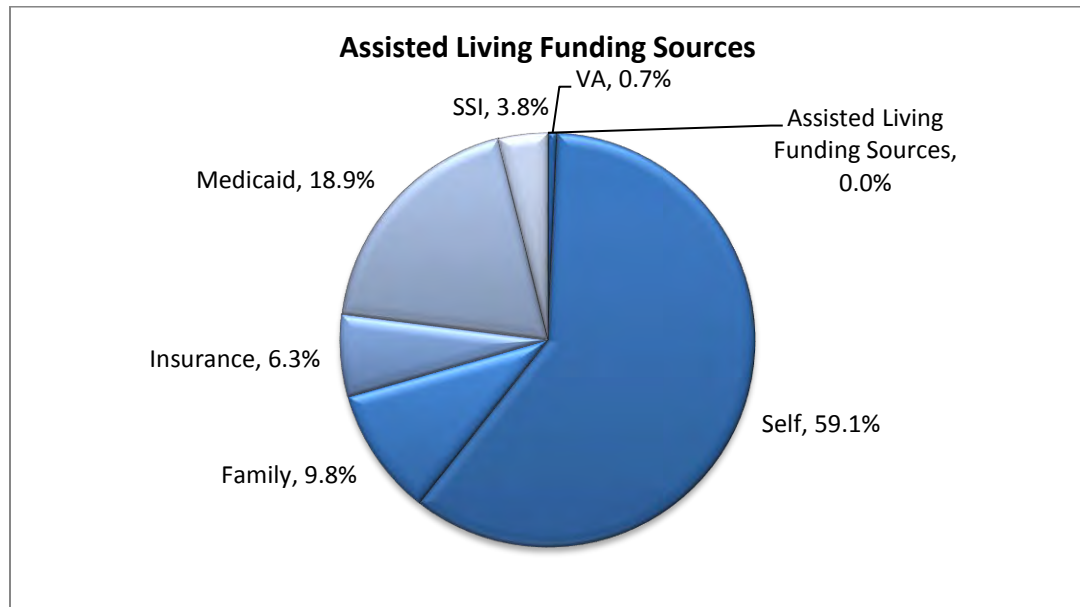


Source: *The State of Seniors Housing 2017*, ASHA

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 2017*, 87.8% 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:

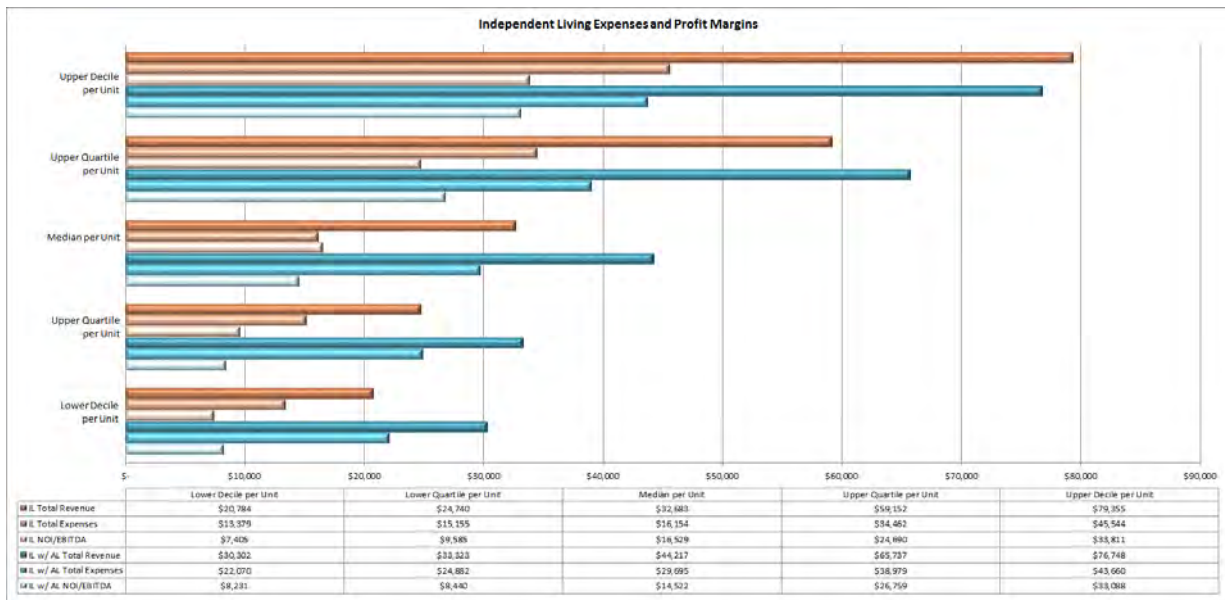


Only a small percent of assisted living residents pay for their care through a managed care program or with long term care insurance. However, the popularity of long term care insurance is growing, as it is now given the same preferential tax treatment as expenditures on other types of health insurance. 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

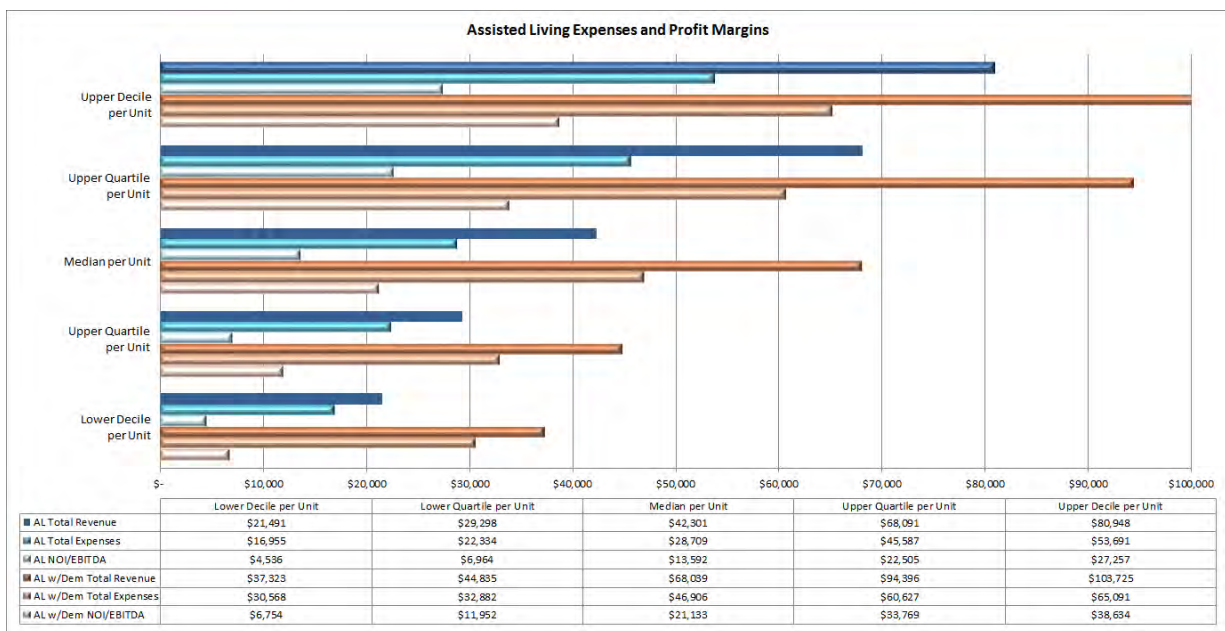
Independent Living

Survey responses from *The State of Seniors Housing 2017* revealed the following for independent living facilities:



Assisted Living

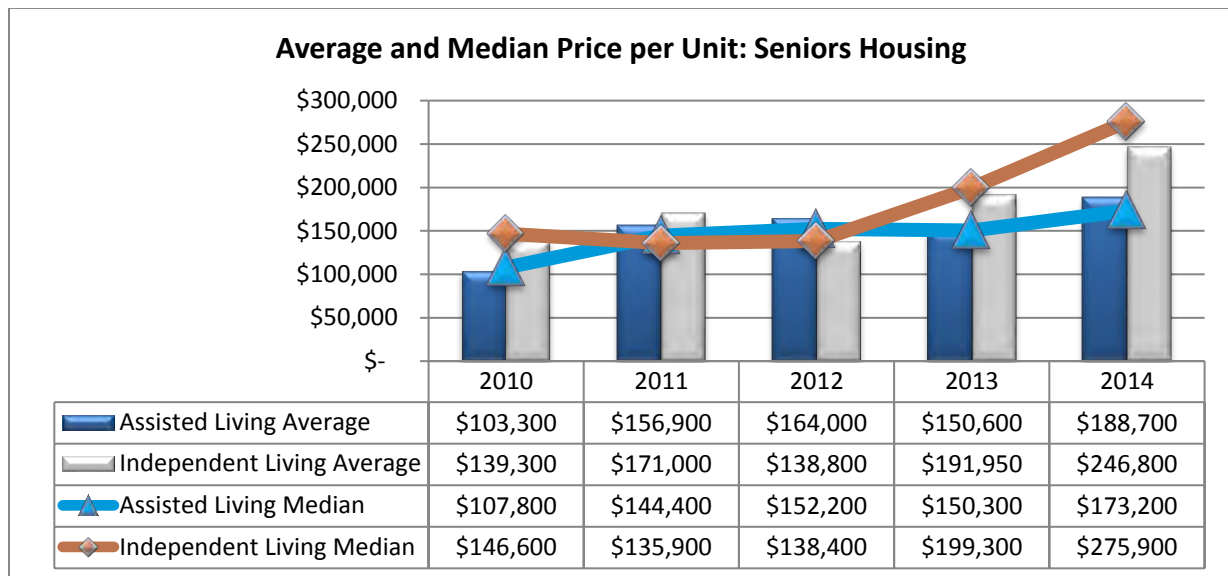
Survey responses from *The State of Seniors Housing 2017* revealed the following for assisted living facilities:



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 unit for seniors housing are as follows: \$156,800 and \$148,900 in 2012, \$164,000 and \$150,300 in 2013, \$208,200 and \$173,200 in 2014, \$189,900 and \$169,000 in 2015 and \$206,700 and \$168,900 in 2016.



Source: The Senior Care Acquisition Report Nineteenth Edition 2017, Irving Levin Associates, Inc.

Conclusion

Senior housing operators are optimistic, projecting to see occupancy and rental rate growth in 2017.

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.

Supply and Demand Analysis

Introduction

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

Metro Market Supply and Demand Conditions

The NIC Map Database provides the following data for the Atlanta MSA, which includes the counties shown in the following map. It is noted that primary markets represent the average of the top 31 core-based statistical areas (CBSAs) within the United States.



An overview of the Atlanta seniors housing market is shown in the following table, comparing the MSA data to comparable data for the primary CBSA's in the NIC survey.

PROPERTY INFORMATION						
Property Types ->	Majority IL		Majority AL		Majority NC	
	Metro	Primary Markets	Metro	Primary Markets	Metro	Primary Markets
Stabilized Occupancy	89.8%	91.4%	85.3%	88.8%	90.3%	86.3%
Average Monthly/Daily Rent	\$3,573	\$3,207	\$4,303	\$4,788	\$242	\$320
Median Age	14	25	19	18	44	40
Reporting Need to Upgrade(%)	11.1%	8.6%	13.3%	10.4%	22.2%	9.8%
Median Units/Beds Per Property	166	181	62	75	129	120
For Profit (%)	80.9%	63.5%	95.7%	90.2%	82.1%	80.6%
Property Count	47	1,435	162	3,214	95	4,092
Inventory	8,467	331,858	10,727	262,873	13,529	575,598
Independent Living Units	6,499	245,019	372	14,346	320	10,722
Assisted Living Units ¹	1,589	52,664	10,313	241,351	611	20,704
Nursing Care Beds	379	34,175	42	7,176	12,598	544,172
Penetration	5.9%	6.0%	7.5%	4.8%	9.4%	10.4%
Construction Units/Beds	1,402	15,495	1,470	23,859	252	5,185

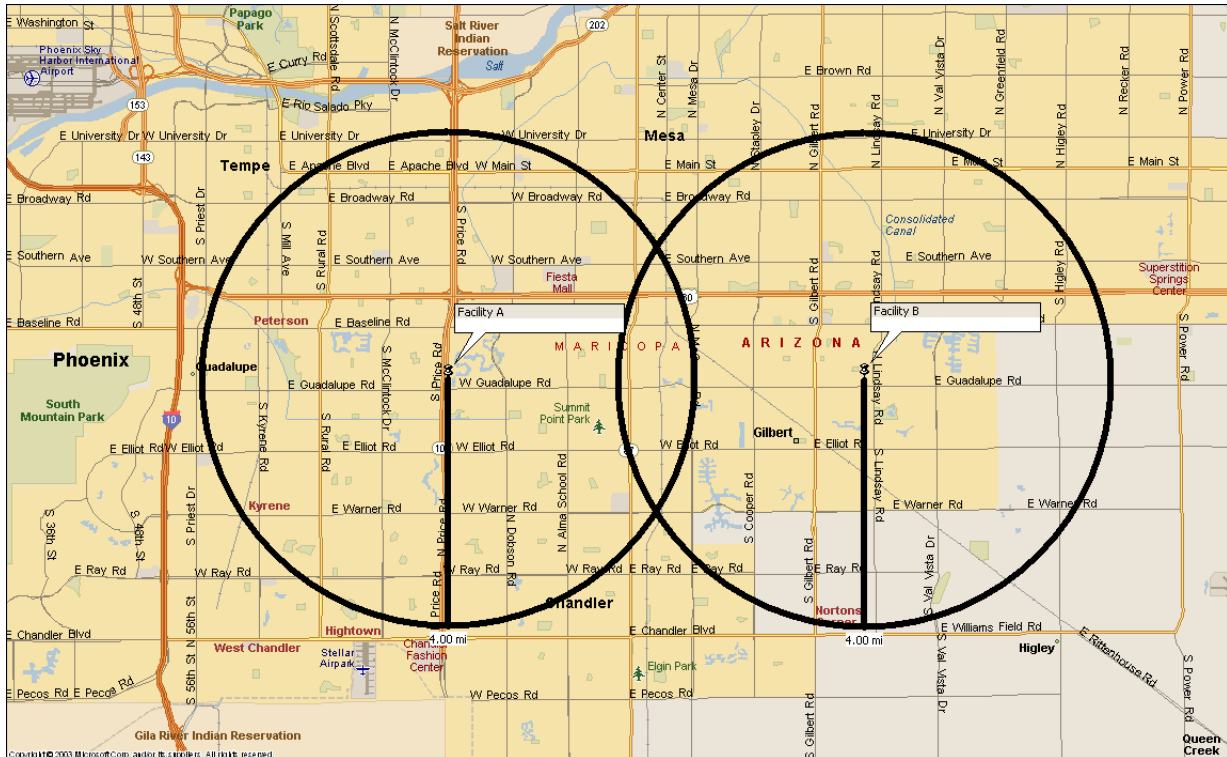
Trends in the independent living market over time are shown in the following table.

MAJORITY IL									
METRO TRENDS									
	Existing Inventory		Occupancy		Quarterly Supply and Demand		Under Construction Inventory		
Period	# Properties	# Units/Beds	All Properties	Stabilized	Absorption	Inventory Growth	# Properties	# Units/Beds	YoY Rent Growth ¹
4Q2017	47	8,467	87.4%	89.8%	218	239	9	1,402	.7%
3Q2017	45	8,228	87.3%	89.2%	135	97	8	1,198	.3%
2Q2017	44	8,131	86.7%	90.7%	30	5	10	1,294	3.4%
1Q2017	44	8,126	86.4%	91.4%	66	205	10	1,294	3.7%
4Q2016	43	7,921	87.8%	91.9%	113	321	10	1,322	4.6%
3Q2016	41	7,600	90.0%	93.0%	219	332	13	1,429	5.6%
2Q2016	39	7,268	91.1%	91.4%	76	76	14	1,555	2.8%
1Q2016	39	7,192	91.0%	91.7%	-35	86	13	1,410	2.4%
2015	39	7,106	92.6%	93.6%	222	265	12	1,258	2.4%
2014	37	6,841	92.9%	93.8%	319	141	3	347	2.9%

Trends in the assisted living market over time are shown in the following table.

MAJORITY AL									
METRO TRENDS									
	Existing Inventory		Occupancy		Quarterly Supply and Demand		Under Construction Inventory		
Period	# Properties	# Units/Beds	All Properties	Stabilized	Absorption	Inventory Growth	# Properties	# Units/Beds	YoY Rent Growth ¹
4Q2017	162	10,727	82.5%	85.3%	185	324	16	1,470	.8%
3Q2017	158	10,403	83.3%	85.9%	257	214	19	1,668	2.2%
2Q2017	156	10,189	82.5%	86.1%	-19	230	18	1,356	2.4%
1Q2017	152	9,959	84.6%	87.3%	93	50	21	1,424	2.6%
4Q2016	151	9,909	84.1%	86.9%	58	154	20	1,320	4.1%
3Q2016	150	9,755	84.9%	87.9%	240	229	19	1,140	2.6%
2Q2016	148	9,526	84.4%	86.8%	14	168	18	1,166	2.5%
1Q2016	146	9,358	85.7%	87.7%	7	152	19	1,304	2.1%
2015	145	9,206	87.1%	88.4%	9	198	18	1,213	2.1%
2014	144	9,008	88.9%	90.4%	400	411	12	856	2.8%

For stabilized properties that are mostly independent living in the Atlanta area, the average occupancy rate is 89.8%. For stabilized properties that are mostly assisted living in the Atlanta area, the average occupancy rate is 85.3%.



Our methodology for estimating supply considers Facility B 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 around 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 are 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
Madison House (Personal Care Facility) 167 W. Jefferson Street, Madison, GA	ALF	20	2.1	77%	15
Oconee House (Personal Care Facility) 126 Parks Mill Road, Buckhead, GA	ALF	24	12.3	16%	4
Manor House 621 N. Cherokee Road, Social Circle, GA	ALF/MC	90	15.1	7%	7
The Harbor at Harmony Crosssing 923 Harmony Road, Eatonton, GA	ALF/MC	75	15.8	6%	5
The Glen at Lake Oconee Village 1070 Old Salem Road, Greensboro, GA	IALF/MC	107	16.1	5%	6
Savannah Court 1061 Willow Run Road, Greensboro, GA	ALF/MC	94	16.1	5%	5
Total Number of Existing Competitive Beds					42
<u>Type Key</u>					
NC = Nursing center					
NC/ALF = Nursing center with assisted living.					
NC/MC = Nursing center with specialized memory care beds					
ALF = Free-standing assisted living facility					
ALF/MC = Free-standing assisted living facility with dedicated memory care wing					
ALF D/MC = Free-standing assisted living facility - 100% memory care dedicated					
ILF = Independent Living Facility					
IALF = Independent and assisted living facility					
IALF/MC = Independent and assisted living facility with dedicated memory care wing					
CCRC = Continuing care retirement community					

It should be noted that the nearest facility is located 2.1 miles away from the subject property and the second closest facility is located over 12 miles away from the proposed subject property.

Occupancy of Competitive Supply

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

Occupancy of Competitive Assisted Living		
Property Name	Current Occupancy %	Waiting List Status
Madison House (Personal Care Facility) 167 W. Jefferson Street, Madison, GA	95%	No
Oconee House (Personal Care Facility) 126 Parks Mill Road, Buckhead, GA	96%	No
Manor House 621 N. Cherokee Road, Social Circle, GA	Would Not Participate	No
The Harbor at Harmony Crossing 923 Harmony Road, Eatonton, GA	95%	No
The Glen at Lake Oconee Village 1070 Old Salem Road, Greensboro, GA	30% (In Lease-Up)	No
Savannah Court 1061 Willow Run Road, Greensboro, GA	72%	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
Madison House (Personal Care Facility) 167 W. Jefferson Street, Madison, GA	15	95%	14
Oconee House (Personal Care Facility) 126 Parks Mill Road, Buckhead, GA	4	96%	4
Manor House 621 N. Cherokee Road, Social Circle, GA	7	Would Not Participate	2
The Harbor at Harmony Crossing 923 Harmony Road, Eatonton, GA	5	95%	3
The Glen at Lake Oconee Village 1070 Old Salem Road, Greensboro, GA	6	30% (In Lease-Up)	2
Savannah Court 1061 Willow Run Road, Greensboro, GA	5	72%	4
TOTALS	37	-	25
WEIGHTED AVERAGE OCCUPANCY		66%	-

Savannah Court is hindered by lack of amenities, inferior age/quality, condition, and a rural location with a low residential base. This facility includes lower than average occupancy levels due to these factors. The metro market average occupancy for assisted living is 85.3% according to NIC MAP. The average of the stabilized assisted living rent comparables surveyed in the PMA is 95.3%. The Glen at Lake Oconee Village opened in May 2017 and is in lease-up, and includes an absorption rate of 3.2 assisted living units/beds per month. During our survey, we were given the general overall occupancy for the facility and it was indicated that all care types were similar in their occupancy levels.

Assisted Living Under Construction or Proposed

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

The Madison Assisted Living – The Madison Assisted Living is located at 150 Hancock Street, in Madison. This facility is under construction and is scheduled to include a 44 unit assisted living facility. The facility is scheduled to open within the next 12 months.

Subject – Madison's Royal Hall – The subject is planned for an independent living, assisted living, and memory care facility. The unit mixes and unit sizes have yet to be determined, however, we have estimated that the facility will include 60 independent living units, 100 assisted living unit that will include 30 memory care units. We have included the subject property in our 24 month forecast in order to analyze its addition to the PMA supply.

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
The Madison Assisted Living 150 Hancock Street, Madison, GA	Under Construction	44	1.9	78%	35
Relevant Supply Likely to be Complete Within 12 Months					35
Proposed Subject 1581 Eatonton Road, Madison, GA	Pre-planning	100	0.0	100%	100
Relevant Supply Likely to be Complete Within 24 Months					100

After contacting the Morgan County and speaking with Mollie Bogle with the City of Madison planning and zoning department, we were not able to identify any additional proposed projects within the PMA other than those listed above. Ms. Bogle did mention that the planning and zoning has been contacted intermittently in the past year about potential sites for seniors housing developments, although there has not been any further discussions or development proposals. Additionally, we note it is possible that there are other proposed projects in their early stages of planning that have not yet become public knowledge.

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 *2016 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 5.4 million Americans of all ages have Alzheimer's in 2016. This figure includes 5.2 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, 44% are 75 to 84, and 37% 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 5.2 million people over age 65 with Alzheimer's in the United States, 3.3 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 74 million older Americans will make up approximately 20% of the total population (up from 14% in 2012). 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 5.2 million aged 65 and older currently affected in 2016.

- By 2050, the number of people aged 65 and older with Alzheimer's disease may triple, from 5.2 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
Manor House 621 N. Cherokee Road, Social Circle, GA	ALF/MC	24	15.1	7%	2
The Harbor at Harmony Crossing 923 Harmony Road, Eatonton, GA	ALF/MC	15	15.8	6%	1
The Glen at Lake Oconee Village 1070 Old Salem Road, Greensboro, GA	IALF/MC	31	16.1	5%	2
Savannah Court 1061 Willow Run Road, Greensboro, GA	ALF/MC	22	16.1	5%	1
Total Number of Existing Competitive Beds					6
Type Key					
NC = Nursing center					
NC/ALF = Nursing center with assisted living.					
NC/MC = Nursing center with specialized memory care beds					
ALF = Free-standing assisted living facility					
ALF/MC = Free-standing assisted living facility with dedicated memory care wing					
ALF D/MC = Free-standing assisted living facility - 100% memory care dedicated					
ILF = Independent Living Facility					
IALF = Independent and assisted living facility					
IALF/MC = Independent and assisted living facility with dedicated memory care wing					
CCRC = Continuing care retirement community					

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
Manor House 621 N. Cherokee Road, Social Circle, GA	Would Not Participate	No
The Harbor at Harmony Crossing 923 Harmony Road, Eatonton, GA	87%	No
The Glen at Lake Oconee Village 1070 Old Salem Road, Greensboro, GA	30% (In Lease-Up)	No
Savannah Court 1061 Willow Run Road, Greensboro, GA	72%	No

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
Manor House 621 N. Cherokee Road, Social Circle, GA	-	Would Not Participate	-
The Harbor at Harmony Crossing 923 Harmony Road, Eatonton, GA	1	87%	1
The Glen at Lake Oconee Village 1070 Old Salem Road, Greensboro, GA	2	30% (In Lease-Up)	1
Savannah Court 1061 Willow Run Road, Greensboro, GA	1	72%	1
TOTALS	4	-	3
WEIGHTED AVERAGE OCCUPANCY		68%	-

Savannah Court is hindered by lack of amenities, inferior age/quality, condition, and a rural location with a low residential base. This facility includes lower than average occupancy levels due to these factors. The metro market average occupancy for assisted living is 85.3% according to NIC MAP. The Harbor at Harmony Crossing indicated an 87% occupancy rate, although the facility director indicated that the memory care portion of the facility is typically near capacity. The Glen at Lake Oconee Village opened in May 2017 and is in lease-up, and includes an absorption rate of 0.93 memory care living units/beds per month. During our survey, we were given the general overall occupancy for the facility and it was indicated that all care types were similar in their occupancy levels.

Memory Care Under Construction or Proposed

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

Subject – Madison’s Royal Hall – The subject is planned for an independent living, assisted living, and memory care facility. The unit mixes and unit sizes have yet to be determined, however, we have estimated that the facility will include 72 independent living units and 100 assisted living units that will include 30 memory care units. We have included the subject property in our 24 month forecast in order to analyze its addition to the PMA supply.

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
Proposed Subject 1581 Eatonton Road, Madison, GA	Pre-planning	30	0.0	100%	30
Relevant Supply Likely to be Complete Within 24 Months					30

After contacting the Morgan County and speaking with Mollie Bogle with the City of Madison planning and zoning department, we were not able to identify any additional proposed projects within the PMA other than those listed above. Ms. Bogle did mention that the planning and zoning has been contacted intermittently in the past year about potential sites for seniors housing developments, although there has not been any further discussions or development proposals. Additionally, we note it is possible that there are other proposed projects in their early stages of planning that have not yet become public knowledge.

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
The Glen at Lake Oconee Village 1070 Old Salem Road, Greensboro, GA	IALF/MC	42	16.1	5%	2
Total Number of Existing Competitive Units					2
<u>Type Key</u>					
NC = Nursing center					
NC/ALF = Nursing center with assisted living.					
NC/MC = Nursing center with specialized memory care beds					
ALF = Free-standing assisted living facility					
ALF/MC = Free-standing assisted living facility with dedicated memory care wing					
ALF D/MC = Free-standing assisted living facility - 100% memory care dedicated					
ILF = Independent Living Facility					
IALF = Independent and assisted living facility					
IALF/MC = Independent and assisted living facility with dedicated memory care wing					
CCRC = Continuing care retirement community					

It should also be noted that we have not included Silver Lakes Senior Living in the existing supply of independent living. This facility is located less than one-tenth of a mile northwest of the subject property and includes 44 affordable units, which are not considered competitive with the subject property due to the below market/affordable rents offered.

Occupancy of Competitive Supply

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

Occupancy of Competitive Independent Living		
Property Name	Current Occupancy %	Waiting List Status
The Glen at Lake Oconee Village 1070 Old Salem Road, Greensboro, GA	30% (In Lease-Up)	No

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

Weighted Average Occupancy of Competitive Independent Living			
Property Name	Number of Competitive Units	Current Occupancy %	Number of Occupied Units
The Glen at Lake Oconee Village 1070 Old Salem Road, Greensboro, GA	2	30% (In Lease-Up)	1
TOTALS	2	-	1
WEIGHTED AVERAGE OCCUPANCY		50%	-

The metro market average for independent living is 89.8% The subject PMA does not include any independent living facilities, although the stabilized rent comparables indicated an average occupancy rate of 86.75%. The Glen at Lake Oconee Village opened in May 2017 and is in lease-up, and includes an absorption rate of 1.26 independent livingn units per month. During our survey, we were given the general overall occupancy for the facility and it was indicated that all care types were similar in their occupancy levels.

Independent Living Under Construction or Proposed

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

Subject – Madison’s Royal Hall – The subject is planned for an independent living, assisted living, and memory care facility. The unit mixes and unit sizes have yet to be determined, however, we have estimated that the facility will include 72 independent living units and 100 assisted living units that will include 30 memory care units. We have included the subject property in our 24 month forecast in order to analyze its addition to the PMA supply.

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 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
Proposed Subject 1581 Eatonton Road, Madison, GA	Pre-planning	72	0.0	100%	72
Relevant Supply Likely to be Complete Within 24 Months					72

After contacting the Morgan County and speaking with Mollie Bogle with the City of Madison planning and zoning department, we were not able to identify any additional proposed projects within the PMA other than those listed above. Ms. Bogle did mention that the planning and zoning has been contacted intermittently in the past year about potential sites for seniors housing developments, although there has not been any further discussions or development proposals. Additionally, we note it is possible that there are other proposed projects in their early stages of planning that have not yet become public knowledge.

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+ is often considered in bed need methodologies which are 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 an individual 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 seniors housing. Many operators consider \$35,000 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, \$35,000 is widely considered a benchmark for the private pay market. Due to the location of the subject, this target group consists of the number of households with a household income of \$35,000+ headed by an individual age 75+. Therefore, this target group has been utilized in this analysis.

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 is 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 facility 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						
	2018	2019	2020	2021	2022	2023	2028
A. PMA Persons Age 65+	3,211	3,312	3,412	3,513	3,613	3,714	4,296
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)	65	67	69	71	73	75	87
Target Group 2 - Households Age 75+							
Item	Year						
	2018	2019	2020	2021	2022	2023	2028
A. PMA HHs Age 75+	813	827	841	854	868	882	957
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)	54	55	56	57	58	59	64
Target Group 3 - Households Age 75+ With Income \$35,000+							
Item	Year						
	2018	2019	2020	2021	2022	2023	2028
A. PMA HHs Age 75+ W/Inc. \$35,000+	436	447	458	469	480	491	553
B. Achievable Penetration Rate	21.6%	21.6%	21.6%	21.6%	21.6%	21.6%	21.6%
C. Indicated Market Area Demand (A X B)	94	96	99	101	103	106	119
Target Group 4 - Persons Age 45-64 (Adult Children)							
Item	Year						
	2018	2019	2020	2021	2022	2023	2028
A. PMA Persons Age 45-64	4,468	4,446	4,423	4,401	4,378	4,356	4,247
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)	51	51	50	50	50	50	48
Demand Conclusions							
Item	Year						
	2018	2019	2020	2021	2022	2023	2028
Indicated Demand	90	92	94	96	98	100	112
Adjustment for Local Market Conditions	50%	50%	50%	50%	50%	50%	50%
Concluded Demand	135	138	141	144	147	150	168

The demand indication for each target group is independent of the other three demand indications. In this case, our final demand conclusions is weighted 90% to Target Group 3 - age and income qualified seniors, and 10% to Target Group 4 - adult children. These two indications of demand are the best indicators of demand for private pay seniors housing. We have also applied a 50% upward adjustment due to local market conditions, as data from the NIC MAP Q4 2017 metro report for Atlanta, GA indicated assisted living penetration rates in the subject's metro market of 7.5% compared to the national primary market average of 4.8%, thus indicating a 56.25% adjustment, which we have rounded to 50%.

Demand For Independent Living							
Target Group 1 - Persons Age 65+							
Item	Year						
	2018	2019	2020	2021	2022	2023	2028
A. PMA Persons Age 65+	3,211	3,312	3,412	3,513	3,613	3,714	4,296
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)	91	94	96	99	102	105	121
Target Group 2 - Households Age 75+							
Item	Year						
	2018	2019	2020	2021	2022	2023	2028
A. PMA HHs Age 75+	813	827	841	854	868	882	957
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)	76	77	78	80	81	82	89
Target Group 3 - Households Age 75+ With Income \$35,000+							
Item	Year						
	2018	2019	2020	2021	2022	2023	2028
A. PMA HHs Age 75+ W/Inc. \$35,000+	436	447	458	469	480	491	553
B. Achievable Penetration Rate	30.2%	30.2%	30.2%	30.2%	30.2%	30.2%	30.2%
C. Indicated Market Area Demand (A X B)	132	135	138	142	145	148	167
Target Group 4 - Persons Age 45-64 (Adult Children)							
Item	Year						
	2018	2019	2020	2021	2022	2023	2028
A. PMA Persons Age 45-64	4,468	4,446	4,423	4,401	4,378	4,356	4,247
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)	71	71	71	70	70	70	68
Demand Conclusions							
Item	Year						
	2018	2019	2020	2021	2022	2023	2028
Indicated Demand	126	119	121	124	126	129	142
Adjustment for Local Market Conditions	0%	0%	0%	0%	0%	0%	0%
Concluded Demand	126	119	121	124	126	129	142

The demand indication for each target group is independent of the other three demand indications. In this case, our final demand conclusions is weighted 90% to Target Group 3 - age and income qualified seniors, and 10% to Target Group 4 - adult children. These two indications of demand are the best indicators of demand for private pay seniors housing. We have not made any adjustment due to local market conditions for independent living, as data from the NIC MAP Q4 2017 metro report for Atlanta, GA indicated independent living penetration rates in the subject's metro market of 5.9% compared to the national primary market average of 6.0%

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						
	2018	2019	2020	2021	2022	2023	2028
A. Indicated Demand	135	138	141	144	147	150	168
B. Less Existing Supply	42	42	77	177	177	177	177
C. Existing Unmet Demand or Oversupply	93	96	64	-33	-30	-27	-9
D. Additions/Subtractions to Supply	0	35	100	N.A.	N.A.	N.A.	N.A.
E. Unmet Demand After Additions	93	61	-36	-33	-30	-27	-9

Our analysis shows that the assisted living market is undersupplied in the current year with 93 unmet beds. With the planned additions to supply in 2019 and 2020, the market is forecasted to be oversupplied in 2020. Demand is growing at a rate of 2.2% and market conditions should continue to improve, however, the market will not reach equilibrium until after 2028.

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.

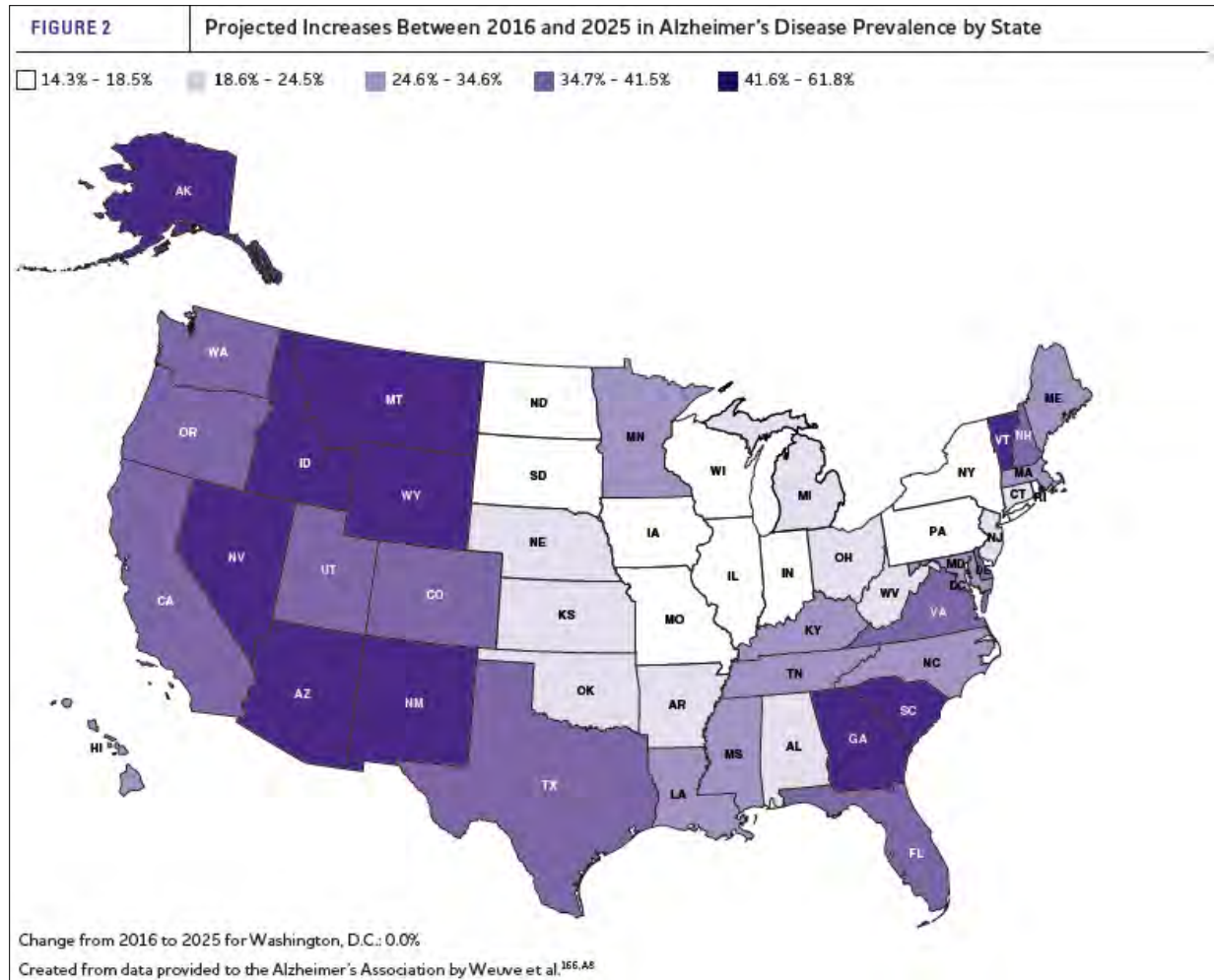
As of the 3rd quarter of 2016, NIC MAP reported that there were 378,473 assisted living units and 109,510 memory care units in the top 141 metro markets. Thus, the combined assisted living supply count inclusive of memory care was 487,983 units. The memory care assisted living supply figure in turn equated to 22.44% of the total assisted living supply. The average occupancy was 89.7% for assisted living and 85.8% 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 476,000 people age 65 or older that developed Alzheimer's disease in the United States in 2016. Also, the Alzheimer's Association provided the following data regarding projected change by state for those residents with Alzheimer's disease.

TABLE 3		Projections of Total Numbers of Americans Age 65 and Older with Alzheimer's by State					
State	Projected Number with Alzheimer's (in thousands)		Percentage Change 2016-2025	State	Projected Number with Alzheimer's (in thousands)		Percentage Change 2016-2025
	2016	2025			2016	2025	
Alabama	89	110	23.6	Montana	19	27	42.1
Alaska	6.8	11	61.8	Nebraska	33	40	21.2
Arizona	130	200	53.8	Nevada	41	64	56.1
Arkansas	54	67	24.1	New Hampshire	23	32	39.1
California	610	840	37.7	New Jersey	170	210	23.5
Colorado	67	92	37.3	New Mexico	37	53	43.2
Connecticut	74	91	23.0	New York	390	460	17.9
Delaware	17	23	35.3	North Carolina	160	210	31.3
District of Columbia	9.0	9.0	0.0	North Dakota	14	16	14.3
Florida	510	720	41.2	Ohio	210	250	19.0
Georgia	130	190	46.2	Oklahoma	62	76	22.6
Hawaii	26	35	34.6	Oregon	62	84	35.5
Idaho	23	33	43.5	Pennsylvania	270	320	18.5
Illinois	220	260	18.2	Rhode Island	23	27	17.4
Indiana	110	130	18.2	South Carolina	84	120	42.9
Iowa	63	73	15.9	South Dakota	17	20	17.6
Kansas	51	62	21.6	Tennessee	110	140	27.3
Kentucky	69	86	24.6	Texas	350	490	40.0
Louisiana	84	110	31.0	Utah	30	42	40.0
Maine	26	35	34.6	Vermont	12	17	41.7
Maryland	100	130	30.0	Virginia	140	190	35.7
Massachusetts	120	150	25.0	Washington	100	140	40.0
Michigan	180	220	22.2	West Virginia	37	44	18.9
Minnesota	91	120	31.9	Wisconsin	110	130	18.2
Mississippi	52	65	25.0	Wyoming	9.1	13	42.9
Missouri	110	130	18.2				

Created from data provided to the Alzheimer's Association by Weuve et al.^{166, A8}



As shown in the figures above, between 2016 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						
	2018	2019	2020	2021	2022	2023	2028
A. Indicated Demand	47	48	49	50	52	53	59
B. Less Existing Supply	6	6	6	36	36	36	36
C. Existing Unmet Demand or Oversupply	41	42	43	14	16	17	23
D. Additions/Subtractions to Supply	0	0	30	N.A.	N.A.	N.A.	N.A.
E. Unmet Demand After Additions	41	42	13	14	16	17	23

Our analysis shows that the memory care market is undersupplied in the current year with 41 unmet beds. With the planned additions to supply in 2020, the market is forecasted to include an undersupply condition of 13 beds, with this condition scheduled to continue through 2028. This undersupply condition indicated that there is sufficient demand to support the subject's planned memory care units/beds. Demand is growing at a rate of 2.2%, so market conditions should continue to improve.

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

Comparison of Supply and Demand For Independent Living							
Item	Year						
	2018	2019	2020	2021	2022	2023	2028
A. Indicated Demand	126	119	121	124	126	129	142
B. Less Existing Supply	2	2	2	74	74	74	74
C. Existing Unmet Demand or Oversupply	124	117	119	50	52	55	68
D. Additions/Subtractions to Supply	0	0	72	N.A.	N.A.	N.A.	N.A.
E. Unmet Demand After Additions	124	117	47	50	52	55	68

Our analysis shows that the independent living market is undersupplied in the current year with 124 unmet beds. With the planned additions to supply in 2020, the market is forecasted to include an undersupply condition of 47 beds, with this condition scheduled to continue through 2028. This undersupply condition indicates that there is sufficient demand to support the subject's planned independent living units/beds. Demand is growing at a rate of 0.5%, so market conditions should continue to improve.

Supply and Demand Conclusion

The PMA is a growing market, with low barriers to entry. Our analysis shows that the independent living, assisted living, and memory care assisted living markets are undersupplied in the current year. However, with the additions to the market including the proposed subject property, the assisted living market will be oversupplied in 2020. There is sufficient unmet demand for the memory care and independent living segments to support the subject's planned memory care and independent living components.

Because of the oversupply of assisted living beds in 2020, we recommend that the property be built in two phases; the first is an approximate 100-unit building consisting of independent living, assisted living and memory care. This building could be licensed entirely as assisted living but should target IL residents as well. As the IL residents age in place, they could convert to assisted living. The second phase, consisting of 72 independent living units could be built once the first building reaches a stabilized occupancy. At that time, the assisted living supply and demand should be closer to equilibrium.

Determination of Achievable Rental Rates/Ancillary Charges

In this section we will determine achievable rental rates and ancillary charges for the subject.

Pricing Structures

There are a number of ways in which to price seniors housing 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 – either congregate care, assisted living, or nursing. This is normally found in older life care communities or continuing care retirement communities (CCRCs).

The majority of the independent living facilities have A-La-Carte pricing. The base rate is equivalent to an independent living rate and assisted living charges are priced on the needs of each resident. Memory care rates are higher because they include a base level of care along with room and board. Additional care for memory care residents is also typically priced on an A-La-Carte basis.

Base level services include:

- Housekeeping, linen changes, and laundry weekly
- Two meals per day and three meals for assisted living and memory care residents
- All utilities except telephone and cable
- Full activities program
- Scheduled transportation

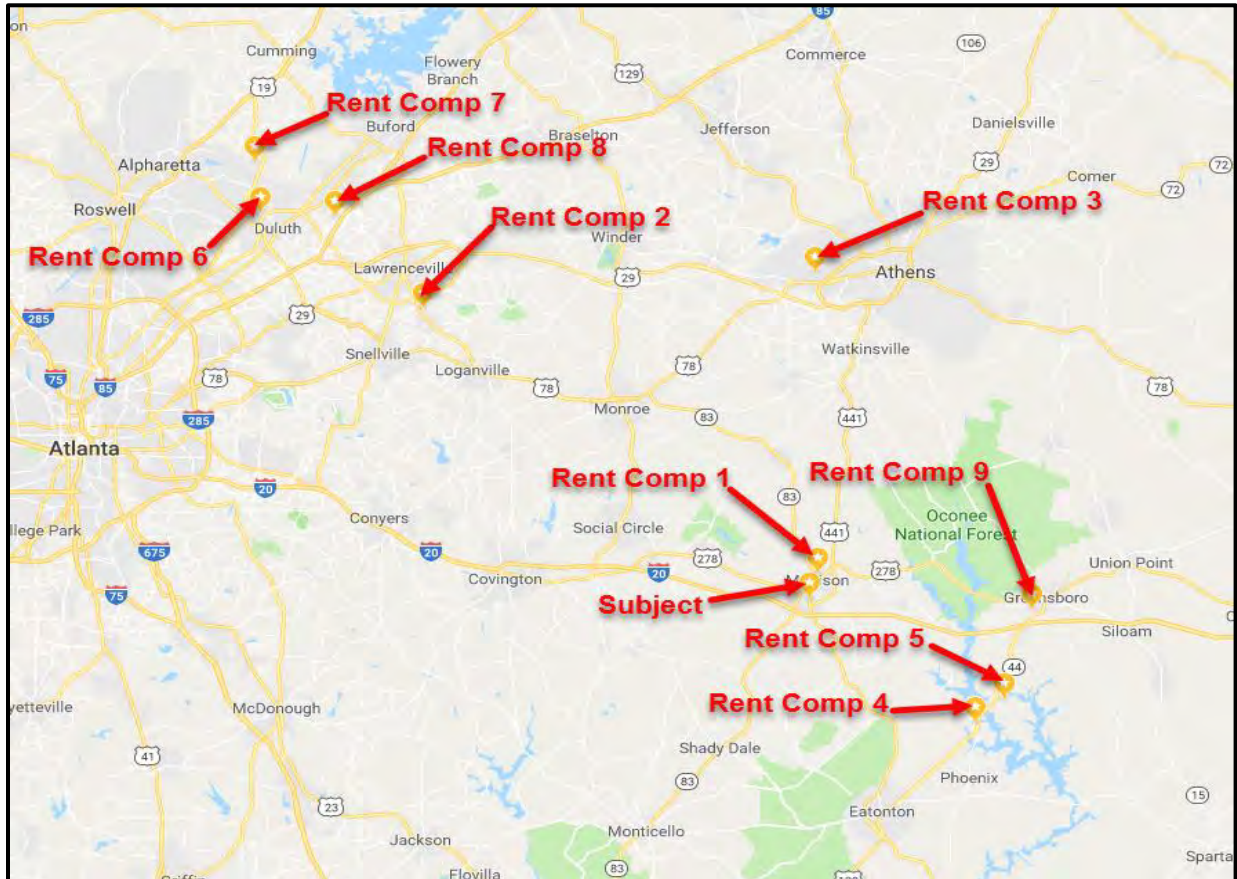
Market Rent Analysis

A summary of the proposed subject unit mix as discussed in the improvement section is presented in the following table.

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	Independent Living	500	30	1	30	10.7%	15,000
1 Bdrm, 1 Bath	Independent Living	600	32	1	32	13.7%	19,200
2 Bdrm, 2 Bath	Independent Living	900	10	1	10	6.4%	9,000
Studio	Assisted Living	430	35	1	35	10.8%	15,050
1 Bdrm, 1 Bath	Assisted Living	550	25	1	25	9.8%	13,750
2 Bdrm, 2 Bath	Assisted Living	800	10	1	10	5.7%	8,000
Studio	Memory Care	325	30	1	30	7.0%	9,750
Totals			172	-	172	64.1%	89,750
Plus Common Areas						35.9%	50,250
Total Gross Building Area							140,000

Market Rent Survey

We have surveyed seven 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	6	7	8	9
Property Name	Madison House Senior Living	Dogwood Forest of Grayson	Arbor Terrace	Harbor at Harmony Crossing	The Glen at Lake Oconee	Parc at Duluth	Belmont Village at Johns Creek	Discovery Village at Sugarloaf	Savannah Court of Lake Oconee
Address	167 W. Jefferson Street, Madison, GA	1754 Grayson Highway, Grayson, GA	170 Marilyn Farmer Way, Athens, GA	923 Harmony Road, Eatonton, GA	1070 Old Salem Road, Greensboro, GA	3315 Peachtree Industrial Boulevard, Duluth, GA	4315 Johns Creek, Suwanee, GA	1220 Satellite Boulevard NW, Suwanee, GA	1061 Willow Run Road, Greensboro, GA
Levels of Care IL = Independent Living AL = Assisted Living NC = Nursing Care MC = Memory Care	AL	AL, MC	AL, MC	AL, MC	IL, AL, MC	IL, AL	IL, AL, MC	IL, AL, MC	AL, MC
Range of Monthly Rental Rates (IL)	-	-	-	-	\$5,035-\$9,995	\$3,490-\$4,440	\$3,040-\$4,790	\$3,095-\$3,950	
Range of Monthly Rental Rates (AL)	\$2,000-\$2,500	\$3,895-\$5,500	\$5,100-\$6,000	\$3,395-\$4,895	\$4,300-\$7,400	\$4,450-\$6,400	\$3,975-\$4,575	\$2,156-\$4,134	\$2,500-\$3,600
Range of Monthly Rental Rates (MC)	-	\$5,395	\$6,675	\$4,895-\$6,495	\$5,995	-	\$6,050-\$3,975	\$3,525-\$4,965	\$3,000-\$4,500
Facility Occupancy	95%	68%	95%	54%	30%	87%	84%	81%	72%
Year Built (Original)	1920	2017	1998	2013	2016	2003	2000	2007	1998
Miles from Subject	2.1	36.0	26.0	15.8	16.1	49.9	51.7	45.1	16.1

Note that Comparables 2, 3, 6, 7, and 8 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, of \$5,000 or more, so no adjustments are required.

Adjustment for Size and/or Type

We are comparing similar units of size and/or type. No adjustments are needed.

Adjustment for Levels of Care

The majority of comparables offer similar levels of care in their pricing structures for assisted living, with comparable 4 offering all-inclusive care with assisted living pricing. This comparable has been adjusted downward. Comparables 3, 4, 6, and 7 include all-inclusive care in their memory care pricing, and have been adjusted downward.

Adjustment for Utilities

The subject and comparables offer similar utilities in their monthly rates. No adjustments are made.

Adjustment for Meals

No adjustments for meals are made for the assisted living and memory care analysis, as all comparables offer 3 meals a day.

Adjustment for Housekeeping

The comparables and subject all provide weekly housekeeping in the base rates. No adjustments are needed.

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 needed.

Adjustment for Location

The subject and the comparables are all located in similar areas. No adjustments are needed.

Adjustment for Age/Quality/Condition

Comparable 5 was completed in 2017 and comparable 1 was completed in 2010 and no adjustments have been made. The remaining are adjusted upward by 10% for their older actual ages.

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 500 SF									
Item	Comparable Number								
	1	2	3	4	5	6	7	8	9
Comparable Name	Madison House Senior Living	Dogwood Forest of Grayson	Arbor Terrace	Harbor at Harmony Crossing	The Glen at Lake Oconee	Parc at Duluth	Belmont Village at Johns Creek	Discovery Village at Sugarloaf	Savannah Court of Lake Oconee
Unit Type	-	-	-	-	1 Bedroom	Studio Private	Studio Private	Studio Private	-
Size (Square Feet)	-	-	-	-	627	597	500	480	-
Monthly Rent	-	-	-	-	\$5,035	\$3,490	\$3,040	\$3,095	-
Adjustment for Concessions	-	-	-	-	-	-	-	-	-
Adjustment for Entrance Fees	-	-	-	-	-	-	-	-	-
Adjustment for Size/Type	-	-	-	-	(\$127)	(\$97)	-	-	-
Adjustment for Levels of Care	-	-	-	-	-	-	-	-	-
Adjustment for Utilities	-	-	-	-	-	-	-	-	-
Adjustment for Meals	-	-	-	-	(\$100)	-	\$100	\$20	-
Adjustment for Housekeeping	-	-	-	-	-	-	-	-	-
Adjustment for Parking	-	-	-	-	-	-	-	-	-
Adjustment for Location	-	-	-	-	-	(\$349)	(\$304)	(\$310)	-
Adjustment for Quality/Condition	-	-	-	-	-	-	-	-	-
Adjusted Monthly Rent	-	-	-	-	\$4,808	\$3,044	\$2,836	\$2,806	-
Adjusted Rent Per SF	-	-	-	-	\$7.67	\$5.10	\$5.67	\$5.84	-
Average Adjusted Rent					\$3,373				
Average Adjusted Rent Per SF					\$6.07				
Integra Market Rent Conclusion					\$3,000				
Integra Market Rent Conclusion Per SF					\$6.00				

The comparables' adjusted rental rates range between \$2,806 and \$4,808 per month, with a mean of \$3,373 per month. Comparable 5 appears to be an outlier and has been given less weight than the other comparables. Considering the adjusted rents, we will utilize a market rent of \$3,000 in our forecast.

Rental Comparable Adjustment Table For Independent Living 1 Bdrm, 1 Bath 600 SF									
Item	Comparable Number								
	1	2	3	4	5	6	7	8	9
Comparable Name	Madison House Senior Living	Dogwood Forest of Grayson	Arbor Terrace	Harbor at Harmony Crossing	The Glen at Lake Oconee	Parc at Duluth	Belmont Village at Johns Creek	Discovery Village at Sugarloaf	Savannah Court of Lake Oconee
Unit Type	-	-	-	-	1 Bedroom	1 Bedroom	1 Bedroom	1 Bedroom	-
Size (Square Feet)	-	-	-	-	680	835	700	525	-
Monthly Rent	-	-	-	-	\$5,295	\$3,960	\$4,125	\$3,484	-
Adjustment for Concessions	-	-	-	-	-	-	-	-	-
Adjustment for Entrance Fees	-	-	-	-	-	-	-	-	-
Adjustment for Size/Type	-	-	-	-	(\$80)	(\$235)	(\$100)	\$75	-
Adjustment for Levels of Care	-	-	-	-	-	-	-	-	-
Adjustment for Utilities	-	-	-	-	-	-	-	-	-
Adjustment for Meals	-	-	-	-	(\$100)	-	\$100	-	-
Adjustment for Housekeeping	-	-	-	-	-	-	-	-	-
Adjustment for Parking	-	-	-	-	-	-	-	-	-
Adjustment for Location	-	-	-	-	-	(\$396)	(\$413)	(\$348)	-
Adjustment for Quality/Condition	-	-	-	-	-	-	-	-	-
Adjusted Monthly Rent	-	-	-	-	\$5,115	\$3,329	\$3,713	\$3,211	-
Adjusted Rent Per SF	-	-	-	-	\$7.52	\$3.99	\$5.30	\$6.12	-
Average Adjusted Rent					\$3,842				
Average Adjusted Rent Per SF					\$5.73				
Integra Market Rent Conclusion					\$3,500				
Integra Market Rent Conclusion Per SF					\$5.83				

The comparables' adjusted rental rates range between \$3,211 and \$5,115 per month, with a mean of \$3,842 per month. Comparable 5 appears to be an outlier and has been given less weight than the other comparables. Considering the adjusted rents, we will utilize a market rent of \$3,500 in our forecast.

Rental Comparable Adjustment Table For Independent Living 2 Bdrm, 2 Bath 900 SF									
Item	Comparable Number								
	1	2	3	4	5	6	7	8	9
Comparable Name	Madison House Senior Living	Dogwood Forest of Grayson	Arbor Terrace	Harbor at Harmony Crossing	The Glen at Lake Oconee	Parc at Duluth	Belmont Village at Johns Creek	Discovery Village at Sugarloaf	Savannah Court of Lake Oconee
Unit Type	-	-	-	-	2 Bedroom	2 Bedroom	2 Bedroom	2 Bedroom	-
Size (Square Feet)	-	-	-	-	1,254	1,125	1,000	648	-
Monthly Rent	-	-	-	-	\$9,995	\$4,440	\$4,790	\$3,950	-
Adjustment for Concessions	-	-	-	-	-	-	-	-	-
Adjustment for Entrance Fees	-	-	-	-	-	-	-	-	-
Adjustment for Size/Type	-	-	-	-	(\$354)	(\$225)	-	\$252	-
Adjustment for Levels of Care	-	-	-	-	-	-	-	-	-
Adjustment for Utilities	-	-	-	-	-	-	-	-	-
Adjustment for Meals	-	-	-	-	(\$100)	-	\$100	-	-
Adjustment for Housekeeping	-	-	-	-	-	-	-	-	-
Adjustment for Parking	-	-	-	-	-	-	-	-	-
Adjustment for Location	-	-	-	-	-	(\$444)	(\$479)	(\$395)	-
Adjustment for Quality/Condition	-	-	-	-	-	-	-	-	-
Adjusted Monthly Rent	-	-	-	-	\$9,541	\$3,771	\$4,411	\$3,807	-
Adjusted Rent Per SF	-	-	-	-	\$7.61	\$3.35	\$4.41	\$5.88	-
Average Adjusted Rent					\$5,383				
Average Adjusted Rent Per SF					\$5.31				
Integra Market Rent Conclusion					\$4,000				
Integra Market Rent Conclusion Per SF					\$4.44				

The comparables' adjusted rental rates range between \$3,771 and \$9,541 per month, with a mean of \$5,383 per month. Comparable 5 appears to be an outlier and has been given less weight than the other comparables. Considering the adjusted rents, we will utilize a market rent of \$4,000 in our forecast.

Rental Comparable Adjustment Table For Assisted Living Studio 430 SF									
Item	Comparable Number								
	1	2	3	4	5	6	7	8	9
Comparable Name	Madison House Senior Living	Dogwood Forest of Grayson	Arbor Terrace	Harbor at Harmony Crossing	The Glen at Lake Oconee	Parc at Duluth	Belmont Village at Johns Creek	Discovery Village at Sugarloaf	Savannah Court of Lake Oconee
Unit Type	Studio Private	Studio Private	Studio Private	-	Studio Private	Studio Private	Studio Private	Studio Private	Studio Private
Size (Square Feet)	280	454	330	-	400	305	342	330	384
Monthly Rent	\$2,250	\$3,895	\$5,100	-	\$4,500	\$4,450	\$3,975	\$3,156	\$2,500
Adjustment for Concessions	-	-	-	-	-	-	-	-	-
Adjustment for Entrance Fees	-	-	-	-	-	-	-	-	-
Adjustment for Size/Type	-	-	-	-	-	-	-	-	-
Adjustment for Levels of Care	(\$250)	-	-	-	-	(\$500)	-	-	-
Adjustment for Utilities	-	-	-	-	-	-	-	-	-
Adjustment for Meals	-	-	-	-	-	-	-	-	-
Adjustment for Housekeeping	-	-	-	-	-	-	-	-	-
Adjustment for Parking	-	-	-	-	-	-	-	-	-
Adjustment for Location	-	(\$390)	(\$510)	-	-	(\$445)	(\$398)	(\$316)	-
Adjustment for Quality/Condition	\$1,125	-	-	-	-	-	-	-	\$750
Adjusted Monthly Rent	\$3,125	\$3,506	\$4,590	-	\$4,500	\$3,505	\$3,578	\$2,840	\$3,250
Adjusted Rent Per SF	\$11.16	\$7.72	\$13.91	-	\$11.25	\$11.49	\$10.46	\$8.61	\$8.46
Average Adjusted Rent	\$3,612								
Average Adjusted Rent Per SF	\$10.38								
Integra Market Rent Conclusion	\$3,700								
Integra Market Rent Conclusion Per SF	\$8.60								

The comparables' adjusted rental rates range between \$2,840 and \$4,590 per month, with a mean of \$3,612 per month. Considering the adjusted rents, we will utilize a market rent of \$3,700 in our forecast.

Rental Comparable Adjustment Table For Assisted Living 1 Bdrm, 1 Bath 550 SF									
Item	Comparable Number								
	1	2	3	4	5	6	7	8	9
Comparable Name	Madison House Senior Living	Dogwood Forest of Grayson	Arbor Terrace	Harbor at Harmony Crossing	The Glen at Lake Oconee	Parc at Duluth	Belmont Village at Johns Creek	Discovery Village at Sugarloaf	Savannah Court of Lake Oconee
Unit Type	-	1 Bedroom	1 Bedroom	1 Bedroom	1 Bedroom	1 Bedroom	1 Bedroom	1 Bedroom	1 Bedroom
Size (Square Feet)	-	559	550	600	668	560	445	495	440
Monthly Rent	-	\$4,095	\$6,000	\$3,395	\$5,040	\$6,400	\$4,575	\$3,555	\$3,600
Adjustment for Concessions	-	-	-	-	-	-	-	-	-
Adjustment for Entrance Fees	-	-	-	-	-	-	-	-	-
Adjustment for Size/Type	-	-	-	-	-	-	-	-	-
Adjustment for Levels of Care	-	-	-	(\$500)	-	(\$500)	-	-	-
Adjustment for Utilities	-	-	-	-	-	-	-	-	-
Adjustment for Meals	-	-	-	-	-	-	-	-	-
Adjustment for Housekeeping	-	-	-	-	-	-	-	-	-
Adjustment for Parking	-	-	-	-	-	-	-	-	-
Adjustment for Location	-	(\$410)	(\$600)	-	-	(\$640)	(\$458)	(\$356)	-
Adjustment for Quality/Condition	-	-	-	-	-	-	-	-	\$1,080
Adjusted Monthly Rent	-	\$3,686	\$5,400	\$2,895	\$5,040	\$5,260	\$4,118	\$3,200	\$4,680
Adjusted Rent Per SF	-	\$6.59	\$9.82	\$4.83	\$7.54	\$9.39	\$9.25	\$6.46	\$10.64
Average Adjusted Rent					\$4,285				
Average Adjusted Rent Per SF					\$8.07				
Integra Market Rent Conclusion					\$4,000				
Integra Market Rent Conclusion Per SF					\$7.27				

The comparables' adjusted rental rates range between \$2,895 and \$5,400 per month, with a mean of \$4,285 per month. Considering the adjusted rents and the rents in place, we will utilize a market rent of \$4,000 in our forecast.

Rental Comparable Adjustment Table For Assisted Living 2 Bdrm, 2 Bath 800 SF									
Item	Comparable Number								
	1	2	3	4	5	6	7	8	9
Comparable Name	Madison House Senior Living	Dogwood Forest of Grayson	Arbor Terrace	Harbor at Harmony Crossing	The Glen at Lake Oconee	Parc at Duluth	Belmont Village at Johns Creek	Discovery Village at Sugarloaf	Savannah Court of Lake Oconee
Unit Type	-	2 Bedroom	-	2 Bedroom	2 Bedroom	-	-	2 Bedroom	-
Size (Square Feet)	-	752	-	800	818	-	-	648	-
Monthly Rent	-	\$5,500	-	\$4,295	\$7,295	-	-	\$4,134	-
Adjustment for Concessions	-	-	-	-	-	-	-	-	-
Adjustment for Entrance Fees	-	-	-	-	-	-	-	-	-
Adjustment for Size/Type	-	-	-	-	-	-	-	-	-
Adjustment for Levels of Care	-	-	-	(\$500)	-	-	-	-	-
Adjustment for Utilities	-	-	-	-	-	-	-	-	-
Adjustment for Meals	-	-	-	-	-	-	-	-	-
Adjustment for Housekeeping	-	-	-	-	-	-	-	-	-
Adjustment for Parking	-	-	-	-	-	-	-	-	-
Adjustment for Location	-	(\$550)	-	-	-	-	-	(\$413)	-
Adjustment for Quality/Condition	-	-	-	-	-	-	-	-	-
Adjusted Monthly Rent	-	\$4,950	-	\$3,795	\$7,295	-	-	\$3,721	-
Adjusted Rent Per SF	-	\$6.58	-	\$4.74	\$8.92	-	-	\$5.74	-
Average Adjusted Rent					\$4,940				
Average Adjusted Rent Per SF					\$6.50				
Integra Market Rent Conclusion					\$4,500				
Integra Market Rent Conclusion Per SF					\$5.63				

The comparables' adjusted rental rates range between \$3,721 and \$7,295 per month, with a mean of \$4,940 per month. Considering the adjusted rents and the rents in place, we will utilize a market rent of \$4,500 in our forecast.

Rental Comparable Adjustment Table For Memory Care Studio 325 SF									
Item	Comparable Number								
	1	2	3	4	5	6	7	8	9
Comparable Name	Madison House Senior Living	Dogwood Forest of Grayson	Arbor Terrace	Harbor at Harmony Crossing	The Glen at Lake Oconee	Parc at Duluth	Belmont Village at Johns Creek	Discovery Village at Sugarloaf	Savannah Court of Lake Oconee
Unit Type	-	Studio Private	Studio Private	Studio Private	Studio Private	-	Studio Private	Studio Private	Studio Private
Size (Square Feet)	-	343	300	350	388	-	342	319	300
Monthly Rent	-	\$5,395	\$6,675	\$4,895	\$5,995	-	\$6,050	\$4,965	\$4,500
Adjustment for Concessions	-	-	-	-	-	-	-	-	-
Adjustment for Entrance Fees	-	-	-	-	-	-	-	-	-
Adjustment for Size/Type	-	-	-	-	-	-	-	-	-
Adjustment for Levels of Care	-	-	-	-	-	-	\$670	-	-
Adjustment for Utilities	-	-	-	-	-	-	-	-	-
Adjustment for Meals	-	-	-	-	-	-	-	-	-
Adjustment for Housekeeping	-	-	-	-	-	-	-	-	-
Adjustment for Parking	-	-	-	-	-	-	-	-	-
Adjustment for Location	-	(\$540)	(\$668)	-	-	-	(\$605)	(\$497)	-
Adjustment for Quality/Condition	-	-	-	-	-	-	-	-	\$1,350
Adjusted Monthly Rent	-	\$4,856	\$6,008	\$4,895	\$5,995	-	\$6,115	\$4,469	\$5,850
Adjusted Rent Per SF	-	\$14.16	\$20.03	\$13.99	\$15.45	-	\$17.88	\$14.01	\$19.50
Average Adjusted Rent					\$5,455				
Average Adjusted Rent Per SF					\$16.43				
Integra Market Rent Conclusion					\$5,000				
Integra Market Rent Conclusion Per SF					\$15.38				

The comparables' adjusted rental rates range between \$4,469 and \$6,115 per month, with a mean of \$5,455 per month. Considering the adjusted rents and the rents in place, we will utilize a market rent of \$5,000 in our forecast.

Market Area Occupancy

As noted in the supply and demand analysis, the subject's PMA has a weighted average occupancy shown below:

Weighted Average Occupancy of Competitive Assisted Living			
Property Name	Number of Competitive Beds	Current Occupancy %	Number of Occupied Beds
Madison House (Personal Care Facility) 167 W. Jefferson Street, Madison, GA	15	95%	14
Oconee House (Personal Care Facility) 126 Parks Mill Road, Buckhead, GA	4	96%	4
Manor House 621 N. Cherokee Road, Social Circle, GA	7	Would Not Participate	2
The Harbor at Harmony Crossing 923 Harmony Road, Eatonton, GA	5	95%	3
The Glen at Lake Oconee Village 1070 Old Salem Road, Greensboro, GA	6	30% (In Lease-Up)	2
Savannah Court 1061 Willow Run Road, Greensboro, GA	5	72%	4
TOTALS	37	-	25
WEIGHTED AVERAGE OCCUPANCY		66%	-

The metro market average occupancy for assisted living is 85.3% according to NIC MAP. The average of the stabilized assisted living rent comparables surveyed in the PMA is 95.5%.

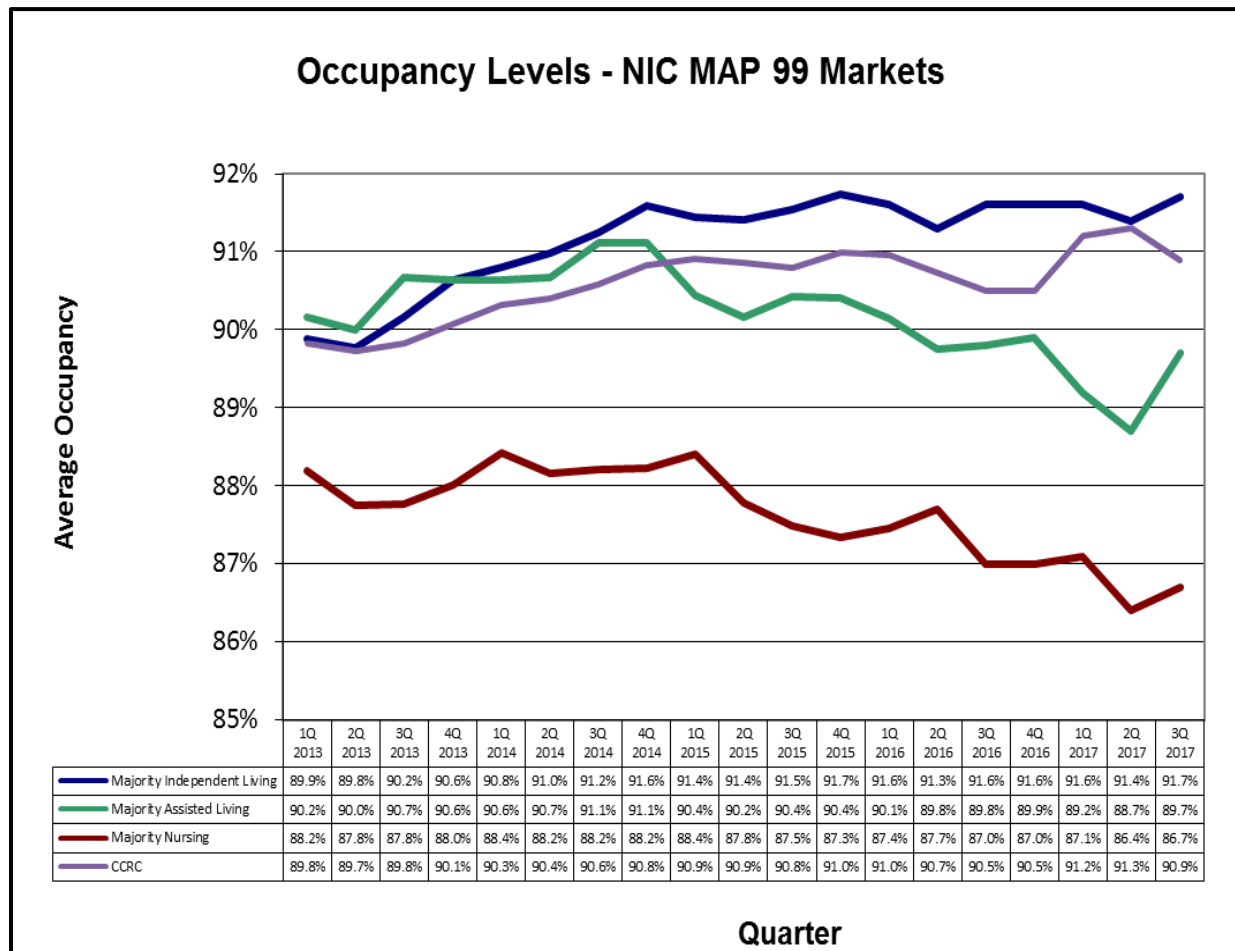
Weighted Average Occupancy of Competitive Memory Care			
Property Name	Number of Competitive Beds	Current Occupancy %	Number of Occupied Beds
Manor House 621 N. Cherokee Road, Social Circle, GA	-	Would Not Participate	-
The Harbor at Harmony Crossing 923 Harmony Road, Eatonton, GA	1	87%	1
The Glen at Lake Oconee Village 1070 Old Salem Road, Greensboro, GA	2	30% (In Lease-Up)	1
Savannah Court 1061 Willow Run Road, Greensboro, GA	1	72%	1
TOTALS	4	-	3
WEIGHTED AVERAGE OCCUPANCY		68%	-

Weighted Average Occupancy of Competitive Independent Living			
Property Name	Number of Competitive Units	Current Occupancy %	Number of Occupied Units
The Glen at Lake Oconee Village 1070 Old Salem Road, Greensboro, GA	2	30% (In Lease-Up)	1
TOTALS	2	-	1
WEIGHTED AVERAGE OCCUPANCY		50%	-

The subject PMA does not include any stabilized independent living properties.

National Occupancy Data

NIC MAP reports the following occupancy levels for the recent past in 99 primary and secondary markets. These are indicative of national trends.



Forecasted Stabilized Occupancy

The subject will be a good quality asset located in a market with high occupancy levels. The metro market average for independent living is 89.8% and 85.3% for assisted living according to NIC MAP. The subject PMA does not include any independent living facilities, although the stabilized rent comparables indicated an average occupancy rate of 86.75%. The average of the stabilized assisted living rent comparables surveyed in the PMA is 95.5%. Considering all the preceding factors, our stabilized occupancy conclusion is 90.0%. Thus, our forecast of resident days is as follows:

Calculation of Forecasted Resident Days								
Operating Beds	X	Days In A Year	=	Potential Resident Days	X	Forecasted Occupancy	=	Forecasted Resident Days
202	X	365	=	73,730	X	90.0%	=	66,357

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 - Madison's Royal Hall Proposed I	N/A
Madison House Senior Living	\$500
Dogwood Forest of Grayson	\$2,000
Arbor Terrace	\$2,000
Harbor at Harmony Crossing	\$2,000
The Glen at Lake Oconee	\$2,500
Parc at Duluth	\$1,750
Belmont Village at Johns Creek	\$2,500
Discovery Village at Sugarloaf	\$2,500
Savannah Court of Lake Oconee	\$500
Integra Fee Conclusion	\$2,000

Based upon this data, a community fee of \$2,000 is forecast for the subject.

Second Person Charges

The facility is forecast to charge a second person fee for occupancy of a unit by a second person related to the primary occupancy. Second person charges for the subject and comparables are as follows:

Summary of Second Person Fees		
Property Name	Type	
	Independent Living	Assisted Living
Subject - Madison's Royal Hall Proposed IL,	N/A	N/A
Madison House Senior Living	N/A	\$1,000
Dogwood Forest of Grayson	N/A	\$1,000
Arbor Terrace	N/A	N/A
Harbor at Harmony Crossing	N/A	\$500
The Glen at Lake Oconee	\$750	\$750
Parc at Duluth	\$595	\$1,000
Belmont Village at Johns Creek	\$690	\$1,020
Discovery Village at Sugarloaf	\$750	\$750
Savannah Court of Lake Oconee	N/A	\$600
Integra Second Person Fee Conclusion	\$700	\$1,000

The projected second person fee is \$700 per month for independent living and \$1,000 per month for assisted living.

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 made a personal inspection of the property that is the subject of this report.
- No other persons provided significant real property appraisal 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 2018-19 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 performed any services in connection with the subject property within the three-year period immediately preceding acceptance of this assignment, either as an appraiser or in any other capacity.

- As of the date of this report, John F. Thigpen, MAI 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 Appraiser #287684
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Email: jthigpen@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:
 - Location of property
- 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, 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 analyses 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 its affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in this 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 environmental hazards including, without limitation, hazardous wastes, toxic substances, or 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. As 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 neither building nor 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:

- The proposed subject building has not been designed yet. The number of units, unit mix and unit sizes were based on comparable properties within the market. The conclusions of this report may change if a different unit mix and unit count is analyzed.

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

Comparable Profiles

Seniors Housing Rent Survey Profile

Location & Property Identification

Property Name: Madison House Senior Living
 Sub-Property Type: Assisted Living Residence
 Address: 167 W. Jefferson St.
 City/State/Zip: Madison, Georgia 30650
 County: Morgan

IRR Event ID: 1899021



Property Data

Year Built/Renov.: 1920/2003
 Property Condition: Average
 Construction Quality: Average
 No. of Buildings/Stories: 1/2

Survey Data

Date of Survey: 02/01/18
 Data Source: Adys, 706-342-4514

Care Types and Occupancy

Care Type	# Units	# Beds	Occ.
Assisted Living	20	20	95%
Total	20		95%
Total Units/Beds in Operation	20		

Unit Mix/Rents

Unit Type	# Units	SF	Rent Basis	Quoted Rent	Comm./ Entry Fee	% Refund- able	Meals	Care	House- keeping	Utilities
Assisted Living Units										
Private/no bath	20	280	Month	\$2,250	\$500	0%	3	All-inclusiv e	Weekly	All but tel
Comments: Fees range from \$2,000 to \$2,500 depending on room size										

Madison House Senior Living



Seniors Housing Rent Survey Profile

Concessions/Other Charges

AL Second Person Fee	\$1,000
Monthly:	
Meals:	3 meals are provided daily.
Care:	Care is all-inclusive, however, as a personal care facility, more detailed medical procedures are not allowed to be performed by the facility, including catheter care, extensive transfer, and ambulation assistance.

Comments

Madison House was 95% occupied at the time of survey. The monthly fee ranges from \$2,000 to \$2,500 depending on the size of the room. Second person fees are \$1,000 per month.

The Madison House Senior Living facility was built in 1920 and is in average overall condition. The facility includes a total of 7,546 square feet and includes 20 assisted living beds.

Madison House Senior Living



Seniors Housing Rent Survey Profile

Location & Property Identification

Property Name: Dogwood Forest of Grayson
 Sub-Property Type: Assisted Living & Dementia Care Facility
 Address: 1754 Grayson Hwy.
 City/State/Zip: Grayson, Georgia 30017
 County: Gwinnett
 MSA: Atlanta



IRR Event ID: 1494729

Property Data

Survey Data

Date of Survey: 02/07/18
 Data Source: Joy - 678-496-2319

Care Types and Occupancy

Care Type	# Units	# Beds	Occ.
Assisted Living*	99		68%
Total	99		68%
*AL Dementia Care Units included Above	25		
Total Units/Beds in Operation	99		

Unit Mix/Rents

Unit Type	# Units	SF	Rent Basis	Quoted Rent	Comm./ Entry Fee	% Refund-able	Meals	Care	House-keeping	Utilities
Assisted Living Units										
Studio Priv.	4	454	Month	\$3,895	\$2,000	0%	3	Base + a-la-carte	Weekly	All
1/1 Priv.	33	494	Month	\$4,095	\$2,000	0%	3	Base + a-la-carte	Weekly	All
1/1 Priv.	9	514	Month	\$4,095	\$2,000	0%	3	Base + a-la-carte	Weekly	All
1/1 Priv.	26	559	Month	\$4,095	\$2,000	0%	3	Base + a-la-carte	Weekly	All
2/2 Priv.	2	752	Month	\$5,500	\$2,000	0%	3	Base + a-la-carte	Weekly	All
AL Dementia Units										
Studio Priv.	25	343	Month	\$5,395	\$2,000	0%	3	All-inclusive	Weekly	All

Dogwood Forest of Grayson



Seniors Housing Rent Survey Profile

Concessions/Other Charges

AL Second Person Fee	\$1,000
Monthly:	
Meals:	3 meals per day are included.
Care:	Assisted living includes base + levels of care, while memory care is all-inclusive.

Comments

Dogwood Forest at Grayson includes 74 assisted living units and 24 memory care units and opened on July 1, 2017. Assisted living is 68% and memory care is 64% occupied. 3 meals are include and assisted living includes base + levels of care, while memory care is all-inclusive.

Dogwood Forest at Grayson is an assisted living and memory care facility that is located at the northeast corner of Grayson Highway and Sawyer Farm Drive, in Grayson. This facility was completed in the summer of 2017, and opened on July 1, 2017. The facility includes a total of 74 assisted living units and 25 memory care units.

Dogwood Forest of Grayson



Seniors Housing Rent Survey Profile

Location & Property Identification

Property Name: Arbor Terrace
 Sub-Property Type: Assisted Living & Dementia Care Facility
 Address: 170 Marilyn Farmer Way
 City/State/Zip: Athens, Georgia 30606
 County: Clarke
 MSA: Athens-Clarke County, GA MSA
 IRR Event ID: 1907426



Property Data

Year Built/Renov.: 1998/
Project Amenities:
 Activity room(s), Dining room(s), Barber/Beauty shop(s), Garden(s), Lounge(s)
Unit Amenities:
 Emergency pull cords, Fire/Smoke Detectors, Controlled HVAC, Window Treatments, Private Baths

Care Types and Occupancy

Care Type	# Units	# Beds	Occ.
Assisted Living	56		
Total	56		95%
Total Units/Beds in Operation	56		

Survey Data

Date of Survey: 02/15/18
 Data Source: 706-540-3240, Ashley

Unit Mix/Rents

Unit Type	# Units	SF	Rent Basis	Quoted Rent	Comm./Entry Fee	% Refundable	Meals	Care	House-keeping	Utilities
Assisted Living Units										
Studio Priv.			Month	\$5,100	\$2,000	0%	3	Base + levels	Weekly	All but tel
1/1 Priv.			Month	\$6,000	\$2,000	0%	3	Base + levels	Weekly	All but tel
AL Dementia Units										
Studio Priv.			Month	\$6,675	\$2,000	0%	3	All-inclusive	Weekly	All but tel

Arbor Terrace



Seniors Housing Rent Survey Profile

Concessions/Other Charges

AL Second Person Fee	\$1,500
Monthly:	
Meals:	3 per day

Comments

Arbor Terrace charges a \$2,000 non-refundable community fee. The levels of care are based upon the evaluation of the resident, but range up to \$1,500 for medication management. No concessions.

Thrive Assisted Living is an assisted living and memory care facility with 56 suites. The improvements include a two-story Class A building that were constructed in 1998 and remains in good physical condition. It is situated on a 4.285-acre site on the west side of Marilyn Farmer Way, less than a mile from U.S. Route 78.

Arbor Terrace



Seniors Housing Rent Survey Profile

Location & Property Identification

Property Name: Harbor at Harmony Crossing
 Sub-Property Type: Assisted Living & Dementia Care Facility
 Address: 923 Harmony Rd.
 City/State/Zip: Eatonton, Georgia 31024
 County: Putnam
 MSA: Tallahassee-Bainbridge, FL-GA CSA
 IRR Event ID: 1907082



Property Data

Year Built/Renov.: 2013/
 Property Condition: Average
 Construction Quality: Average
Project Amenities:
 Activity room(s), Barber/Beauty shop(s), Cafe(s),
 Library(s), Lounge(s), Therapy room(s), Dining room(s)

Unit Amenities:

Emergency pull cords, Full kitchens, Kitchenettes,
 Walk-in closets, Washer/dryer units, Controlled HVAC

Care Types and Occupancy

Care Type	# Units	# Beds	Occ.
Assisted Living*	75		95%
Total	75		95%
*AL Dementia Care Units included Above	15		
Total Units/Beds in Operation	75		

Survey Data

Date of Survey: 02/20/18
 Data Source: 706-438-4441, Alice

Harbor at Harmony Crossing



Seniors Housing Rent Survey Profile

Unit Mix/Rents

Unit Type	# Units	SF	Rent Basis	Quoted Rent	Comm./ Entry Fee	% Refund-able	Meals	Care	House-keeping	Utilities
<u>Assisted Living Units</u>										
1/1 Priv.			Month	\$3,395	\$2,000	100%	3	All-inclusiv e	Weekly	All but cable/tel
2/2 Priv.			Month	\$4,295	\$2,000	100%	3	All-inclusiv e	Weekly	All but cable/tel
3/2 SP			Month	\$4,895	\$2,000	100%	3	All-inclusiv e	Weekly	All but cable/tel
<u>AL Dementia Units</u>										
1/1 Priv.			Month	\$4,895	\$2,000	100%	3	All-inclusiv e	Weekly	All but cable/tel
2/2 Priv.			Month	\$6,495	\$2,000	100%	3	All-inclusiv e	Weekly	All but cable/tel

Concessions/Other Charges

AL Second Person Fee	\$500
Monthly:	
Meals:	3 per day

Comments

Harbor at Harmony Crossing is an all inclusive community that charges a \$2,000 refundable community fee. They charge a \$500 second person fee. No concessions. Memory care reported and 87% occupancy at the time of survey

Harbor at Harmony Crossing is an assisted living and memory care facility. The building was constructed in 2013 with a stone exterior and remains in good physical condition. The facility is located on the east side of Harmony Road, about 18 miles from Interstate 20.

Harbor at Harmony Crossing



Seniors Housing Rent Survey Profile

Location & Property Identification

Property Name: The Glen at Lake Oconee
 Sub-Property Type: Assisted Living & Dementia Care Facility
 Address: 1070 Old Salem Rd.
 City/State/Zip: Greensboro, Georgia 30642
 County: Greene
 MSA: Tallahassee-Bainbridge, FL-GA CSA
 IRR Event ID: 1906858



Property Data

Property Condition: Good
 Construction Quality: Average
 No. of Buildings/Stories: 1/2

Project Amenities:

Activity room(s), Barber/Beauty shop(s), Cafe(s),
 Exercise facility(s), Game room(s), Library(s), Lounge(s)

Unit Amenities:

Emergency pull cords, Kitchenettes, Patio/balconies,
 Walk-in closets, Washer/dryer units, Fire/Smoke
 Detectors, Controlled HVAC, Private Baths

Care Types and Occupancy

Care Type	# Units	# Beds	Occ.
Independent Living	42		
Assisted Living*	107		
Total	149		30%
*AL Dementia Care Units included Above	31		
Total Units/Beds in Operation	149		

Survey Data

Date of Survey: 02/16/18
 Data Source: 706-999-3535, Connie

The Glen at Lake Oconee



Seniors Housing Rent Survey Profile

Unit Mix/Rents

Unit Type	# Units	SF	Rent Basis	Quoted Rent	Comm./Entry Fee	% Refund-able	Meals	Care	House-keeping	Utilities
<u>Independent Living Units</u>										
1/1 Priv.	627		Month	\$5,035	\$2,500	0%	3	None	Weekly	All but cable/tel
1/1 Priv.	680		Month	\$5,295	\$2,500	0%	3	None	Weekly	All but cable/tel
2/2 Priv.	1,254		Month	\$9,995	\$2,500	0%	3	None	Weekly	All but cable/tel
<u>Assisted Living Units</u>										
Studio Priv.	377		Month	\$4,300	\$2,500	0%	3	Base + levels	Weekly	All but cable/tel
Studio Priv.	400		Month	\$4,500	\$2,500	0%	3	Base + levels	Weekly	All but cable/tel
Studio Priv.	500		Month	\$4,850	\$2,500	0%	3	Base + levels	Weekly	All but cable/tel
1/1 Priv.	668		Month	\$5,040	\$2,500	0%	3	Base + levels	Weekly	All but cable/tel
1/1 Priv.	683		Month	\$5,295	\$2,500	0%	3	Base + levels	Weekly	All but cable/tel
2/2 Priv.	818		Month	\$7,295	\$2,500	0%	3	Base + levels	Weekly	All but cable/tel
2/2 Priv.	825		Month	\$7,395	\$2,500	0%	3	Base + levels	Weekly	All but cable/tel
2/2 Priv.	875		Month	\$7,400	\$2,500	0%	3	Base + levels	Weekly	All but cable/tel
<u>AL Dementia Units</u>										
Studio Priv.	388		Month	\$5,995	\$2,500	0%	3	All-inclusive	Weekly	All but cable/tel

Concessions/Other Charges

IL Second Person Fee Monthly:	\$750
AL Second Person Fee Monthly:	\$750
Meals:	3 per day
Care:	Level 1: \$260 Level 2: \$593 Level 3: \$926 Level 4: \$1335

Comments

The Glen at Lake Oconee charges a non-refundable community fee of \$2,500 and a second person fee of \$750. The levels of care range between \$260-\$1,335. They reported a 30% occupancy at the time of survey.

The Glen at Lake Oconee is an independent living, assisted living and memory care facility. It was constructed between 2016-2017. It is located on the southeast side of Old Salem Road, less than a mile from Lake Oconee Parkway

The Glen at Lake Oconee



Seniors Housing Rent Survey Profile

Location & Property Identification

Property Name: Parc at Duluth
 Sub-Property Type: Independent and Assisted Living
 Address: 3315 Peachtree Industria Blvd.
 City/State/Zip: Duluth, Georgia 30096
 County: Gwinnett



IRR Event ID: 1480648

Property Data

Year Built/Renov.: 2003/
 No. of Buildings/Stories: 1/3
Project Amenities:
 Activity room(s), Barber/Beauty shop(s), Exercise facility(s), Dining room(s)

Care Types and Occupancy

Care Type	# Units	# Beds	Occ.
Independent Living	165		95%
Assisted Living	25		90%
Total	190		87%
Total Units/Beds in Operation	190		

Survey Data

Date of Survey: 05/18/17
 Data Source: Katlin

Unit Mix/Rents

Unit Type	# Units	SF	Rent Basis	Quoted Rent	Comm./Entry Fee	% Refundable	Meals	Care	House-keeping	Utilities
Independent Living Units										
Studio	597		Month	\$3,490	\$1,500		2	None	Weekly	All but cable/tel
One Bedroom	835		Month	\$3,960	\$1,500		2	None	Weekly	All but cable/tel
Two Bedroom	1,125		Month	\$4,440	\$1,500		2	None	Weekly	All but cable/tel
Assisted Living Units										
Studio Priv.	305		Month	\$4,450	\$2,000	100%	3	All-inclusive	Weekly	All but cable/tel
1/1 Priv.	560		Month	\$6,400	\$2,000	100%	3	All-inclusive	Weekly	All but cable/tel

Parc at Duluth



Seniors Housing Rent Survey Profile

Concessions/Other Charges

IL Second Person Fee	\$595
Monthly:	
AL Second Person Fee	\$1,000
Monthly:	
Carport Fee Monthly:	\$125
Meals:	3 meals per day

Comments

Extra Storage available from \$75-\$100 monthly

Parc at Duluth



Seniors Housing Rent Survey Profile

Location & Property Identification

Property Name: Belmont Village at Johns Creek
 Sub-Property Type: Independent and Assisted Living
 Address: 4315 Johns Creek
 City/State/Zip: Suwanee, Georgia 30024
 County: Forsyth
 MSA: Atlanta-Sandy Springs-Roswell, GA
 IRR Event ID: 795892



Property Data

Year Built/Renov.: 2000/
 Property Condition: Good
Project Amenities:
 Activity room(s), Dining room(s), Lounge(s), Computer lounge(s), Library(s), Convenience store(s), Cafe(s), Barber/Beauty shop(s)
Unit Amenities:
 Emergency pull cords, Fire/Smoke Detectors, Controlled HVAC, Full kitchens, Washer/dryer units, Private Baths, Window Treatments, Kitchenettes

Care Types and Occupancy

Care Type	#	#	Occ.
	Units	Beds	
Independent Living	34		80%
Assisted Living*	43		87%
Total	77		84%
*AL Dementia Care Units included Above	15		
Total Units/Beds in Operation	77		

Survey Data

Date of Survey: 05/24/17
 Data Source: Taj

Belmont Village at Johns Creek



Seniors Housing Rent Survey Profile

Unit Mix/Rents

Unit Type	# Units	SF	Rent Basis	Quoted Rent	Comm./ Entry Fee	% Refund-able	Meals	Care	House-keeping	Utilities
<u>Independent Living Units</u>										
Studio	14		Month	\$3,040	\$2,500	0%	1	See Comments	Weekly	All but cable/tel
1 Bedroom	12		Month	\$4,125	\$2,500	0%	1	See Comments	Weekly	All but cable/tel
2 Bedroom Cottage	8		Month	\$4,790	\$2,500	0%	1	See Comments	Weekly	All but cable/tel
<u>Assisted Living Units</u>										
Studio		342	Month	\$3,975	\$2,500	0%	3	Base + levels	Weekly	All but cable/tel
1 Bedroom		445	Month	\$4,575	\$2,500	0%	3	Base + levels	Weekly	All but cable/tel
<u>AL Dementia Units</u>										
Private Studio		342	Month	\$6,050	\$2,500	0%	3	Base + levels	Weekly	All but cable/tel
Shared Studio		342	Month	\$3,975	\$2,500	0%	3	Base + levels	Weekly	All but cable/tel

Concessions/Other Charges

IL Second Person Fee Monthly:	\$690
AL Second Person Fee Monthly:	\$1,020
Meals:	3 meals per day is available for \$200 per person per month.
Care:	Levels of AL care ranging \$960 - \$1,785/mo. 1 additional level of MC care: \$670/mo.

Comments

MC - 93% occupied.
Facility managed by Belmont Village Senior Living.
Phone: 770-813-9505

Belmont Village at Johns Creek



Seniors Housing Rent Survey Profile

Location & Property Identification

Property Name:	Discovery Village at Sugarloaf
Sub-Property Type:	Independent, Assisted & Dementia
Address:	1220 Satellite Blvd. NW.
City/State/Zip:	Suwanee, Georgia 30024
County:	Gwinnett
MSA:	Atlanta-Sandy Springs-Roswell, GA
IRR Event ID:	1907416



Property Data

Year Built/Renov.:	2007/
Property Condition:	Good
Construction Quality:	Good
No. of Buildings/Stories:	7/2

Project Amenities:

Dining room(s), Activity room(s), Theater, Exercise facility(s), Therapy room(s), Cafe(s), Barber/Beauty shop(s), Library(s), Computer lounge(s)

Unit Amenities:

Emergency pull cords, Private Baths, Kitchenettes, Full kitchens, Controlled HVAC, Fire/Smoke Detectors

Care Types and Occupancy

Care Type	# Units	# Beds	Occ.
Independent Living	45	51	
Assisted Living*	64	75	
Total	109		81%
*AL Dementia Care Units included Above	15	16	
Total Units/Beds in Operation	109		

Survey Data

Date of Survey:	02/16/18
Data Source:	770-239-6227

Discovery Village at Sugarloaf



Seniors Housing Rent Survey Profile

Unit Mix/Rents

Unit Type	# Units	SF	Rent Basis	Quoted Rent	Comm./Entry Fee	% Refundable	Meals	Care	House-keeping	Utilities
<u>Independent Living Units</u>										
Studio Priv.	5	480	Month	\$3,095	\$2,500	0%	2	None	Weekly	All but cable/tel
1/1 Priv.	21	525	Month	\$3,484	\$2,500	0%	2	None	Weekly	All but cable/tel
2/2 Priv.	3	648	Month	\$3,950	\$2,500		2	None	Weekly	All but cable/tel
<u>Assisted Living Units</u>										
Studio Priv.	22	330	Month	\$3,156	\$2,500	0%	3	Base + levels	Weekly	All but cable/tel
1/1 Priv.	21	495	Month	\$3,555	\$2,500	0%	3	Base + levels	Weekly	All but cable/tel
2/2 Priv.	6	648	Month	\$4,134	\$2,500	0%	3	Base + levels	Weekly	All but cable/tel
<u>AL Dementia Units</u>										
Studio SP		319	Month	\$3,525	\$2,500	0%	3	All-inclusive	Weekly	All but cable/tel
Studio Priv.	14	319	Month	\$4,965	\$2,500	0%	3	All-inclusive	Weekly	All but cable/tel

Concessions/Other Charges

IL Second Person Fee Monthly:	\$750
AL Second Person Fee Monthly:	\$750
Meals:	3 PER DAY
Care:	Level 1: \$425 Level 2: \$785 Level 3: \$1,185

Comments

Discovery Village at Sugarloaf charges a \$2,500 non-refundable community fee. The levels of care range between \$425-\$1,185. No concessions.

Discovery Village at Sugarloaf is an independent living, assisted living and memory care facility. The improvements include seven two-story brick buildings that were constructed in 2007 and remains in good physical condition. It is situated on a 7.85-acre site on the east side of Satellite Boulevard North West, less than a mile from interstate 85.

Discovery Village at Sugarloaf



Seniors Housing Rent Survey Profile

Location & Property Identification

Property Name: Savannah Court of Lake Oconee

Sub-Property Type: Assisted Living & Dementia Care Facility

Address: 1061 Willow Run Rd.

City/State/Zip: Greensboro, Georgia 30642

County: Greene

MSA: Tallahassee-Bainbridge, FL-GA CSA

IRR Event ID: 1907050



Property Data

Property Condition: Average

Construction Quality: Average

No. of Buildings/Stories: 3/1

Project Amenities:

Activity room(s), Barber/Beauty shop(s), Cafe(s), Garden(s), Library(s), Dining room(s)

Unit Amenities:

Emergency pull cords, Kitchenettes, Walk-in closets, Washer/dryer units, Fire/Smoke Detectors, Controlled HVAC

Care Types and Occupancy

Care Type	# Units	# Beds	Occ.
Assisted Living*	94		
Total	94		72%
*AL Dementia Care Units included Above	22		
Total Units/Beds in Operation	94		

Survey Data

Date of Survey: 02/19/18

Data Source: 706-431-5573, Christina

Savannah Court of Lake Oconee



Seniors Housing Rent Survey Profile

Unit Mix/Rents

Unit Type	# Units	SF	Rent Basis	Quoted Rent	Comm./ Entry Fee	% Refund-able	Meals	Care	House-keeping	Utilities
<u>Assisted Living Units</u>										
Studio Priv.	384		Month	\$2,500	\$0	0%	3	Base + levels	Weekly	All but cable/tel
1/1 Priv.			Month	\$3,600	\$0	0%	3	Base + levels	Weekly	All but cable/tel
<u>AL Dementia Units</u>										
Studio Priv.			Month	\$3,000	\$0	0%	3	All-inclusive	Weekly	All but cable/tel
Studio Priv.			Month	\$4,500	\$0	0%	3	All-inclusive	Weekly	All but cable/tel

Concessions/Other Charges

AL Second Person Fee	\$600
Monthly:	
Meals:	3 per day
Care:	Level 1: \$200
	Level 2: \$400
	Level 3: \$600
	Level 4: \$800
	Level 5: \$1,000

Comments

This facility does not have any community fee. They have levels of care that range between \$200-\$1,000 with increasing increments of \$200 for each level. The second person fee is \$600. No concessions.

Savannah Court of Lake Oconee is an assisted living and memory care facility with 72 licensed units. It was constructed between 1998-2015 and remains in good physical condition. It is located on the east side of Willow Run Road, about a mile away from Interstate 20.

Savannah Court of Lake Oconee



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



January 3, 2018

Mr. Thomas Chandler
P.O. Box 555
Fayetteville, GA 30214
PH: 770-231-0231
Chandler_Thomas@bellsouth.net

SUBJECT: Proposal/Authorization for Valuation and Consulting Services

Property: Proposed Assisted Living and Memory Care Facility
Property Address: 1581 Eatonton Road, Madison, GA 30650

Dear Mr. Chandler:

Integra Realty Resources – Tampa Bay ("IRR – Tampa Bay"), appreciates the opportunity to provide this proposal for a market study to the undersigned (the "Client") for the Subject Property.

It is our mutual understanding that the purpose of this market study is to forecast demand for a proposed assisted living and memory care facility and the intended use is to assist the client in their due diligence concerning a potential purchase of 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.

Our fee for this assignment will be \$6,000, which includes out-of-pocket expenses. We will require a retainer of \$3,000 (or 50%) prior to us beginning our work with the balance due upon delivery of the report. We will provide one (1) pdf copy and one (1) hard copy of the report; 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 will be completed and delivered to you within 30 days from our receipt of this fully executed engagement letter, the retainer and the information requested in Attachment I.

Mr. Thomas Chandler
January 3, 2018
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Additional fees will be charged on an hourly basis for any work which exceeds the scope of this proposal, including performing additional research and conference calls or meetings with any party which exceed the time allotted for an assignment of this nature.

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 I.

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 14 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.
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
Managing Director, Raymond E. Veal, MAI

\$400.00/hour
\$350.00/hour

Mr. Thomas Chandler
January 3, 2018
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Executive Director, John Thigpen, MAI	
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 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.

Mr. Thomas Chandler
January 3, 2018
Page 4

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 valuation 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 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)

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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.

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

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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
Executive Director
Florida Certified General Real Estate Appraiser Certification #RZ2287

Attachments

AGREED & ACCEPTED THIS 4 DAY OF January, 2018.

BY: Thomas Chandler


AUTHORIZED SIGNATURE


NAME (PRINT)

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ATTACHMENT I
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

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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

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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 an 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

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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

John F. Thigpen, MAI

Experience

John Thigpen is a Managing Director for Integra Realty Resources Tampa Bay and is a leader of Integra's National Seniors Housing & Health Care Specialty Practice. John has been actively engaged in real estate valuation and counseling for more than 25 years. He was hired by Pardue, Heid, Church, Smith and Waller of Tampa in 1996 and has been associated with Integra Realty Resources since the Tampa office joined in 2000.

He has particular expertise related to a wide variety of seniors housing and health care properties, including nursing homes, assisted living facilities, independent living facilities, CCRC's, hospitals, ambulatory surgery center, residential treatment facilities and medical office buildings. He is also actively involved in the valuation of multi-family assets for HUD financing programs.

John performs valuations on a variety of other property types, including professional office properties, apartment complexes, single- and industrial buildings and vacant land for different uses.

He provides market study and appraisal reports for public agencies such as Fannie Mae, Freddie Mac, HUD Multifamily Accelerated Processing Program (MAP) and HUD Lean relative to multifamily and healthcare projects, as well as various other HUD reports and state and county agency reports for senior housing, healthcare and multifamily programs.

John's clients include commercial lenders, government agencies, law firms, and developers of multi-family, seniors housing and health care properties.

Professional Activities & Affiliations

Appraisal Institute, Member (MAI)

Licenses

Florida, State Certified General Appraiser, RZ2287, Expires November 2018

North Carolina, Certified General Real Estate Appraiser, A7380, Expires June 2018

Georgia, Certified General Real Property Appraiser, 287684, Expires May 2018

Washington, Certified General Real Estate Appraiser, 1102413, Expires May 2018

Alabama, Certified General Real Property Appraiser, G01316, Expires September 2019

Education

B.S., Finance, Florida State University

B.S., Marketing, Florida State University

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

Integra Realty Resources

Tampa Bay

550 North Reo Street
Suite 220
Tampa, FL 33609

T 813-287-1000

F 813-281-0681

irr.com



John F. Thigpen, MAI

Education (Cont'd)

Course 520 – Highest and Best Use and Market Analysis
Course 530 – Advanced Sales Comparison & Costs Approaches
Course II540 – Report Writing & Valuation Analysis
Course 550 – Advanced Applications

COURSES APPROVED BY THE FLORIDA REAL ESTATE APPRAISAL BOARD:
Principles of Real Estate
Real Estate Law

CONTINUING EDUCATION SEMINARS AND OTHER COURSES:
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
MAP Third Party Technical Training, U.S. Department of Housing and Urban Development (2001)

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