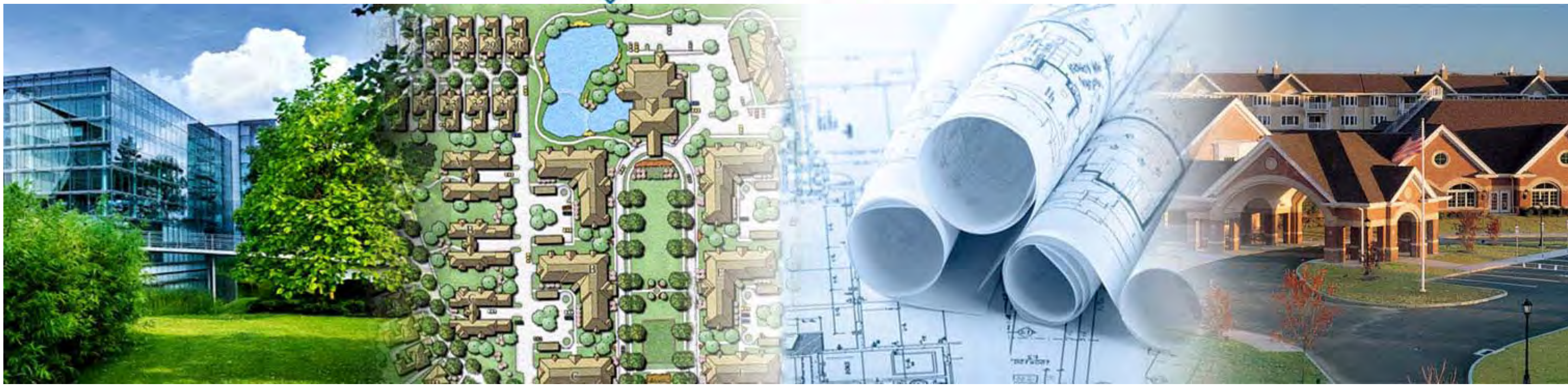
REAL ESTATE APPRAISAL

SELF-CONTAINED REPORT

Fountain Retirement Hotel

July 19, 2010



SENIORS HOUSING & HEALTHCARE REAL ESTATE ADVISORY SERVICES

Fountain Retirement Hotel
12030 113th Ave
Youngtown, Arizona 85363
HT File No. 20100804

6801 Energy Court, Suite 200 | Sarasota, FL 34240 | P: 941.363.7500 | F: 941.363.7525 | HealthTrust.com

August 13, 2010

Ms. Rona Sherzai
GE Healthcare Financial Services
2 Bethesda Metro Center
Bethesda, MD, 20814

RE: **Real Estate Appraisal of**
Fountain Retirement Hotel
12030 113th Ave
Youngtown, Arizona 85363
HT File No. 20100804

Dear Ms. Sherzai:

At your request and authorization, HealthTrust, LLC, has prepared a Self-Contained Real Estate Appraisal of the subject, an existing Assisted Living Residence. The “as is” market value is relevant as to the date we last inspected the site, or July 19, 2010.

The report will be used to assist with underwriting a potential loan involving the subject. The effective date of the “as is” value was estimated under market conditions observed at that time, reflecting the fee simple interest in the total assets of the business (“TAB”). Market value, total assets of the business, and other appraisal terms are defined within the text of the following report. Complete descriptions of the property, together with the sources of information and the bases of our estimates, are stated in the accompanying sections of this report.

The report is a Self-Contained Real Estate Appraisal that complies with the reporting requirements set forth in Standards Rule 2-2 of the Uniform Standards of Professional Appraisal Practice and FIRREA.

As a result of our investigation and analysis, we have estimated the "as is" market value of the fee simple interest in the subject including the total assets of the business (real estate, personal property and total intangible assets), as depicted in the following table:

VALUATION SUMMARY(1)	
Date of Value/Appraised Interest	**As-Is**
	19-Jul-2010
Market Value of Fee Simple Estate	$2,200,000
Market Value of Leased Fee Estate	---
Market Value of Leasehold Estate	---
Real Property Allocation	
Real Property	$2,000,000
FF&E (Personal Property)	$100,000
Business Value	$100,000
Market Value of the Going Concern (TAB)	$2,200,000

(1) Subject to the Certification, Standard Conditions and Special Conditions

Source: HealthTrust, LLC

The accompanying prospective financial analyses are based on estimates and assumptions developed in connection with the appraisal. However, some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our prospective financial analyses will vary from our estimates and the variations may be material.

This report, the final estimates of value and the prospective financial analyses are intended solely for your information and assistance for the function stated above, and should not be relied upon for any other purpose. This report is for the exclusive use of GE Capital and any and all holders of a note or notes secured by a mortgage, deed of trust or deed to secure debt encumbering the subject property, and their respective affiliates, designates, successors and assignees, rating agencies and bond holders, and no other party shall have any right to rely on any service provided by HealthTrust. Neither our report nor any of its contents nor any reference to the appraisers or our firm, may be included or quoted in any document, offering circular or registration statement, prospectus, sales brochure, other appraisal, loan or other agreement without HealthTrust LLC's prior written approval of the form and context in which it will appear.

Respectfully submitted,

HealthTrust, LLC

HealthTrust, LLC

Certification

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

The statements of fact contained in the accompanying report are to the best of our knowledge true and correct.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, unbiased professional analyses, opinions, and conclusions.

We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.

Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

Our 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 and in conformity with the 2010 Edition of the Uniform Standards of Professional Appraisal Practice.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

Alan C. Plush, MAI has not made an inspection of the subject. No one, other than those so named in the certification pages herein, provided assistance to the undersigned with preparation of this report.

Alan C. Plush, MAI has not provided consulting or valuation services within the three years immediately preceding acceptance of this assignment.

The subject of this appraisal, Fountain Retirement Hotel, is located at 12030 113th Ave, Youngtown, Arizona 85363.

As of the date of this report, Alan C. Plush, MAI, has completed the requirements of the continuing education program of the Appraisal Institute.

ACP:20100804

x

Alan C. Plush, MAI
State-Certified General Appraiser 31350 (AZ)
6801 Energy Court, Suite 200
Sarasota, FL 34240
(941) 363-7501
alan.plush@healthtrust.com

Certification

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

The statements of fact contained in the accompanying report are to the best of our knowledge true and correct.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, unbiased professional analyses, opinions, and conclusions.

We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.

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Our 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 and in conformity with the 2010 Edition of the Uniform Standards of Professional Appraisal Practice.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

Colleen H. Blumenthal, MAI has not made an inspection of the subject but reviewed this report. Anthony Stablein has not made an inspection of the subject but assisted with the valuation for this report. Kim Walther assisted with research for this assignment and Charles Plush inspected the subject property. No one, other than those so named in the certification pages herein, provided assistance to the undersigned with preparation of this report.

Colleen H. Blumenthal, MAI has provided consulting or valuation services within the three years immediately preceding acceptance of this assignment. Colleen H. Blumenthal performed a desk review of the subject property in the fourth quarter of 2009.

The subject of this appraisal, Fountain Retirement Hotel, is located at 12030 113th Ave, Youngtown, Arizona 85363.

As of the date of this report, Colleen H. Blumenthal, MAI, has completed the requirements of the continuing education program of the Appraisal Institute.

CHB:20100804

x Colleen H. Blumenthal

Colleen H. Blumenthal, MAI
State-Certified General Appraiser 31276 (AZ)
6801 Energy Court, Suite 200
Sarasota, FL 34240
(941) 363-7502
colleen.blumenthal@healthtrust.com

Certification

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

The statements of fact contained in the accompanying report are to the best of our knowledge true and correct.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, unbiased professional analyses, opinions, and conclusions.

We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.

Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

Our 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 and in conformity with the 2010 Edition of the Uniform Standards of Professional Appraisal Practice.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

David Rey Salinas, ASA has made an inspection of the subject. No one, other than those so named in the certification pages herein, provided assistance to the undersigned with preparation of this report.

David Rey Salinas, ASA provided consulting or valuation services within the three years immediately preceding acceptance of this assignment. Colleen H. Blumenthal performed a desk review of the subject property in the fourth quarter of 2009.

The subject of this appraisal, Fountain Retirement Hotel, is located at 12030 113th Ave, Youngtown, Arizona 85363.

As of the date of this report, David Rey Salinas, ASA, has completed the requirements of the continuing education program of the Appraisal Institute.

DRS:20100804

x David Rey Salinas

David Rey Salinas, ASA
State-Certified General 31205 (AZ)
10 Liberty Square
Boston, MA 02109
(617) 542-2125
david.salinas@healthtrust.com

Standard Conditions

This appraisal report shall be subject to standard conditions, permitted and/or limited usage, and terms of engagement, which are outlined as follows:

Appraisals are performed and written reports are prepared in accordance with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and with the Appraisal Institute's Standards of Professional Appraisal Practice and Code of Professional Ethics.

Unless specifically stated, the value conclusion(s) contained in the Appraisal applies to the real estate only, and does not include personal property, machinery and equipment, trade fixtures, business value, goodwill or other non-realty items. The Appraisal report covering the subject is limited to surface rights only, and does not include any inherent subsurface or mineral rights. Income tax considerations have not been included or valued unless so specified in the Appraisal. We make no representations as to the value changes that may be attributed to such considerations.

The legal description used in this report is assumed to be correct and we have made no survey of the property. We assume that there are no hidden or unapparent conditions of the property, subsoil, or structures that would render it more or less valuable.

No opinion is rendered as to property title, which is assumed to be good and marketable. Unless otherwise stated, no consideration is given to liens or encumbrances against the property. Sketches, maps, photos, or other graphic aids included in appraisal reports are intended to assist the reader in ready identification and visualization of the property, and are not intended for technical purposes.

It is assumed that legal, engineering, or other professional advice, as may be required, has been or will be obtained from professional sources and that the appraisal report will not be used for guidance in legal or technical matters such as, but not limited to, the existence of encroachments, easements or other discrepancies affecting the legal description of the property. It is assumed that there are no concealed or dubious conditions of the subsoil or subsurface waters including water table and flood plain, unless otherwise noted. We further assume there are no regulations of any government entity to control or restrict the use of the property unless specifically referred to in the report. It is assumed that the property will not operate in violation of any applicable government regulations, codes, ordinances or statutes.

This report is not intended to be an engineering report. We are not qualified as structural or environmental engineers; therefore we are not qualified to judge the structural or environmental integrity of the improvements, if any. Consequently, no warranty or representations are made nor any liability assumed for the structural soundness, quality, adequacy or capacities of said improvements and utility services, including the construction materials, particularly the roof, foundations, and equipment, including the HVAC systems, if applicable. Should there be any question concerning same, it is strongly recommended that an engineering, construction and/or environmental inspection be obtained. The value estimate(s) stated in this Appraisal, unless noted otherwise, is predicated on the assumptions that all improvements, equipment and building services, if any, are structurally sound and suffer no concealed or latent defects or inadequacies other than those noted in the Appraisal. We will call to your attention any apparent defects or material adverse conditions which come to our attention.

In the absence of competent technical advice to the contrary, it is assumed that the property being appraised is not adversely affected by concealed or unapparent hazards such as, but not limited to asbestos, hazardous or contaminated substances, toxic waste or radioactivity.

Information furnished by others is presumed to be reliable, and where so specified in the report, has been verified; but no responsibility, whether legal or otherwise, is assumed for its accuracy, and it cannot be guaranteed as being certain. No single item of information was completely relied upon to the exclusion of other information.

Appraisal reports may contain estimates of future financial performance, estimates or opinions that represent the appraiser's view of reasonable expectations at a particular point in time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, that events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by our prospective financial analyses will vary from those described in our report, and the variations may be material.

Any proposed construction of rehabilitation referred to in the Appraisal is assumed to be completed within a reasonable time and in a workmanlike manner according to or exceeding currently accepted standards of design and methods of construction.

Any inaccessible portions of the Property or improvements not inspected are assumed to be as reported or similar to the areas that are inspected.

It should be specifically noted by any prospective mortgagee that the appraisal assumes that the property will be competently managed, leased, and maintained by financially sound owners over the expected period of ownership. This appraisal engagement does not entail an evaluation of management's or owner's effectiveness, nor are we responsible for future marketing efforts and other management or ownership actions upon which actual results will depend.

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property.

The report, the final estimate of value and estimates of future financial performance included therein, are intended for the information of the person or persons to whom they are addressed, solely for the purposes stated therein, and should not be relied upon for any other purpose. The addressee shall not distribute the report to third parties without prior permission of HealthTrust. Before such permission shall be provided, the third party shall agree to hold HealthTrust harmless relative to their use of the report. Neither our report, nor its contents, nor any reference to the appraisers or HealthTrust, may be included or quoted in any offering circular or registration statement, prospectus, sales brochure, other appraisal, loan or other agreement or document without our prior written permission. Permission will be granted only upon meeting certain conditions. Generally, HealthTrust will not agree to the use of its name as a "named expert" within the meaning of the Securities Act of 1933 and the Securities Act of 1934.

The valuation applies only to the property described and for the purpose so stated and should not be used for any other purpose. Possession of the report, or copy thereof, does not carry with it the right of publication. Any allocation of total price between land and the improvements as shown is invalidated if used separately or in conjunction with any other report.

Neither the report nor any portions thereof (especially any conclusions as to value, the identity of the appraisers or HealthTrust, or any reference to the Appraisal Institute or other recognized appraisal organization or the designations they confer) shall be disseminated to the public through public relations

Media, news media, advertising media, sales media or any other public means of communication without the prior written consent and approval of the appraisers and HealthTrust. The date(s) of the valuation to which the value estimate conclusions apply is set forth in the letter of transmittal and within the body of the report. The value is based on the purchasing power of the United States dollar as of that date.

Acceptance of and/or use of this report constitutes acceptance of all Standard Conditions.

Appraisal assignments are accepted with the understanding that there is no obligation to furnish services after completion of the original assignment. If the need for subsequent service related to an appraisal assignment (e.g., testimony, updates, conferences, reprint or copy service) is contemplated, special arrangements acceptable to HealthTrust must be made in advance.

Unless otherwise stated, no effort has been made to determine the possible effect, if any, on the subject property of energy shortage or future federal, state or local legislation, including any environmental or ecological matters or interpretations thereof.

We take no responsibility for any events, conditions or circumstances affecting the subject Property or its value, that take place subsequent to either the effective date of value cited in the Appraisal or the date of our field inspection, whichever occurs first.

This engagement may be terminated whether by client or HealthTrust at any time upon written notice to that effect to the other parties, it being understood that, unless HealthTrust shall unilaterally terminate the engagement without the client's consent and without reasonable cause, the provisions related to the payment of fees and expenses through the date of termination will survive any termination, and it being further understood that the indemnification and hold harmless provisions shall survive any termination thereof, whether or not such termination is unilateral.

Extraordinary Assumptions

Although this appraisal is not contingent upon any particular management, it does presume that the subject’s management is competent and experienced with operations of an Assisted Living Residence.

The impacts of legislative changes for the reimbursement of Medicaid and Medicare can be significant but are difficult to predict. Our estimates and conclusions reflect the current reimbursement policies and those reasonably anticipated for the short term.

Please note that the subject is encumbered by an arm’s length lease. However, our analysis is reflective of the fee simple interest within the subject property.

TABLE OF CONTENTS

PREFACE

Fountain Retirement Hotel

EXECUTIVE SUMMARY

Property Data

Name:	Fountain Retirement Hotel	
Address:	12030 113th Ave Youngtown, Arizona 85363	
Property Type:	Assisted Living Residence	
Gross Building Area (SF):	37,102	
Land Area (acres):	1.35	
Year Built:	1971	
Condition:	Average	
Effective Age:	35	
Total Density:	65	
	As-Is	
Unit Mix:	***No. Units***	***Set-Up Beds***
AL	65	78
Total	**65**	**78**
Parcel Number:	200-85-406B	
Assessed Value:	$159,938	
Property Taxes:	$9,863	
Zoning District:	R (Rural District)	
Flood Zone:	Outside	
Owner of Record:	Aviv Asset Management LLC	
Management Company:	Fountain	
Highest & Best Use:		
As Though Vacant	Assisted Living Residence	
As Currently Improved	Assisted Living Residence	

EXECUTIVE SUMMARY (CONT.)

Financial Analysis Summary

Purpose of the Appraisal:	assist with underwriting a potential loan involving the subject
Salient Dates of Appraisal:	
As Is	July 19, 2010
Interest Appraised:	fee simple
Excess Land:	$0
Excess CON:	$0
Valuation Assumptions:	
Capitalization Rate:	9.50%
Terminal Capitalization Rate:	10.00%
Discount Rate:	11.00%
Revenue Growth Rate:	2.50%
Expense Growth Rate:	2.50%
Management Fee:	5.00%
Reserves (Capex) Per Unit:	$300
Stabilized Expense Ratio	80.11%
Stabilized Occupancy	77.00%

Value Indication(s)

	As-Is 19-Jul-2010
The Cost Approach - Fee Simple	$2,400,000
The Income Approach - Fee Simple	$2,200,000
The Sales Approach - Fee Simple	$2,200,000
The Income Approach - Leased Fee	---
The Income Approach - Leasehold	---

Value Conclusion(s)

Market Value of Going Concern (TAB)	$2,200,000
Market Value of Leased Fee Estate	---
Market Value of Leasehold Estate	---

Value Allocation(s)

Real Property	$2,000,000
FF&E (Personal Property)	$100,000
Business Value	$100,000
Market Value of the Going Concern (TAB)	$2,200,000

The values presented above are subject to the Certification of Value, Standard Conditions, and Extraordinary Conditions and may not be distributed in partial context without the entire appraisal document. The summary values cannot be completely understood without the entire document and/or additional information from our work files. The accompanying prospective financial analyses are based on estimates and assumptions developed in connection with the appraisal. However, some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our prospective financial analyses will vary from our estimates and the variations may be material.

Glossary of Terms

Market Value: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.

Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: a) Buyer and seller are typically motivated; b) both parties are well informed or well advised and each acting in what they consider their own best interests; c) a reasonable time is allowed for exposure in the open market; d) payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and, e) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

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

Leased Fee Estate: An ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (leased fee owner) and leased fee are specified by contract terms contained within the lease.

Leasehold Estate: The interest held by the lessee (the tenant or renter) through a lease conveying the rights of use and occupancy for a stated term under certain conditions.

Total Assets of the Business (TAB): The tangible property (real property and personal property, including inventory and furniture, fixtures, and equipment) and intangible property (cash, work force, contracts, name, patent, copyrights, and other residual intangible assets, to include capitalized economic profit) of a business.

Highest and Best Use: The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible and that results in the highest value.

Insurable Value: Value used by insurance companies as the basis for insurance. Often considered to be replacement or reproduction cost less deterioration and non-insurable items. Sometimes a cash value but often entirely a cost concept (Marshall & Swift).

Investment Value: The specific value of an investment to a particular investor or class of investors based on individual investment requirements; distinguished from market value, which is impersonal and detached.

Real Property: All interests, benefits, and rights inherent in the ownership of physical real estate; the bundle of rights with which the ownership of the real estate is endowed.

Personal Property (FF&E): Identifiable portable and tangible objects that are considered by the general public to be “personal,” e.g., furnishings, art work, antiques, gems and jewelry, collectibles, machinery and equipment; all property that is not classified as real estate. (USPAP, 1992 edition) Personal property includes movable items that are not permanently affixed to, and part of, the real estate.

Business Value (Intangible Property): A value of enhancement that results from items of intangible personal property such as marketing and management skill, an assembled work force, working capital, trade names, franchises, patents, trademarks, contracts, leases, and operating agreements. (going-concern value).

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

Life Estate: Total rights of use, occupancy, and control, limited to the lifetime of a designated party, often known as the life tenant.

Ad Valorem Tax: A real estate tax based on the assessed value of the property, which is not necessarily equivalent to market value.

Appraisal Foundation: (Condensed) Not-for-profit educational foundation, organized in 1987 to foster appraisal professionalism through the establishment of uniform standards of appraisal practice and qualifications for the state certification and licensing of appraisers. The Foundation's is responsible for appointing members to the two independent boards, The Appraisal Standards Board (ASB) and the Appraisers Qualification Board (AQB). The ASB promulgates standards found in USPAP while the AQB establishes minimum experience, education, and examination criteria for state licensing of appraisers and recommends such criteria for state licensing boards. These boards operate under the authority (through the enactment of FIRREA) of Congress, which delegated responsibility to these boards which are monitored by the Appraisal Subcommittee.

Operating Expense Ratio (OER): The ratio of total operating expenses (TOE) to effective gross income (TOE/EGI); the complement of the net income ratio (NIR), i.e., 1 - NIR.

Common Area Maintenance (CAM): The expense of operating and maintaining common areas; may or may not include management charges and usually does not include capital expenditures on tenant improvements or other improvements to the property. See also common area.

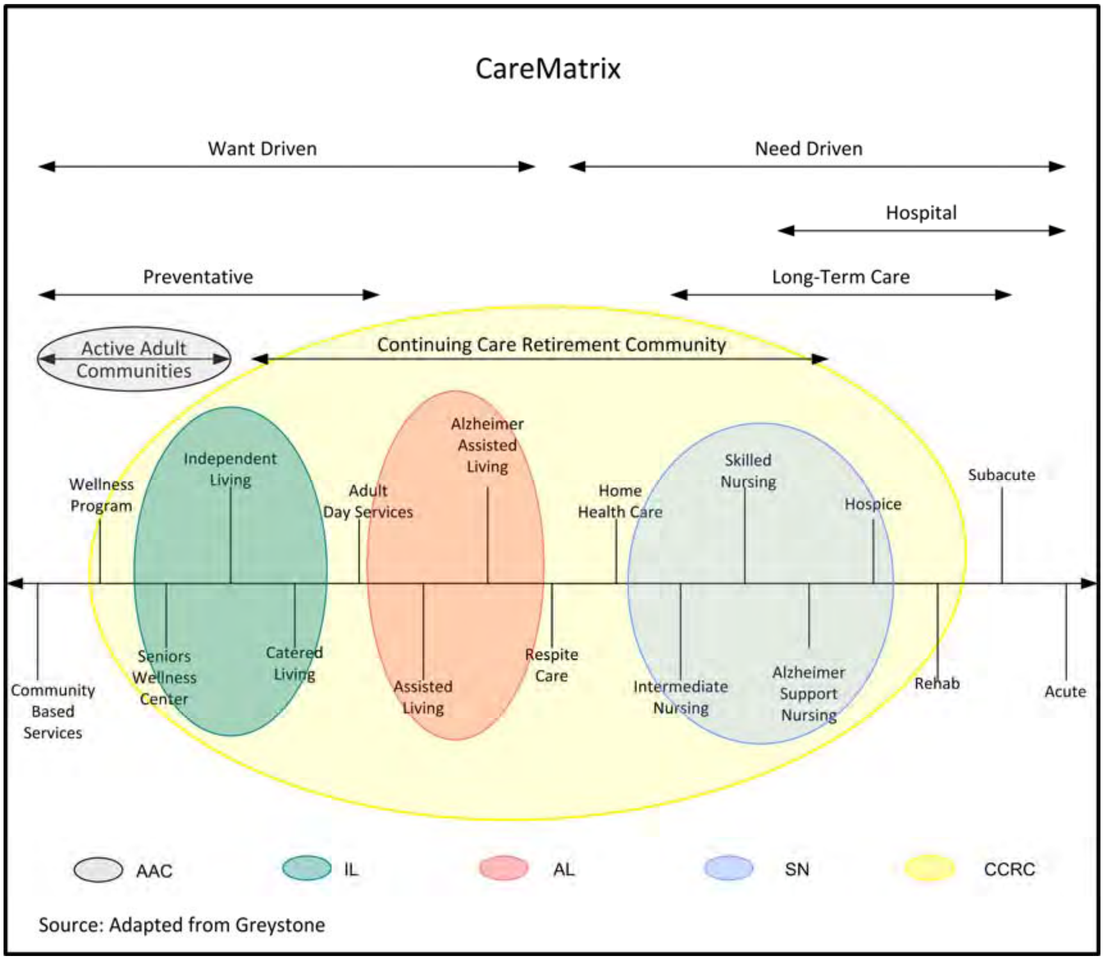
Gross Building Area (GBA): The total floor area of a building, including below-grade space but excluding unenclosed areas, measured from the exterior of the walls. Gross building area for office buildings is computed by measuring to the outside finished surface of permanent outer building walls without any deductions. All enclosed floors of the building including basements, mechanical equipment floors, penthouses, and the like are included in the measurement. Parking spaces and parking garages are excluded.

Financial Institutions Reform, Recovery and Enforcement Act (FIRREA): (Condensed) Legislation enacted in 1989 to bail out the savings and loan industry; FIRREA created the Office of Thrift Supervision (OTS) under the Treasury Department. As part of this act, the OTS was charged with creating the Appraisal Subcommittee to implement Title XI of FIRREA mandating state certification of appraisers who perform assignments for Federal Financial Institutions Regulatory Agencies.

Uniform Standards of Professional Practice (USPAP): Current standards of the appraisal profession, developed for appraisers, and the users of appraisal services, by the Appraisal Standards Board, of the Appraisal Foundation. The Uniform Standards set forth the procedures to be followed in developing an appraisal, analysis, or opinion and the manner in which an appraisal, analysis, or opinion is communicated. They are endorsed by the Appraisal Institute and by other professional organizations.

Seniors Housing and Health Care Industry Overview

The subject of this analysis is a seniors housing/ health care property. The health care and seniors housing industry can generally be segregated into five separate and distinct levels. These levels range, in order of intensity from lowest to highest, from a seniors apartment (i.e., age-restricted) to independent living community, assisted living residence, skilled nursing facility to, ultimately, an acute care (hospital). The following overview is intended to provide a brief overview of this market sector summary.



Source: Adapted from Greystone

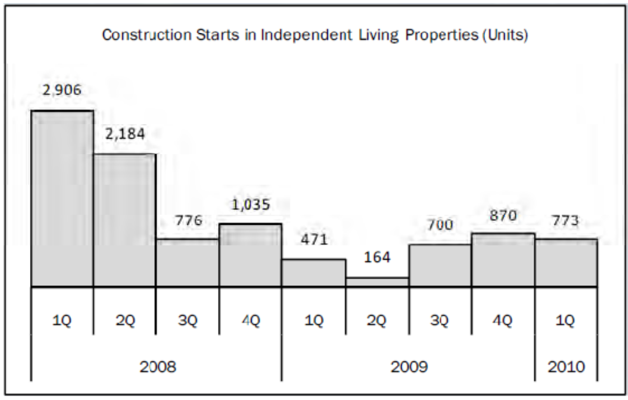
Senior Apartments: This product type includes all age-restricted apartments where at least 80% of the residents are 55 years of age or older. Physically, the properties are similar to traditional apartments with a clubhouse, perhaps exercise facilities, covered or garage parking, and a swimming pool. No services are offered for meals or housekeeping, but social activities are typically available. The resident profile includes an active adult who is typically retired and has no need for assistance with activities of daily living or instrumental activities of daily living. Units typically include a full kitchen, washer and dryer hook-ups, balconies or patios, window treatments and floor covering.

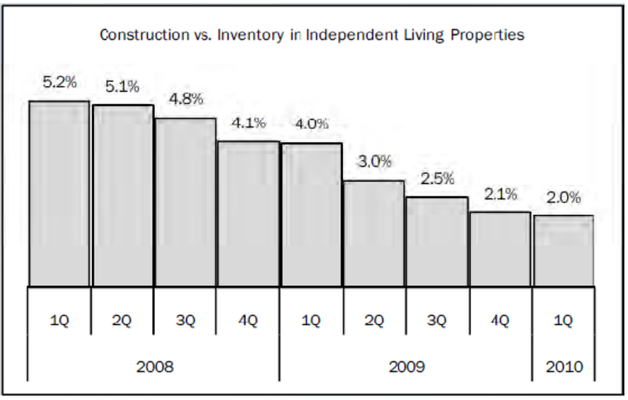
The *NIC/American Seniors Housing Association's Seniors Housing Construction Trends Report 2009* indicates that the construction starts of senior apartment units in 2008/09 (April through March) totals 7,815 units. The report indicates that the total national inventory of senior apartments within the 100 largest Metro markets is 410,000 units.

Independent Living Communities: Independent living communities were the largest response the market provided in the 1980s to increasing demand for senior accommodations. These projects, typically ranging in size from 150 units to 300 units, are designed in similar fashion (operationally) to an apartment complex, in that units often contain separate bedrooms and cooking facilities. Also provided in the development is a commons area that includes a kitchen and dining room and offers three meals per day. Most rental communities include one or two meals per day in conjunction with their service fee; however, additional meals can be purchased. Services typically included are weekly housekeeping and linen service, maintenance of grounds, activities, etc.

Residents who locate in an independent living community must be physically and mentally capable of performing all of the activities of daily living (ADL). Development of these types of communities, given their large scale, prompted entries into the industry by both local and national firms. However, by the very nature of the communities (independent), residents are capable of relocating if personal preferences or needs change. Operationally, lack of experience and underestimation of the complexity of operating an independent living retirement community has led to bankruptcies and financial difficulties for many of these facilities. Lack of a clear need motivation for residency in an independent community, coupled with over-development in many markets, has caused a reassessment of the true market potential for these properties. Nonetheless, they continue to serve a much-needed niche in the overall retirement housing market.

The NIC/American Seniors Housing Association's Seniors Housing Construction Trends Report 2009 indicates that there were a total of 5,029 units started in 2008/09, representing a 58% decline from the previous year. The inventory is estimated at 388,062 units within the 100 largest Metro markets. According to the 1st *Quarter 2010 NIC MAP Construction Monitor*, among the 31 largest MSAs, independent living indicated the following:


Construction Starts in Independent Living Properties (Units)


Construction vs. Inventory in Independent Living Properties

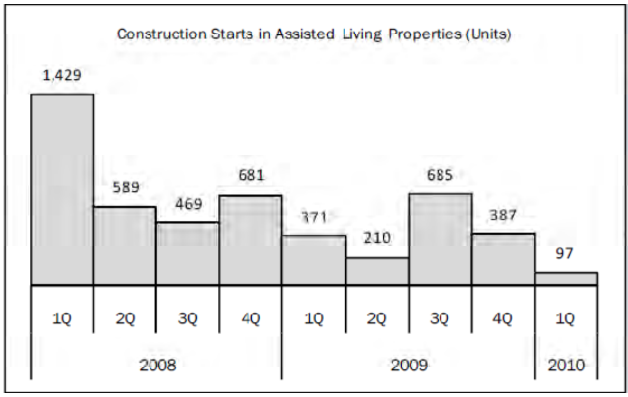
Assisted Living Residences: The second level of seniors housing is the assisted living residence. Assisted living becomes necessary when a resident is no longer capable of performing all of the activities of daily living (ADLs). ALRs vary in the intensity of personal care services provided, from the resident who is mentally competent but physically frail, to the resident who is both mentally disoriented and physically frail. Residents suffering from Alzheimer's or some other form of dementia typify the higher intensity level.

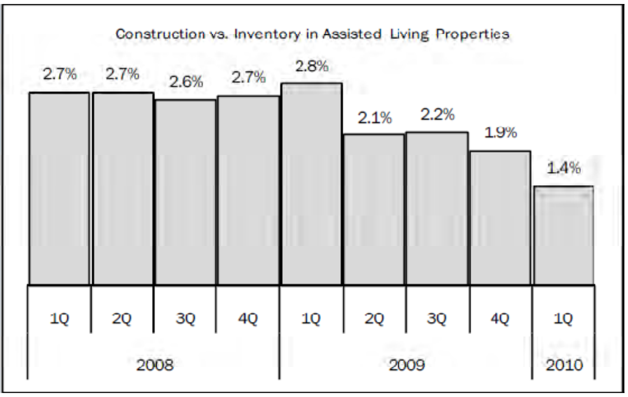
Assisted living residences have emerged as one of the growth sectors in the senior housing and health care market in the late 1980s. Assisted living residences are designed to provide a level of care that is roughly between that of independent living and skilled nursing. Residents live in a residential apartment, but all instrumental activities of daily living (e.g., cooking, cleaning, driving) are provided and typically at least three or ADLs such as grooming, bathing, dressing, and toileting are provided.

Many of these communities have a distinct section for Alzheimer care where there is a higher ratio of staffing, a wanderguard system and other amenities specifically designed to improve the quality of life for these seniors. From a licensure standpoint, most states require little additional documentation or certification for a property to advertise this specialty unit.

Finally, a number of states have Medicaid reimbursement for stays at assisted living residences. This appears to be the final level of support needed to legitimize assisted living as a niche within the industry, and allow for institutional investment over the near term as opposed to the distant future.

The Seniors Housing Construction Trends Report 2009 indicates that there were 3,572 assisted living units started and 1,298 memory care units started. Nationally, construction in this sector peaked between 1997 and 2001. However, overall starts are down 42% from last year. The current inventory within the 100 largest Metro markets is estimated 356,241 units, of which 61,860 units are designed for memory care. Please, note these are units, with actual supply amounts higher in terms of beds. According to the 1st *Quarter 2010 NIC MAP Construction Monitor*, among the 31 largest MSAs, assisted living indicated the following:



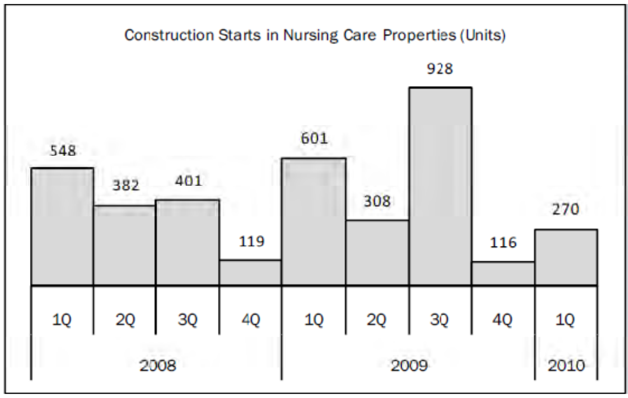


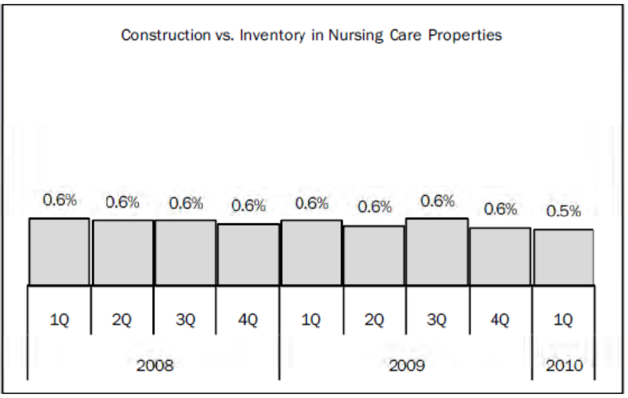
Skilled Nursing Facilities: Skilled nursing facilities are the oldest property type in the healthcare/retirement industry. They are, operationally, one step below hospitals. Physically, skilled nursing facilities contain smaller rooms and typically house residents on a semi-private basis. The rooms, from an appearance standpoint, are similar to a hospital room and do not contain cooking facilities.

Operationally, these facilities differ from independent and assisted living residences in that a significant portion of their income is derived from government sources rather than the residents. In fact, Medicare and Medicaid, combined, paid for approximately 78% of the skilled nursing care provided in 2009. Thus, changes in reimbursement can have a material impact on a residence's profitability.

Although increasingly, long-term care residents are being treated in community (ALR) and residential (home health) settings, nursing homes will continue to be of need to persons requiring 24-hour skilled care. Hence, the acuity of the nursing home resident is expected to increase in coming years.

The Seniors Housing Construction Trends Report 2009 indicates that there were 3,761 nursing beds started in 2008/09, representing a 1% increase from last year. American Health Care Associate (AHCA) estimates the total certified bed count in the US at 1,668,769. According to the 1st *Quarter 2010 NIC MAP Construction Monitor*, among the 31 largest MSAs, skilled nursing indicated the following:



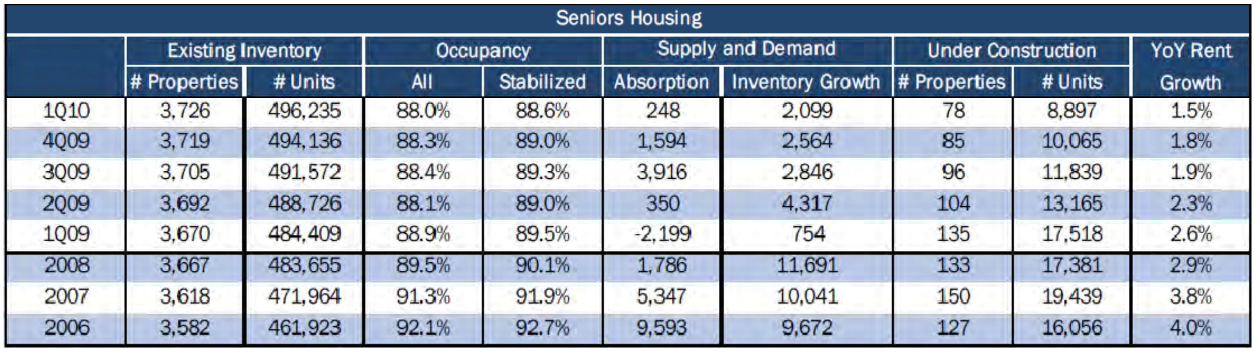


Acute Care Hospitals: The final care level offered is the acute care environment, or hospital. This is the segment of the market with which the general public is most familiar, generally from personal experience. A hospital often represents the last step in the life cycle, and is totally separate and distinct from seniors housing and the three care levels discussed previously. Also, there is little exhibited interrelationship in the relative demand and supply characteristics of acute care hospitals with the remaining elements of the seniors housing market.

Other Product Types: In addition to the four levels described, numerous hybrids or variations occur. For instance, a typical Continuing Care Retirement Community (CCRC) offers services beginning at the independent living level progressing to assisted living and ultimately skilled nursing. CCRCs are often endowment or buy-in situations where a large entry fee is charged to the new resident in exchange for lower monthly service fees for the balance of their residency at the community. Many variations exist on refund policies of this entry fee ranging from 0% to 90% and higher. Most communities amortize the non-refundable fees over four to eight years. Given the orientation of the consumer to either rental or endowment, CCRCs are generally separate and distinct from direct competition with rental communities.

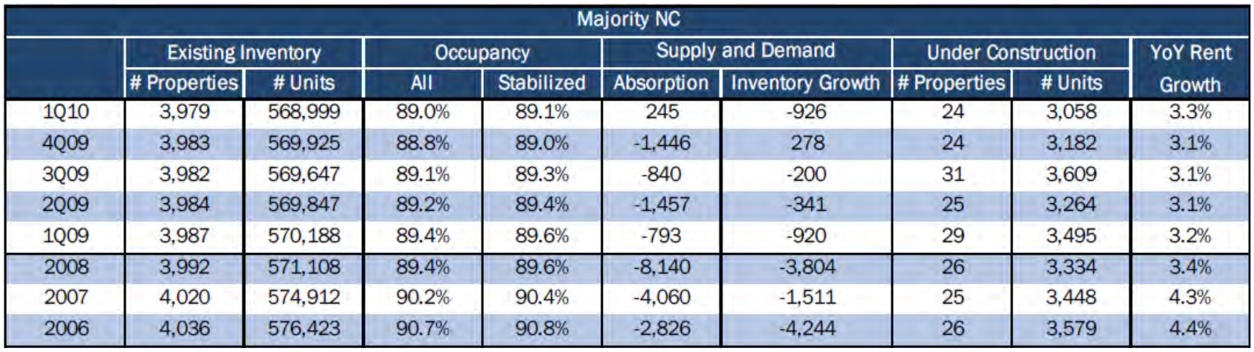
Summary: This review of seniors housing services is intentionally brief and is designed to acquaint the reader with the general differences in product types and services available to the retiree consumer. These services and products are differentiated by price and need level.

Capital resources appear available - albeit limited - to well-managed communities and established operators with the less experienced developer/operators relying on personal relationships with local lenders. Market fundamentals across most sectors are strong and will continue to do so until significant development occurs. In spite of the housing market woes, financial market crises and other economic challenges, the seniors housing industry is faring well. The most recent quarterly update from NIC MAP suggests the following trends within the 31 largest MSAs in Seniors Housing (Independent and Assisted Living) and Majority Nursing Care:



Seniors Housing

	Existing Inventory		Occupancy		Supply and Demand		Under Construction		YoY Rent Growth
	# Properties	# Units	All	Stabilized	Absorption	Inventory Growth	# Properties	# Units	
1Q10	3,726	496,235	88.0%	88.6%	248	2,099	78	8,897	1.5%
4Q09	3,719	494,136	88.3%	89.0%	1,594	2,564	85	10,065	1.8%
3Q09	3,705	491,572	88.4%	89.3%	3,916	2,846	96	11,839	1.9%
2Q09	3,692	488,726	88.1%	89.0%	350	4,317	104	13,165	2.3%
1Q09	3,670	484,409	88.9%	89.5%	-2,199	754	135	17,518	2.6%
2008	3,667	483,655	89.5%	90.1%	1,786	11,691	133	17,381	2.9%
2007	3,618	471,964	91.3%	91.9%	5,347	10,041	150	19,439	3.8%
2006	3,582	461,923	92.1%	92.7%	9,593	9,672	127	16,056	4.0%



Majority NC

	Existing Inventory		Occupancy		Supply and Demand		Under Construction		YoY Rent Growth
	# Properties	# Units	All	Stabilized	Absorption	Inventory Growth	# Properties	# Units	
1Q10	3,979	568,999	89.0%	89.1%	245	-926	24	3,058	3.3%
4Q09	3,983	569,925	88.8%	89.0%	-1,446	278	24	3,182	3.1%
3Q09	3,982	569,647	89.1%	89.3%	-840	-200	31	3,609	3.1%
2Q09	3,984	569,847	89.2%	89.4%	-1,457	-341	25	3,264	3.1%
1Q09	3,987	570,188	89.4%	89.6%	-793	-920	29	3,495	3.2%
2008	3,992	571,108	89.4%	89.6%	-8,140	-3,804	26	3,334	3.4%
2007	4,020	574,912	90.2%	90.4%	-4,060	-1,511	25	3,448	4.3%
2006	4,036	576,423	90.7%	90.8%	-2,826	-4,244	26	3,579	4.4%

At present, the overall development activity is minimal, following banner years of peak activity and large portfolio transactions. Of note, more than 25% of all of the seniors housing projects started in 2007/08 were expansions and we believe that in-fill development will have an increasing role as these projects have less cost and risk than new projects.

In terms of sales, the amount of activity in 2008 was down about 65% from recent years and most of the transactions that have occurred involved Class B/C product or non-performing assets. Deal flow in 2009 has not picked up materially but in the latter half of the year, we have seen increased activity as Sunwest sheds assets at discounted prices and Sunrise continues to reorganize. Erickson Retirement Communities, which entered bankruptcy in September, 2009 is also struggling with cash flow and has halted development on existing and new projects. Following the company's reorganization, some assets are expected to be available in 2010. Many outsiders will remain on the sidelines while so many of the industry largest operators generate negative headlines. However, this will allow opportunities for strategic buyers, as evidenced by the Lonestar/LaVida and Blackstone/Emeritus purchases (the latter has yet to close) of Sunwest assets and Brookdale's purchase of a Sunrise portfolio thus far this year.

Overall the fundamentals of the industry are good for the long-term, albeit soft for IL and to some degree AL in the short term. Lack of capital will constrain many deals and require more equity, so we expect some modest increases in capitalization rates while cash flows remain steady in the short term and improve over the long term.

INTRODUCTION

Legal Description: The subject's legal descriptions were not provided. We presume the descriptions herein are correct and assume no liability for them.

Three-Year Sales History: The subject sale history has been analyzed and researched in accordance to USPAP for the past three years prior to the date of appraisal. The sale history is presented as follows:

SALES HISTORY	
Owner of Record:	Aviv Asset Management LLC
Last Subject Sale Date:	No previous sales in the past three years
OR Book/Page:	N/A
Last Subject Sale Price:	N/A
Arms' Length?	N/A
Pending Sale/Contract?	No
If yes, terms:	N/A

The subject property has not sold in the previous three years. Further, we are unaware of any sales involving the subject property.

Operational History: According to on-site management, the subject's occupancy has been mostly stable over the last several months. The operator's annualized performance is below the 2009 indication and the subject's current operations. Based on the financial and performance data provided, the subject's occupancy and operational trends are summarized as follows:

OPERATIONAL SUMMARY

Level of Care	Appraisal - Stabilized		2010 Annualized		2009 Actual	
	Occ %	Total/RD	Occ %	Total/RD	Occ %	Total/RD
AL	77%	$47.86	70%	$48.40	78%	$47.38
Average Occupancy	77%		70%		78%	
Total Revenues		$47.86		$48.40		$47.38
Profit Margin		19.9%		25.9%		18.9%

Source: HealthTrust LLC and Fountain

Purpose and Intended Use of the Appraisal: To estimate the "as is" market value of the subject as a going concern including personal and intangible property. The intended use of this appraisal is to assist with underwriting a potential loan involving the subject. The intended users are representatives of the client.

Scope of Work

General Property Scope: Standards Rule 2-2 of USPAP requires that each written real property appraisal report must describe the extent of the process of collecting, confirming and reporting data.

Based on the identified objective of the appraisal, we have viewed the exposure as requiring tremendous effort, particularly with regard to the subject's income-producing potential. In order to appraise the subject, we have inspected the subject, its neighborhood, and the general market area on July 19, 2010. As part of the appraisal process, we have examined:

- ☐ Supply and demand
- ☐ Development trends
- ☐ Current demographic data and projected changes over the next five years
- ☐ Operating characteristics
- ☐ Valuation trends and characteristics
- ☐ Legislative environment

We have surveyed the most comparable properties in this market area to assess typical demand and rates in the PMA. As the subject is an income-producing property type that is typical bought by investors, we have spent the most time, effort and original research on verifying income and expense comparables, rent comparables, identifying trends that may impact the subject's operations. The greatest extent of research was in the income approach.

While we have attempted to limit this research to the subject's primary market area, due to lack of improved sales, we have expanded our search to properties throughout the region. We believe that most or all-discoverable pertinent market information has been obtained and considered. All sales were verified through a party to the transaction and most have been inspected by the appraisers or associates at HealthTrust.

In terms of the cost approach, we have identified sales of vacant property with public sources and used the Marshall Valuation Guide and regional cost comparables. Nonetheless, we have expended minimal research effort for this approach as it generally produces the least reliable indication for a going concern appraisal.

Lastly, as a part of this process we have obtained and verified data with local market participants (owners and operators of comparable properties), state regulatory agencies as well as local governing officials.

The resulting value estimates have been reconciled based on their relative strengths, weaknesses and appropriateness into a final value estimate. This appraisal report is a written record of our conclusions and opinions, containing the most pertinent market data used and a discussion of the reasoning underlying our estimates.

Applicability of Approaches

The **COST APPROACH** is the sum of the land value and the cost new of the improvements less accrued depreciation. The cost approach is based on the premise that an informed, rational investor/purchaser would pay no more for an existing property than the cost to reproduce a substitute property with the same utility without undue delay.

The **INCOME APPROACH** is based on the premise that a prudent investor would pay no more for the subject property than for another investment with similar risk and return characteristics. Since the value of an investment can be considered equal to the present worth of anticipated future benefits in the form of dollar income or amenities, this approach estimates the present value of the net income that the property is capable of producing. These amounts are discounted at a rate that reflects the risk to the investor and the amount of income necessary to support debt service or the mortgage requirement.

The **SALES COMPARISON APPROACH** (market approach) is the process where prices of reasonably similar properties are compared to the subject and are adjusted for differences in financing, sale conditions, time, location and physical characteristics. This approach is based upon the principle of substitution, which implies that a prudent purchaser would not pay more to buy the subject than for a comparable substitute property in a similar location.

Each approach to value has its strengths and weaknesses, depending on a large extent on the type of property being appraised and the quantity and quality of data available. In most instances, one or more of these approaches will produce a more reliable value indication than the other approach(es). Therefore, the final step in the appraisal process is the RECONCILIATION and correlation of all the value indications into a final value estimate. This step usually begins with a discussion of the merits and demerits of each approach and an analysis of the reliability of the data used in each approach. It concludes with a statement of the final value estimate.

In addition, it is necessary to identify any business value and personal property value separate from the real estate. The allocated contribution values were estimated following the reconciliation and final value estimates. This report should be read in its entirety for a complete understanding of the scope of the appraisal and the limiting conditions that apply to this valuation and report. Specific attention should be drawn to the Letter of Transmittal, Certification, Standard Conditions and Significant Issues.

Legal Interest Appraised

The real property interest appraised is considered to be the fee simple estate in the 1.35 owned acres.

Effective Dates of Appraisal

Charles Plush physically inspected the subject site on July 19, 2010. The “as is” valuation date is also July 19, 2010. The appraisal is based upon market conditions observed at that time.

Use Premise

The subject property valued herein is based on the existing use as an Assisted Living Residence. The implications relative to this premise on the highest and best use of the property are addressed in a later section of this report.

DESCRIPTIVE DATA

Site Description

We have made a visual inspection of the subject property. Where applicable, we have supplanted our analysis with information provided by the subject's management and/or the client. As previously noted, we are not experts in the presence of hazardous substances or the structural integrity of the site or improvements. Based on our inspection of the property, the subject's site characteristics are as follows:

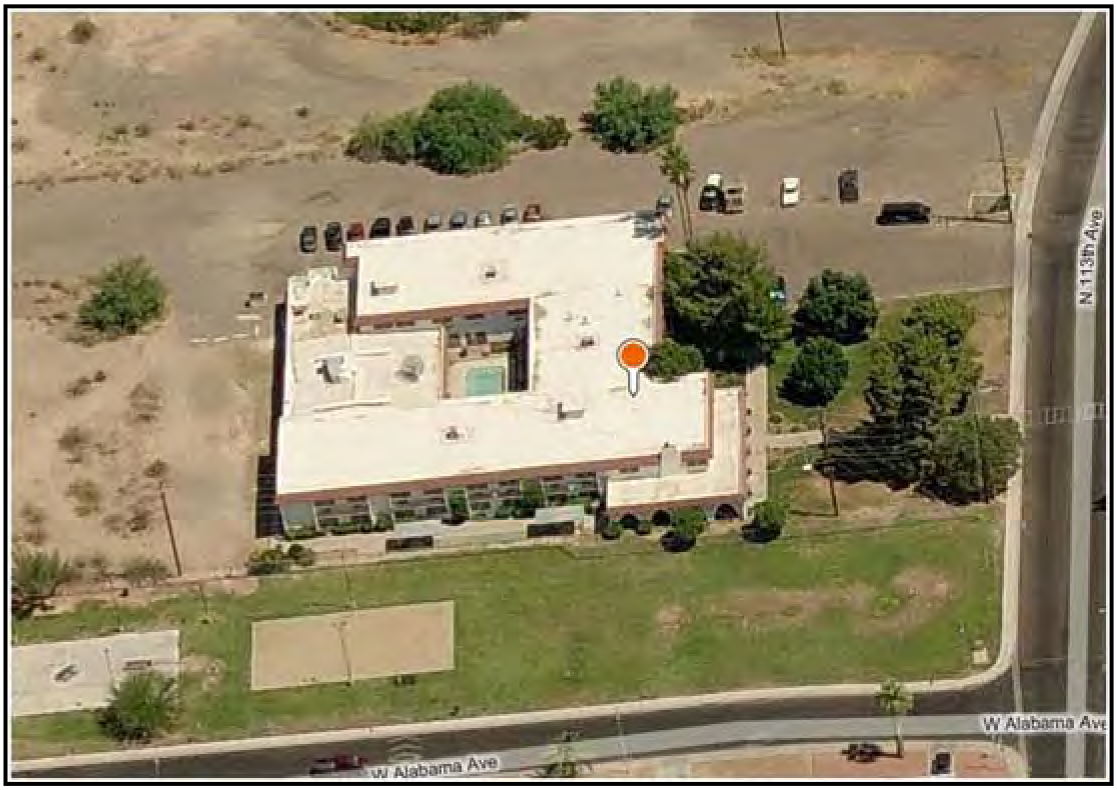
SITE DESCRIPTION

Access	
Primary Frontage:	113th Ave N
Type:	2 way, 1 lane each way
Median Divided:	No
Accessibility	Average
Visibility	Fair
Exposure	Fair
Facilitating Entry to Site	
Turn Lane:	No
Stop Sign:	No
Traffic Light:	No
Easements	
Right of Way:	N/A
Utility:	N/A
Ingress/Egress:	N/A
Drainage:	N/A
Other (specify):	N/A
Utility Services	
Electric:	Yes
Gas:	Yes
Water:	Public
Sewer:	Public
Telephone	Yes
Cable:	Yes
Flood Zone	
Flood Plain:	Outside
Designation:	X500
Community Panel:	04013C1610J
Date:	September 30, 2005

General	
Site size:	1.35 acres
Source:	Client
Shape:	Regular
Topography:	Level
Other Site Improvements	
Paved Drives:	Yes
Walkways:	Yes
Landscaping:	Yes
Signage:	Yes
Ancillary Buildings:	No
Retention Ponds or areas:	No
Parking	
Open Parking spaces:	35
Covered Parking spaces:	20
Garage spaces:	0
Handicap spaces:	1
Total	56
Soil	
Drainage:	Adequate
Soil Conditions:	Normal
Above-Ground Storage Tanks:	No
Underground Storage Tanks:	No
Hazardous Substances:	No
Costs to cure:	$0
Seismic	
Zone:	1

We were not provided with title or a survey detailing the presence of easements on the subject site. We assume that typical easements exist and are unaware of any restraints that would hinder development of the subject if vacant.

AERIAL MAP



Zoning

We verified the subject's zoning designation and reviewed the corresponding zoning ordinance with the Town of Youngtown. According to the zoning department, the subject site cannot be rebuilt if it were destroyed. A summary of the zoning requirements is as follows:

ZONING DESIGNATION	
Designation:	R (Rural District)
Zoning Authority:	Town of Youngtown
Permitted Uses:	churches, golf courses, hospitals, medical clinics, and pharmacies
Maximum Height:	30 to 50 feet depending on use
Permitted Density:	N/A
Max. Permitted FAR:	N/A
Required Parking:	one space for each bed
Subject Permitted As:	legally non-conforming use

Assessment and Taxes

The subject property is assessed by Maricopa County. The following table details the subject's most recent assessment and tax information:

SUMMARY OF REAL ESTATE TAXES

Subject Assessed Value(s):			
Parcel ID	**Land**	**Building**	**Total**
200-85-406B			$1,599,382
Total Assessed Value:			$1,599,382
Adjustments & Taxes:			
Exempt Value:			$0
Assessment Ratio:			10%
Taxable Value:			$159,938
Effective Tax (Millage) Rate:		61.6676	per $1,000
Total Real Estate Taxes:			$9,863
Total Personal Property Taxes:			$0
Total Taxes:			$9,863
Effective Year:			2009
Total Taxes Per:	$152	← Unit · Bed →	$126

We have estimated total taxes of $160 per unit, which is similar to the current tax burden of $152 per unit as we believe the subject is appropriately assessed.

Improvement Description

The following description of the subject improvements is based on our visual inspection of the subject as well as review of the floor plans and information provided by the operator. These plans are contained in the Addenda of this report. We have partitioned the subject's gross building area as follows:

SUMMARY OF GBA

Portion	**GBA**
Assisted/Memory Care	37,102
Total	37,102

DESCRIPTION OF IMPROVEMENTS

Improvement Description:			
Year Built:	1971	Building Shape	regular
Year of Last Major Renovation	N/A	Basement	None
Number of Buildings	1	Balconies	No
Number of Stories	2	Number of Elevators	1
Nurse's Stations	1	Dining Rooms	1
Overall Condition	Average	Deferred Maintenance	No
Overall Quality	Average	Functional Obsolescence	No

The subject property was constructed at one time. The improvements are well maintained, with replacements having been made as needed. Overall, we find that the subject property has an effective age of 35 years, compared to its actual age of 39 years, due to the adequate maintenance of the improvements. The subject's improvements are detailed as follows:

DESCRIPTION OF IMPROVEMENTS (CONT.)

Construction Details:	
Foundation Type:	Concrete slab
Structure Type:	Wood Frame
Roof Type:	Flat
Exterior Wall Finish:	Stucco
Interior Partitions - Common Areas:	Latex paint over drywall
Interior Partitions - Resident Units:	Latex paint over drywall
Ceilings - Common Areas:	Latex paint over drywall
Ceilings - Resident Units:	Latex paint over drywall
Lighting - Common Areas:	Fluorescent
Lighting - Resident Units:	Fluorescent
HVAC - Common Areas:	Forced air
HVAC - Resident Units:	PTACs
Floor Coverings - Common Areas:	Carpet
Floor Coverings - Resident Units:	Carpet and vinyl sheet
Windows:	Aluminum frame, single-hung
Sprinkler/Security System:	All units have 24-hour emergency call system with central monitoring. The building is not sprinklered and contains smoke detectors.
FF&E:	This appraisal includes all chattel and personal property associated with the subject's operation such as furnishings for all common and administrative areas, office equipment, kitchen and laundry equipment, maintenance equipment, and all other accessory items required for normal operation.

Community Layout

The building is designed in a "square" shape. The resident living units have kitchens or kitchenettes with range, sinks and partial size refrigerators or full size refrigerators. All units have baths with a sink, toilet and prefabricated shower stall. Overall, the unit sizes and layouts are typical for senior living.

The following table illustrates the amenities offered by the subject. Overall, we find these to be typical within the market, and adequate given the subject's age, quality and prospective resident:

SUMMARY OF AMENITIES			
Unit Amenities:			
Balconies/porches	No	Individually controlled HVAC	Yes
Cable/satellite TV	Yes	Kitchenettes	Yes
Emergency pull-cords	Yes	Private baths	Yes
Fire/smoke detectors	Yes	Walk-in closets	No
Full kitchens	Yes	Washer/dryer hookups	No
High-speed internet	No	Washers/dryers	No
Community Amenities:			
Activity rooms	Yes	Laundry facilities	Yes
Arts & crafts rooms	Yes	Library	No
Assistance w/ ADLs	Yes	Linen Service	Yes
Bank branch	No	Lounge areas	Yes
Beauty/barber shop	No	Medications	No
Business Center	No	Pharmacy	No
Chapel	No	Postal services	Yes
Coffee Shop/Deli	No	Putting green	No
Computer room	No	Reception Area	Yes
Concierge service	No	Scheduled transportation	No
Courtyard	No	Security 24 hour	No
Covered parking	No	Skilled nursing care	No
Dining room - main	Yes	Social activities	Yes
Dining room - private	No	Spa/Whirlpool	No
Exercise facilities	No	Storage area/bin	No
Game/billiards rooms	Yes	Swimming Pool	Yes
Garage parking	No	Tennis courts	No
General store	No	Theater/Auditorium	No
Golf course	No	Therapy Room	No
Guest Accommodations	No	Utilities	Yes
Health center	No	Walking/nature trails	No
Housekeeping	Yes	Wanderer Mgt. System	No
Ice cream parlor	No	Woodworking shop	No

The subject contains a total of 65 units and 78 beds, indicating the following unit sizes and mix:

UNIT MIX			
Type of Unit	**No. of Units**	**Size (sf)**	**Net Rentable Area**
Assisted Living			
Semi-Private	13	280 - 280	3,640
Studio	46	280 - 280	12,880
1-Bedroom	6	354 - 354	2,124
Total	65		18,644

Compared to the overall industry, the subject indicates the following:

SUMMARY OF IMPROVEMENTS

Level of Care:	No. of Units	No. SU Beds	No. Lic Beds	2009 State of Seniors Housing Median No. Of Units
AL	65	78	80	73
Total	**65**	**78**	**80**	

Building Efficiency:	Subject	2009 State of Seniors Housing Median Indications		
		IL	AL	CCRC
Gross Building Area (GBA):	37,102	114,311	51,000	357,415
Ratio of Net Rentable Area	50.3%	69.0%	57.5%	71.9%
GBA/Unit	571	914	699	1,146
GBA/Bed	476	N/A	N/A	N/A

Americans With Disabilities Act: The Americans With Disabilities Act sets strict and specific standards for handicapped access to and within most commercial and industrial buildings. Determination of compliance with these standards is beyond appraisal expertise and, therefore, has not been attempted by the appraisers. For purposes of this appraisal, we are assuming the improvements are in compliance. We assume no responsibility for the cost of such determination, and our appraisal is subject to revision if the improvements are not in compliance.

Conclusion - Subject Property Data: Following our review of the plans and our property inspection, we find that the subject site is adequate to support the improvements. Furthermore, we did not note evidence of functional obsolescence inherent in the subject's design and believe that they are functional for seniors housing and care. Finally, we did not note material deferred maintenance at the subject.

MARKET ANALYSIS

The subject of this appraisal is located in Youngtown in the Phoenix-Mesa-Scottsdale, AZ Metropolitan Statistical Area (MSA). Appraisal theory recognizes four factors (environmental, social, economic, and governmental) that influence property values within a region, county, neighborhood or district. Accordingly, a review of each as it relates to the Phoenix-Mesa-Scottsdale, AZ MSA, as well as the subject's more immediate neighborhood, is presented.

Regional Analysis

The subject's location within the Phoenix-Mesa-Scottsdale, AZ MSA is as follows:

AREA MAP

Additionally, the following pages were provided by *Moody's Economy.com, Précis Metro* reports to provide a comprehensive analysis regarding current and projected economic conditions for the subject's MSA.

PHOENIX

EMPLOYMENT GROWTH RANK
Best=1 Worst=392

2008-10
385
5th quintile

2008-13
354
5th quintile

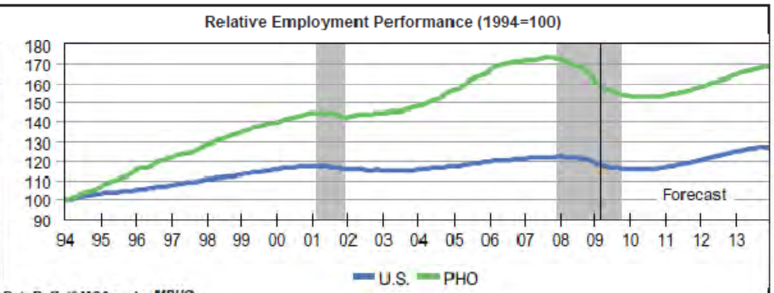
LIFE CYCLE PHASE
Growth/Mature

Best=1 VITALITY Worst=381
14
1st quintile

COST OF DOING BUSINESS
U.S.= 100% **93%**

COST OF LIVING
U.S.= 100% **109%**

Relative Employment Performance (1994=100)



DataBuffet® MSA code: *MPHO*

2002	2003	2004	2005	2006	2007	2008	Indicators	2009	2010	2011	2012	2013
121.0	127.1	131.2	143.3	154.0	157.4	157.3	Gross metro product (C$B)	153.0	158.0	164.6	170.6	176.9
2.9	*5.0*	*3.3*	*9.2*	*7.4*	*2.2*	*-0.1*	*% change*	*-2.7*	*3.3*	*4.2*	*3.7*	*3.7*
1,596.1	1,619.8	1,683.6	1,787.6	1,884.1	1,914.9	1,869.3	Total employment (000)	1,734.2	1,696.3	1,724.2	1,788.5	1,858.1
-0.1	*1.5*	*3.9*	*6.2*	*5.4*	*1.6*	*-2.4*	*% change*	*-7.2*	*-2.2*	*1.6*	*3.7*	*3.9*
5.6	5.2	4.5	4.1	3.6	3.3	4.9	Unemployment rate	8.0	10.2	9.1	6.9	5.8
3.8	4.7	9.4	10.9	9.7	4.3	2.2	Personal income growth	-2.1	0.2	4.5	7.2	7.5
3,494.6	3,595.5	3,716.0	3,873.4	4,035.2	4,165.9	4,281.9	Population (000)	4,367.6	4,476.3	4,592.8	4,709.6	4,828.8
40,002	47,285	57,360	60,926	38,753	28,939	12,657	Single-family permits	8,402	11,601	18,325	33,946	42,285
7,897	7,575	7,899	8,304	7,998	10,868	5,876	Multifamily permits	2,046	3,950	5,435	7,716	10,244
144.0	152.1	168.6	243.3	267.3	256.1	192.1	Existing-home price ($ths)	113.3	89.7	90.1	99.1	111.7
48,681	69,601	53,622	93,195	85,197	60,832	40,415	Mortgage originations ($mil)	30,996	24,281	26,100	29,629	33,620
74.0	65.3	86.0	119.2	123.6	84.5	69.7	Net migration (000)	39.8	61.7	68.0	67.3	68.5
20,282	22,084	22,301	28,023	5,254	7,180	13,458	Personal bankruptcies	22,482	31,256	36,089	32,572	28,889

STRENGTHS & WEAKNESSES

STRENGTHS

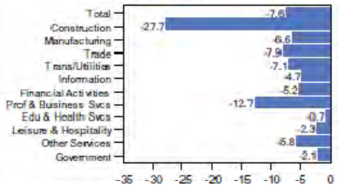
- ■Superior demographic growth.
- ■Attractive relocation destination for Southern California businesses.
- ■Diverse industrial base.

WEAKNESSES

- ■Falling house prices because of housing correction.
- ■Rising cost of living.
- ■Exposed to cyclical volatility in high tech.

CURRENT EMPLOYMENT TRENDS

July 2009 Employment Growth
% change year ago, 3 mo. MA



FORECAST RISKS

SHORT TERM ↓	LONG TERM ↑	RISK-ADJUSTED RETURN, '08-13	0.23%

UPSIDE

- Solid performance in value-added industries helps improve workforce skill level.
- Mortgage lending is boosted by the TALF.

DOWNSIDE

- Deteriorating consumer credit leads to further pressure on house prices.
- High-tech job market recovery stalls as global demand levels off.

ANALYSIS

Recent Performance. Layoffs in construction and manufacturing have not abated, and Phoenix-Mesa-Scottsdale's economy is contracting at a rapid pace. Residential permit issuance has firmed, but commercial construction is in a slump. Tech producers are extending layoffs as global semiconductor sales are slow to recover. There are few bright spots in the economy, which explains why the unemployment rate has jumped 2 percentage points since December.

Consumer debt. Retailers face an uphill battle as consumers lack access to credit. The revisions to the personal bankruptcy code in the middle of the decade made it more difficult for households to discharge credit card debts. Nearly 4% of the bank card debt outstanding in PHO is severely delinquent, well above the national average. A large number of local households will enter bankruptcy, only to emerge with restructured, but persistent, credit card debt. Unlike in past recessions, consumers will have to devote more of their wages to pay down debt previously forgiven before the most recent changes to the personal bankruptcy law. The drag on retail sales from households paying off debt will be more severe in PHO than the nation because of the excessive amount of bank card debt local households took on in 2007, once they could no longer withdraw equity from their homes to support spending habits. Retail trade employment will bottom in 2010 when in-migration accelerates, increasing the number of households in the area with healthy balance sheets.

Housing. Recent gains in the S&P/Case-Shiller House Price Index will be wiped out by the end of the year as seasonal factors fade and a federal tax credit expires. PHO's housing market benefits from a seasonal upswing that usually occurs between May and August and lifts the average home sales price. The swell in traditional sales has led to a decrease in the influence of foreclosure sales on prices. Additionally, a tax credit for first-time homebuyers is increasing demand, but its effects will begin to fade in October, because, to qualify, the sale must close by December 1. Delinquency rates suggest the pipeline of foreclosures will support a steady flow of distress sales through the end of the year. As the seasonal buying season ends, foreclosure sales will increase as a percentage of total sales, leading to further declines in house prices.

Tourism. Leisure/hospitality employment surprisingly increased in recent months but is poised to contract as tourism continues to languish. Hotel occupancy rates in July were off by more than 7 percentage points from a year ago, according to Smith Travel Research. This concurs with airport passenger traffic at Phoenix Sky Harbor International Airport, which was off 7% in June. Vacation travel to PHO will not pick up until well after the national recovery is at full throttle. The Conference Board's consumer confidence index has shown marked improvements in expectations six months out, but the percentage of households planning a vacation has barely budged.

Phoenix-Mesa-Scottsdale's economy will benefit from housing stimulus for the next few months, but conditions will worsen at the end of the year. Housing prices will decline through the end of the year, ensuring consumer confidence remains weak. Foreclosures will overwhelm the housing market through next year as bad mortgages work their way through the delinquency pipeline. Household balance sheets are extremely stressed, and they will weigh on consumer spending. Once house prices level off, PHO will resume its above average growth, supported by high-tech manufacturing and high-skilled office jobs.

Nathan Topper
August 2009

Moody's Economy.com • www.economy.com • help@economy.com • Précis METRO • August 2009

EMPLOYMENT & INDUSTRY

TOP EMPLOYERS

Bashas', Inc.	10,460
US Airways	10,380
Banner Health System	10,212
Intel Corporation	10,000
Boeing Company	4,600
American Express	4,229
Sun Health	4,169
Safeway, Inc.	4,137
Freescale Semiconductor	2,500
Gorilla Companies LLC	2,370
Discover Financial Services LLC	2,300
TriWest Healthcare Alliance	1,876
Empire Southwest LLC	1,800
Cox Communications Arizona	1,774
Verizon Communications	1,700
Microchip Technology	1,538
Sonora Quest Laboratories/Lab Sci. of Ariz.	1,526
Orbital Sciences Corporation	1,457
SmithField Beef Group	1,390
Chandler Regional Hospital	1,371

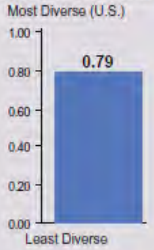
Source: Phoenix Biz Journals Book of Lists, 2009

Public

Federal	22,518
State	50,929
Local	172,121

2008

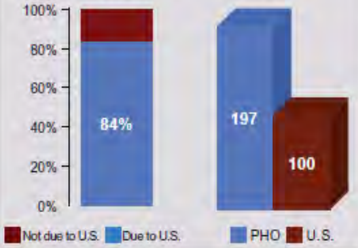
INDUSTRIAL DIVERSITY



EMPLOYMENT VOLATILITY

DUE TO U.S. FLUCTUATIONS

RELATIVE TO U.S.

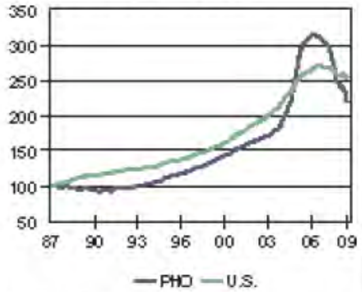


COMPARATIVE EMPLOYMENT AND INCOME

Sector	% of Total Employment PHO	AZ	U.S.	Average Annual Earnings PHO	AZ	U.S.
Construction	7.5%	7.2%	5.3%	$53,026	$48,070	$46,841
Manufacturing	7.0%	6.7%	9.8%	$76,426	$74,330	$73,465
Durable	*78.8%*	*80.1%*	*63.1%*	*nd*	*$78,074*	*$73,709*
Nondurable	*21.2%*	*19.9%*	*36.9%*	*nd*	*$58,801*	*$73,096*
Transportation/Utilities	3.6%	3.3%	3.7%	$57,655	$55,593	$59,182
Wholesale Trade	4.8%	4.1%	4.4%	$74,454	$69,283	$70,661
Retail Trade	12.1%	12.3%	11.2%	$32,903	$30,560	$28,485
Information	1.7%	1.6%	2.2%	$64,119	$60,867	$89,379
Financial Activities	7.9%	6.7%	5.9%	$41,882	$35,894	$53,540
Prof. and Bus. Services	16.5%	14.7%	13.0%	$46,827	$44,398	$56,657
Educ. and Health Services	11.6%	12.2%	13.8%	$49,406	$46,329	$43,576
Leisure and Hosp. Services	9.9%	10.3%	9.8%	$23,912	$21,813	$21,411
Other Services	4.0%	3.8%	4.0%	$25,247	$23,961	$25,015
Government	13.1%	16.6%	16.4%	$58,141	$57,720	$59,942

Sources: Percent of total employment — Moody's Economy.com & BLS, 2008; Average annual earnings — BEA, 2007

HOUSE PRICES



Source: FHFA, 1987Q1=100, NSA

CREDIT QUALITY

MOODY'S RATING	County **Aa1**

LEADING INDUSTRIES

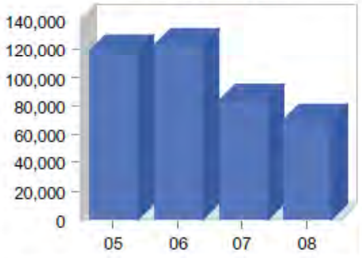
NAICS	Industry	Employees (000)
GVSL	State & Local Government	**223.0**
5613	Employment Services	**94.5**
7221	Full-Service Restaurants	**62.9**
7222	Limited-Service Eating Places	**56.8**
6221	General Medical and Surgical Hospitals	**44.9**
4451	Grocery Stores	**36.3**
6211	Offices of Physicians	**33.9**
5617	Services to Buildings and Dwellings	**33.8**
2382	Building Equipment Contractors	**33.3**
7211	Traveler Accommodation	**29.1**
2381	Foundation, Structure & Bldg. Ext. Contract.	**28.5**
5221	Depository Credit Intermediation	**24.1**
4529	Other General Merchandise Stores	**24.1**
5511	Management of Companies and Enterprises	**23.7**
3344	Semi. & Other Elect. Component Manuf.	**23.1**
	High-tech employment	**91.2**
	As % of total employment	**4.8**

Sources: BLS, Moody's Economy.com, 2008

MIGRATION FLOWS

Into Phoenix, AZ	Number of Migrants
Los Angeles, CA	11,511
Riverside, CA	5,598
Tucson, AZ	5,401
Chicago, IL	4,413
Santa Ana, CA	3,921
San Diego, CA	3,920
Las Vegas, NV	2,887
Prescott, AZ	2,204
Denver, CO	2,182
Seattle, WA	2,169
Total Inmigration	151,082
From Phoenix, AZ	
Tucson, AZ	4,275
Prescott, AZ	3,461
Los Angeles, CA	2,964
Denver, CO	2,531
Las Vegas, NV	2,529
San Diego, CA	2,473
Riverside, CA	2,242
Chicago, IL	2,083
Seattle, WA	1,920
Flagstaff, AZ	1,855
Total Outmigration	111,020
Net Migration	**40,062**

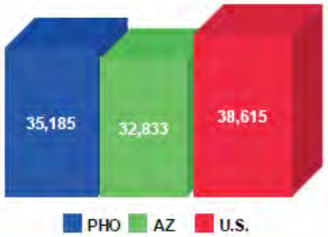
Net Migration, PHO



	2005	2006	2007	2008
Domestic	98,699	102,954	65,949	51,077
Foreign	20,484	20,602	18,542	18,671
Total	119,183	123,556	84,491	69,748

Sources: IRS (top), 2007; Census Bureau, 2008

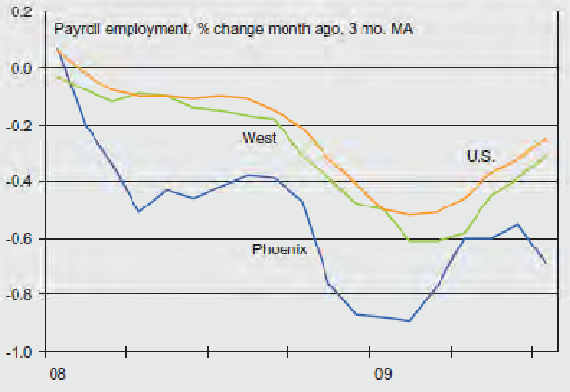
PER CAPITA INCOME



Source: Bureau of Economic Analysis, 2007

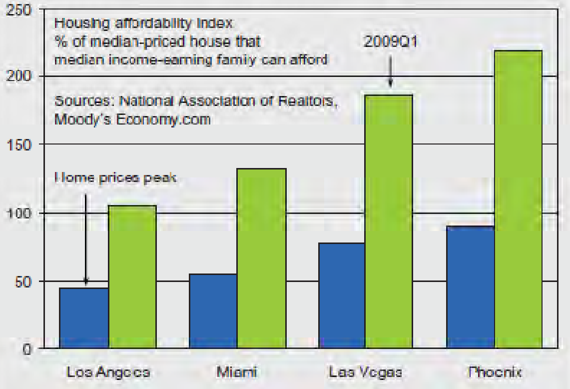
Phoenix

Pace of Job Losses in Phoenix Diverges From National Trends

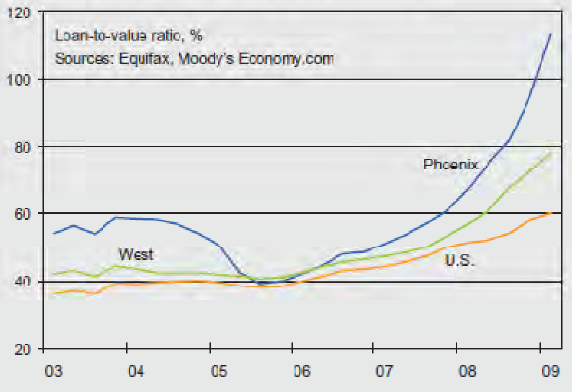


Gap in the Unemployment Rate Narrows

House Price Correction More Pronounced in Phoenix

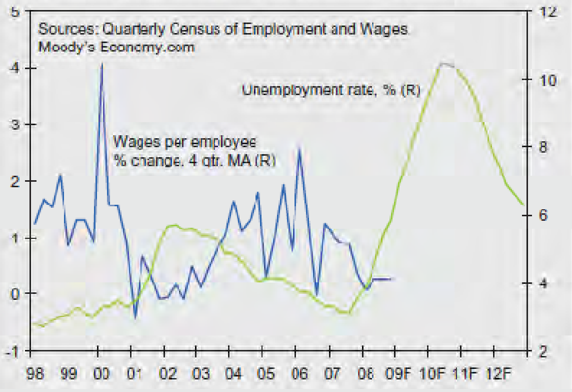


There Are a Lot of At-Risk Mortgages Outstanding



Severe house price declines and excessive leverage will limit the effectiveness of cramdown and interest rate modification programs in PHO, dooming it to a harsh housing market correction. According to Moody's Economy.com, an estimated 39% of homeowners in the metro area have negative homeowners' equity, which is often a good leading indicator of eventual mortgage loan default. If a homeowner has only a small amount of negative equity, reducing the interest rate on a loan can encourage an owner to become current to avoid further erosion of their credit score. However, homeowners in PHO have large levels of negative equity.

Stagnant Wages Will Be a Drag on Consumer Spending

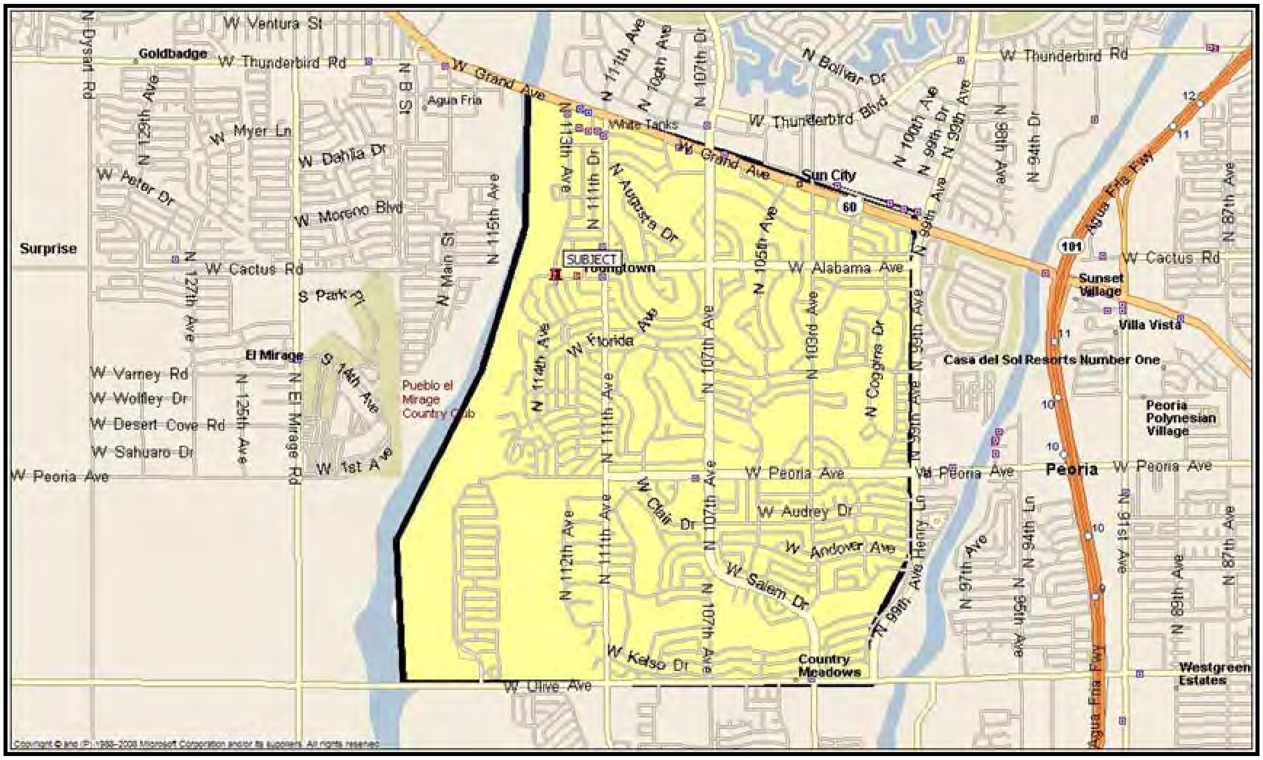


Wage growth will not improve until several quarters after the recovery has taken hold in PHO. In the near term, weak wage growth is being offset by negligible consumer price inflation, maintaining residents' purchasing power. However, there is a risk that by the end of next year, PHO could lag the national recovery. This situation would cause consumer prices to rise because of improving macroeconomic trends, but local employees would not see gains in their paychecks. Housing-related industries cannot be counted on to drive solid wage growth like they did during the middle of the decade. Household spending cuts in durable goods and luxury goods would ensue.

Neighborhood Analysis

The key focus of the neighborhood analysis is not as much competition-oriented as it is physical and use oriented. More specifically, this analysis describes the area of generally homogenous uses within which the subject is located. This neighborhood is not intended to reflect the competitive neighborhood of the subject; however, it instead reflects the neighborhood in physical proximity to the subject. Our assessment of the subject neighborhood is presented as follows:

NEIGHBORHOOD MAP



NEIGHBORHOOD TRAITS

Boundaries

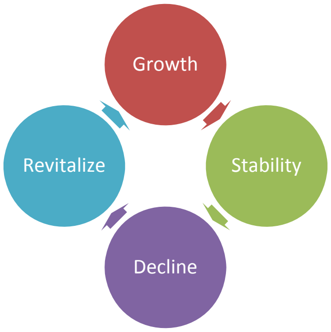
	Neighborhood	**Abutters**
North	US-60	Residential
East	N 99th Ave	Industrial Uses
South	W Olive Ave	Single-Family Residential
West	waterway	Vacant Land

Type of Neighborhood	Mixed-use

Composition

	Present	**Prevalence**
Agriculture	No	None
Community (Recreation)	Yes	Low
Hospitality	Yes	Low
Industrial	Yes	Low
Medical	Yes	Low
Office	Yes	Low
Public/Governmental	Yes	Low
Residential (Single-Family)	Yes	Moderate
Residential (Multi-Family)	Yes	Low
Retail	Yes	Low

Neighborhood Cycle



Demand Generators

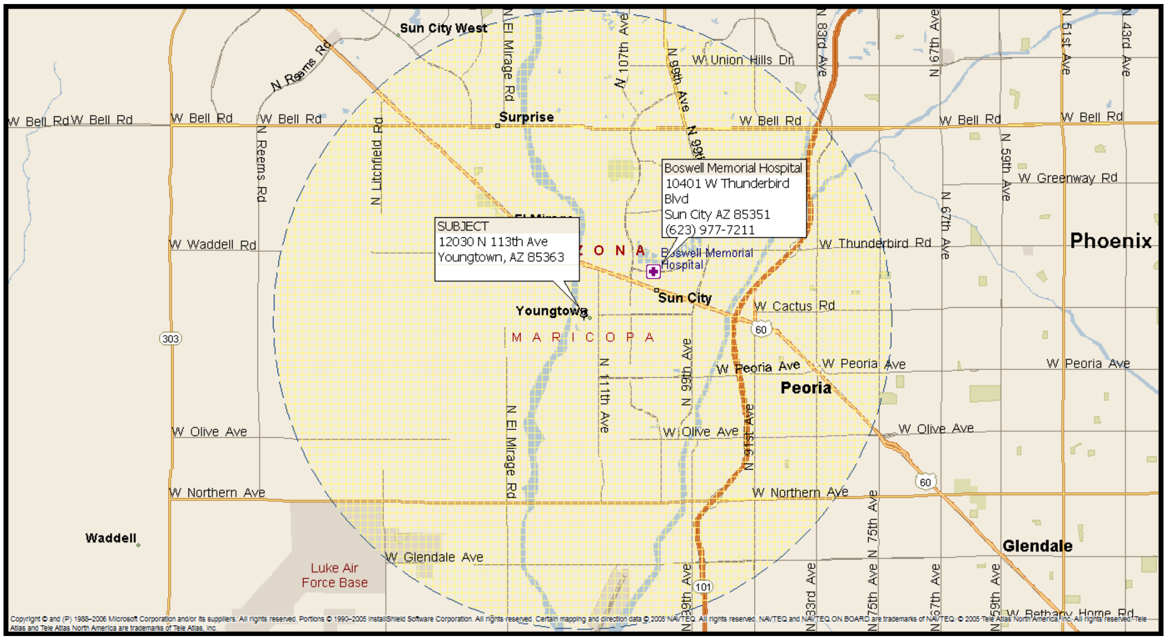
Hospital	Yes
Regional Mall	No
Churches	Yes
Seniors Housing	Yes
Adult Children Homes	Yes

Access/Influences

Local Area Access	Grand Avenue
Regional Ingress/Egress	I-10 and I-17
Neighborhood Cycle	Stability
Neighborhood Influence	Positively impacts the subject

Proximity to hospitals is often an important consideration when selecting a seniors housing community. Nearby hospitals are identified in the following map and table:

HOSPITAL MAP



SUBJECT
12030 N 113th Ave
Youngtown, AZ 85363

Boswell Memorial Hospital
10401 W Thunderbird Blvd
Sun City AZ 85351
(623) 977-7211

SUMMARY OF NEARBY HOSPITALS

Hospital	Beds
Boswell Memorial Hospital	492

Source: Thomson Profiles of U. S. Hospitals

COMPETITIVE MARKET ANALYSIS

Regulatory Overview

Independent Living: Typically, there are no regulations for freestanding independent living, which generally has the same requirements from a regulatory standpoint as any multifamily development. However, independent living units that are in a continuum of care that offers some level of lifecare, are often regulated by the state's Department of Insurance.

Assisted Living: State regulations vary considerably for this level of care, ranging from states that have no regulations and classify them as hotel/motel properties to states that are considering some type of CON regulations. It is probable that, in the future, as state reimbursement becomes more common, some type of barrier to entry legislation will become common.

States typically feel that use of CON or similar legislation enhances profitability in that full occupancy is more efficient than partial occupancy, and ruinous competition is a danger to the industry and quality of care overall. As the subject is located in Arizona, which has regulatory legislation, at this point it is appropriate to review this legislation and the impact it will have on the subject and residences in the market.

Arizona Assisted Living Legislation: The State of Arizona licenses assisted living facilities according to size and levels of care. Facilities with ten or fewer beds are classified as an assisted living home and facilities with 11 or more beds are considered an assisted living center. There are three categories of service: (1) Supervisory Care; (2) Personal Care; and (3) Directed Care. Supervisory care is similar to independent living and does not permit assistance with ADLs. Personal care provides standard assisted living services. Directed care is the highest level of assisted living care and allows cognitive stimulation and activities to maximize functioning. This level provides services to Alzheimer's and dementia residents.

Regulatory requirements include three meals a day with not more than 14 hours between the evening meal and the morning meal; no more than two residents in a unit or bedroom; heating and cooling systems must maintain the facility at a temperature between 68 to 85 degrees at all times; there must be at least 80 square feet of floor space for a resident in a private bedroom; there must be at least one tub or shower for each eight individuals in a facility; a residential unit must contain at least 220 square feet. A complete description of all regulatory requirements is contained in Title 9: Health Services, Chapter 10, Supp. 03-3.

The Arizona Long Term Care System (ALTCS) is a program for low-income residents. The income limit is $1,656 per month and resources are limited to $2,000 for a single individual and $3,000 for a couple.

Definition of Primary Market Area

The 2009 Overview of Assisted Living completed by the Assisted Living Federation of America (ALFA) in conjunction with AAHSA, ASHA, NCAl and NIC indicates that typical assisted living residences draw 85% of their residents from within 15 miles, which shows a change from five years earlier when 73% of the demand would emanate from within a 15-mile radius.

However, we estimate that 100% of the demand for the subject's services emanate from within the PMA. We point out that while residents may reside in a community from outside the primary market, conversely residents will also leave the primary market to reside elsewhere. Thus, while we do consider the prevalence of migration in and out of the PMA within our penetration analysis, it is viewed as being anecdotal in nature and difficult to quantify. Moreover, the Claritas projections serve to estimate the future migration, as it pertains to the subject's PMA. However, as we will discuss later in the following sections, prevalence of adult children are a primary indicator of migration.

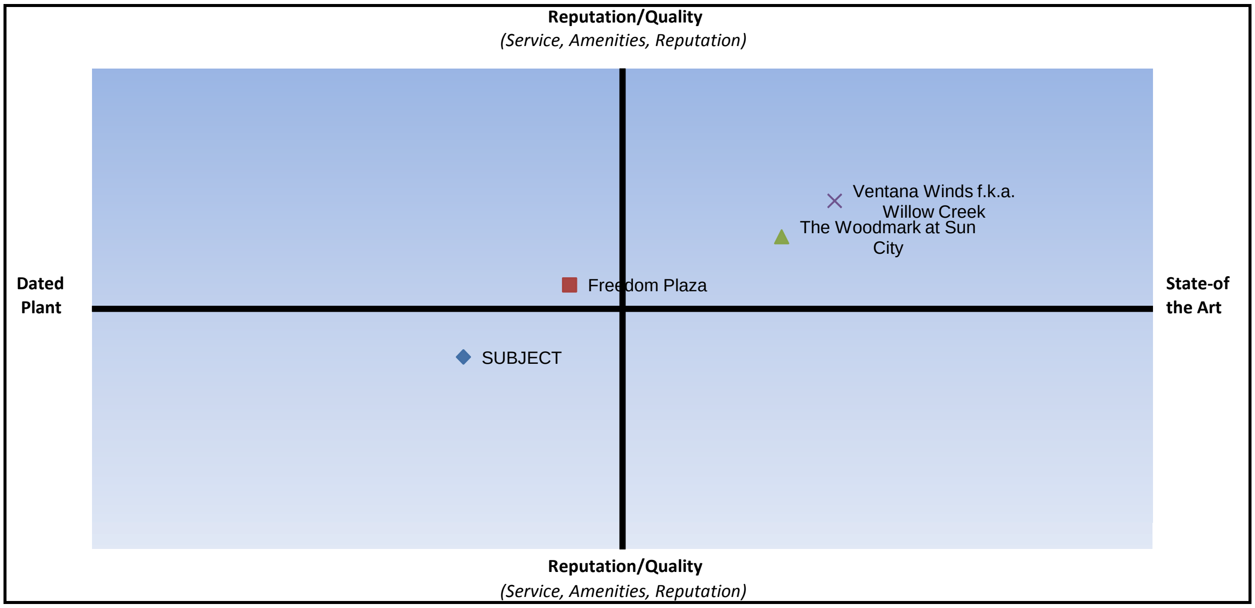
Based on our interviews with both executive directors and directors of marketing at comparable projects in the area, including the subject's operator, we have determined that the subject's primary market area (PMA) is a five-mile radius.

Supply Analysis

The subject's management identified the following communities as being its primary competitors:

- Freedom Plaza
- The Woodmark at Sun City
- Ventana Winds f.k.a. Willow Creek

We find the following relationship among the subject and its primary competitors:



In terms of measuring the PMA supply, while we considered management's opinion of primary competition, we have only included units in the PMA that house seniors that are comparable to the subject.

Consequently, we have excluded those facilities considered to be "mom and pop", generally containing less than 25 beds or operating out of a skilled nursing wing. With regard to assisted living and memory care, we have broken out our supply estimates separately. However, we have added back the memory care supply to assisted living, noting that the former is a subset of assisted living, with prospective memory care residents qualifying for occupancy within a traditional assisted living environment. We estimate the total number of existing and proposed beds/units in this market as presented in the following table(s):

AL SUPPLY

Assisted Living Beds

	PMA	
	2009	2014
Freedom Plaza Care Center	65	65
Royal Oaks Life Care Center	64	64
Willow Creek Assisted Living	90	108
The Woodmark at Sun City	101	101
Sterling House of Peoria	50	50
Amethyst Senior Living	41	41
Baldwin House	50	50
Subject	78	78
All Other	620	674
Total	1159	1231
@ 100% from PMA	1159	1231
Plus Memory Care	1470	1558

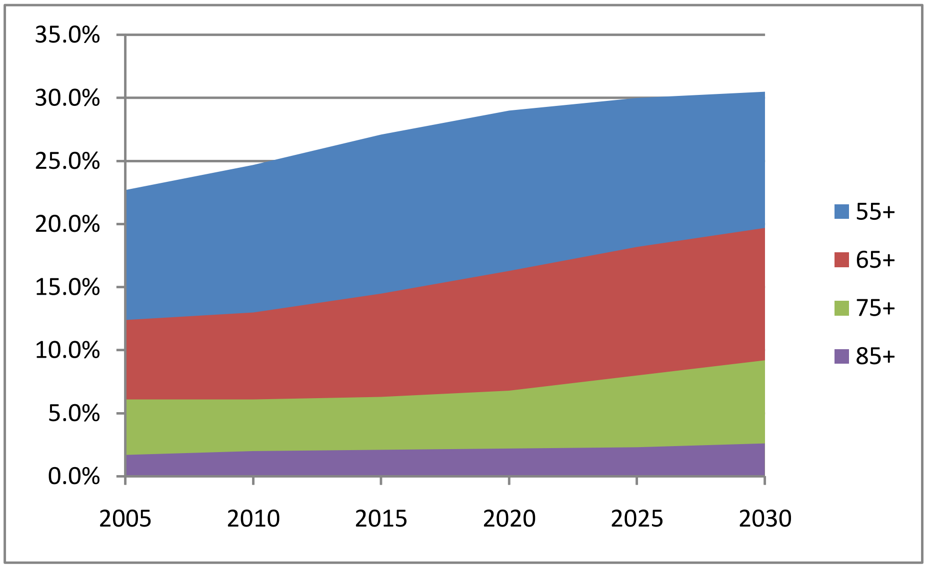
Demand Analysis

A major factor in estimating potential market demand for communities such as the subject involves an analysis of the number of residents within the primary market area that are qualified for residency in terms of age and income level. Prospective residents for a seniors housing community such as the subject are at least 65 years of age or older, have sufficient income to cover monthly rental fees and other living expenses. Historical and anticipated growth in the senior age groups, nationally, is presented in the following table:

PROPORTION OF TOTAL POPULATION THAT WILL BE 55+

Age	2005	2010	2015	2020	2025	2030
55+	22.7%	24.7%	27.1%	29.0%	30.0%	30.5%
65+	12.4%	13.0%	14.5%	16.3%	18.2%	19.7%
75+	6.1%	6.1%	6.3%	6.8%	8.0%	9.2%
85+	1.7%	2.0%	2.1%	2.2%	2.3%	2.6%

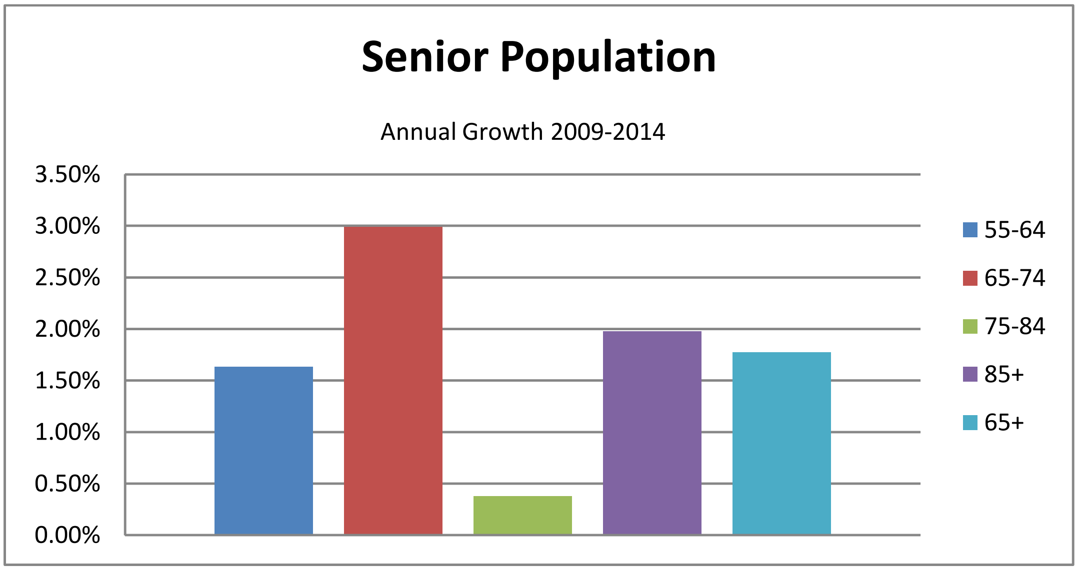
Source: US Census Bureau 2004 "US Interim Projections by Age, Sex, Race and Hispanic Origin



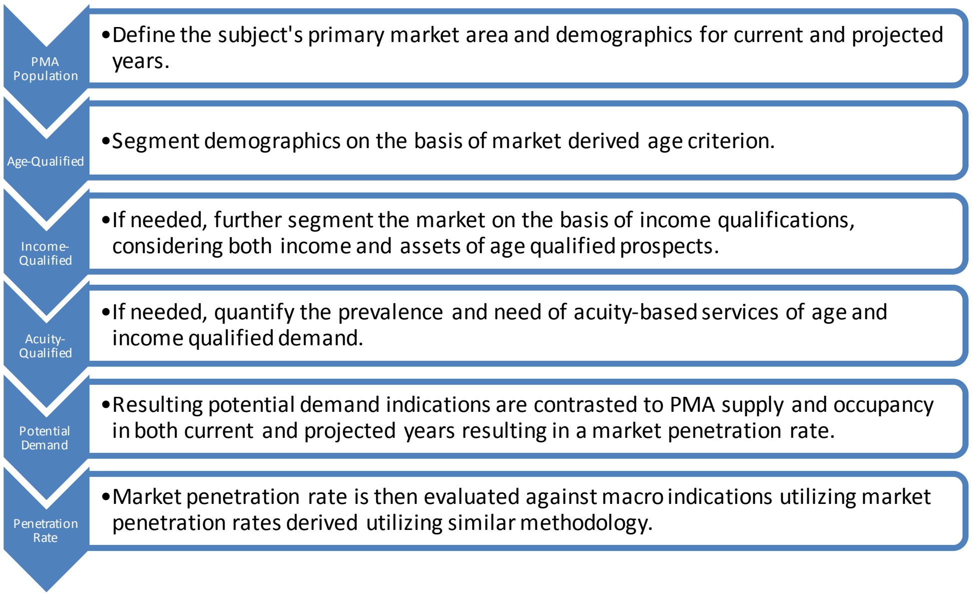
The elderly group age 85 and over represents the fastest-growing segment of the U.S. population. According to the US Census Bureau, there were 4.3 million seniors aged 85+ in 2000 and this segment will swell to 20.9 million by 2050. This is a key market for the seniors housing industry because 44% of those over 85 need long-term care or assistance with activities of daily living. As a result, industry analysts project strong growth in seniors housing revenue through the end of the decade and beyond.

In terms of identifying potential demand, we have begun with the examination of the number of households with persons at least 65 years of age. While we note that residents residing in senior housing communities are generally much older than 65 years of age, we have utilized this cohort as minimum standard for residency in order to better reflect potential demand source across all product types.

Please note that the senior population estimates and projections prepared by Claritas are presented in the addenda of this report. A summary of the estimated senior population and growth rates for the PMA are presented in the following chart:

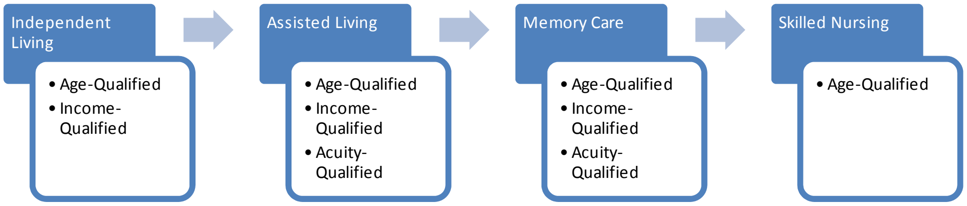


In order to test the viability of the market, we have surveyed current and future supply pattern, analyzing age, size, amenities and service package. Moreover, we have analyzed market occupancy, current and future penetration rates, historical rate growth, development interest and the geographic composition. We firmly believe that characterizing a market based on any single factor can be inaccurate and misleading. Overall, we utilize the following process in identifying demand for senior's housing communities.



- Define the subject's primary market area and demographics for current and projected years.
- Segment demographics on the basis of market derived age criterion.
- If needed, further segment the market on the basis of income qualifications, considering both income and assets of age qualified prospects.
- If needed, quantify the prevalence and need of acuity-based services of age and income qualified demand.
- Resulting potential demand indications are contrasted to PMA supply and occupancy in both current and projected years resulting in a market penetration rate.
- Market penetration rate is then evaluated against macro indications utilizing market penetration rates derived utilizing similar methodology.

In terms of care levels, the following criterion is utilized by level of care:



In addition to reviewing the demographics, it is important to account for the ALFA's 2009 Overview of Assisted Living indicates the following prior residences before moving into an assisted living residence:

RESIDENCE PRIOR TO MOVING INTO AN ALR

	AL/MC	IL/AL
Private Home	71.6%	70.1%
Family Residence	9.5%	6.9%
Different ALR	6.1%	6.9%
Independent Living Community	6.8%	13.8%
Nursing Home	6.1%	2.3%

Source: 2009 Overview of Assisted Living

As previously mentioned, we have relied on estimates and projections of senior population in the subject PMA prepared by Claritas. During discussions with senior management at Claritas, we learned that per census procedures, Claritas' household estimates only reflect seniors living in their primary residence acting as head of household. Therefore, the income statistics will not reflect that portion of the demand that emanates from nursing homes (institutionalized population) or within a family residence not acting as head of household. Thus, we have calculated a factor for each level of care in order to more accurately reflect demand sources not captured within the census data provided by Claritas. Based on this premise, we have adjusted the household numbers, which we refer to as a Claritas Factor, as follows:

DEMAND CAPTURED BY CLARITAS

	AL/MC	IL/AL
Private Home	71.6%	70.1%
Different ALR	6.1%	6.9%
Independent Living Community	6.8%	13.8%
Total	84.5%	90.8%
Corresponding Claritas Factor (Inverse of Total)	1.18	1.10

Source: 2009 Overview of Assisted Living

Thus, we can, nonetheless, reasonably estimate total demand in the PMA by using the information prepared by Claritas and dividing it by the ratio of total demand the private residence component represents. For example, for independent living, if we calculated the current total of age/need/income-qualified households in the market, we can divide it by 90.8% to reach an estimate of total private pay demand:

Claritas Household Demand/90.8% = 100% of IL demand
= 1/0.908
= 1.10

Please note that for the purposes of this analysis, we have also applied the relevant factors for the AL and memory care populations of 1.18.

Additionally, we need to adjust the household data in order for it to be viewed in terms of population. This is only done for assisted living and memory care, as independent living communities generally only attract the entire household, and rarely utilized semi-private accommodations of unrelated individuals. Accordingly, on the supply side, we only view the number of units as opposed to the number of residents or beds.

Therefore for assisted living and memory care, we have adjusted the household figures by dividing the adjusted 65 and up population by the number of 65 and up households. The adjusted population is calculated by subtracting the institutionalized nursing home population from the overall population. This is referred to as the Household/Population Factor in the following tables.

Independent Living

According to the American Seniors Housing Association (ASHA) 2003 study *The Benefits of Independent Living Communities* surveyed residents and non-residents of independent living communities, and found the following conclusions and key findings:

- There were no differences between the abilities of residents of an ILC and those who are not in walking, getting out of bed, bathing, dressing, or toileting.

- Residents and non-residents view their health status equally, despite residents having been more likely to have been in a hospital, used an assistive device, report difficulty in climbing stairs and lift heavy objects in the previous two years.

- A statistically greater proportion of ILC residents have long term care insurance when compared to those not residing in an ILC.

Primary reasons for residents choosing the particular community included

- Location
- Layout and design of community
- Friendliness of staff
- Cost

Primary reasons for residents moving out of their primary residence include:

- Health problems of respondent or spouse
- Passing away of spouse
- Desire to be relieved of home maintenance
- Desire for social contact
- Because the respondent and/or spouse needed nursing care services

Overall, independent living is ultimately viewed as a lifestyle choice, as opposed to a need based services. Consequently, we have only viewed the age and income criterion as driving factors for residency at the subject.

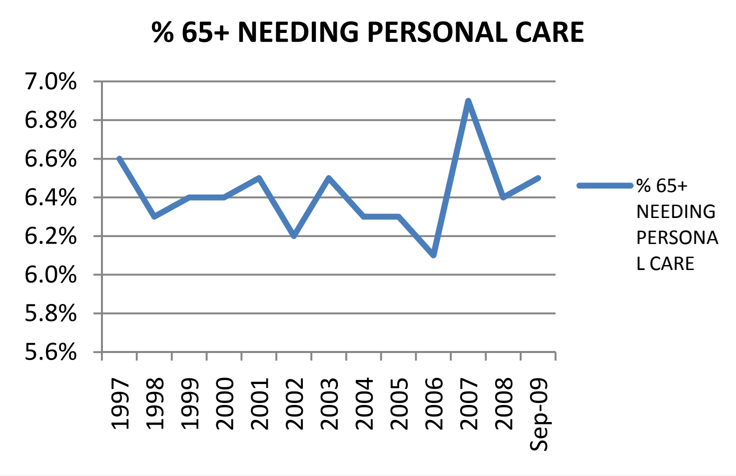
Assisted Living

The *National Health Interview Survey* is conducted by the Center for Disease Control *and* utilizes data based on household interviews of a sample of the civilian non-institutionalized population identifying personal care needs among those aged 65 and up. Personal care needs are defined as requiring assistance with any Activity of Daily Living (ADL). The NHIS has been conducted continuously since 1957, with the primary objective of monitoring the health of the United States population. The cross sectional study includes a sample size of approximately 35,000 households and 87,500 persons, allowing for the valid reporting of health status and limitations, injuries, healthcare access and utilization in the US. The publication is widely accepted throughout the industry, including the American Seniors Housing Association. Over the last seven years the survey has found the following, though we note that the while there are variances year to year, they have not been defined as statistically significant:

% 65+ NEEDING PERSONAL CARE

Year	%	95% CI Interval
1997	6.6%	6.1% - 7.1%
1998	6.3%	5.9% - 6.8%
1999	6.4%	5.8% - 6.9%
2000	6.4%	5.9% - 6.9%
2001	6.5%	6.0% - 7.0%
2002	6.2%	5.7% - 6.7%
2003	6.5%	6.0% - 7.1%
2004	6.3%	5.8% - 6.8%
2005	6.3%	5.8% - 6.8%
2006	6.1%	5.4% - 6.7%
2007	6.9%	6.2% - 7.6%
2008	6.4%	5.8% - 7.0%
Sep-09	6.5%	5.8% - 7.2%

Source: NHIS



Thus, in order to estimate potential demand for assisted living services we have applied the following personal care factors to the respective age groups:

PERSONAL CARE NEEDS

Age Group	Percent
65-74	3.4%
75-84	7.0%
85+	19.9%

Source: CDC National Health Interview Survey

Alzheimer's Care

In estimating potential demand for Alzheimer's care we have surveyed the *Prevalence of Dementia in the United States: The Aging, Demographics and Memory Study published in October, 2007* and performed by Plassman, et al for Duke University Medical Center in which a nationally representative sample of individuals 71 and older from the *Health and Retirement Study* were evaluated for dementia vie a comprehensive in-home examination. This is the first nationally representative population-based study of dementia within the United States. Based on the study the prevalence of Alzheimer's Dementia among those 71 and older was 9.7%; however, this statistic does not differentiate between the level of Alzheimer's Dementia, thus not all would be candidates for traditional memory care units. The most recent data we have found on prevalence of moderate and severe dementia is from a study released by the GAO in 1998, which found the following prevalence rates:

ALZHEIMER'S PREVALENCE RATES

	Mild, Moderate & Severe	Moderate or Severe
65-74	1.63%	0.92%
75-84	6.45%	3.53%
85+	24.58%	14.54%

Source: GAO Alzheimer's Disease

Accordingly, we have only considered the statistics relevant to moderate or severe dementia to be eligible for occupancy within memory care units.

Income-Qualifications (IL/AL/MC)

Based on the subject's in-place rents and rental comparables, we have estimated a minimum monthly fee for the subject, multiplied by 12 months and assuming that the rental fee would account for 75% of all living expenses. We note it is inappropriate to utilize an average rent as we are estimating the actual demand for units in the subject's price range. Therefore, the following annual minimum incomes (rounded) would be required:

ANNUAL INCOME THRESHOLD

Level of Care	Minimum Monthly Rate	Income Threshold
Assisted Living	$1,075	$17,200

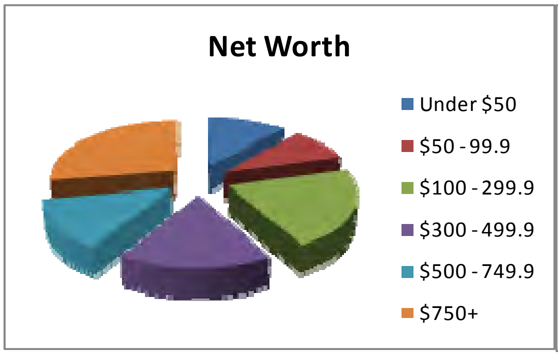
Claritas household income demographics are compiled from census data, which generally defines income as receipts for the previous year. Consequently, we find that while household income is generally a good indicator of affordability for the subject's services, it does not necessarily correlate into a prospective resident's ability to pay for services. Moreover, in terms of affordability a prospective resident's net worth must be considered as assets are often spent down and home equity is tapped in order to meet housing and expense obligations. As provided within the *2008 Seniors Housing Statistical Handbook,* the following income vs. net worth characteristics were comprised residents of independent, assisted and CCRC residents:

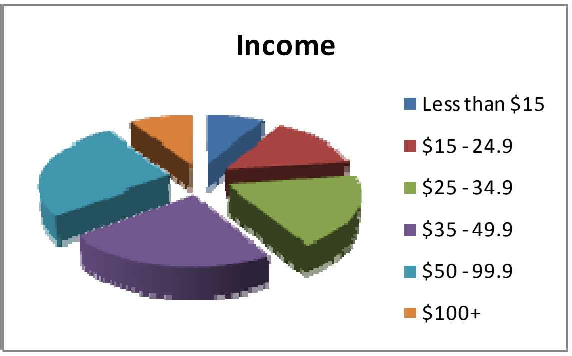
INCOME AND NET WORTH OF RESIDENTS					
		Overall	**Independent Living**	**Assisted Living**	**CCRC**
Income					
In Thousands	Less than $15	8.4%		$11.5 Lower Quartile	
	$15 - 24.9	14.3%		$18.9 Median	$21 Median for AL
	$25 - 34.9	18.8%	$26 Lower Quartile		$27.5 Median for SNF
	$35 - 49.9	22.9%	$40 Median	$36.0 Upper Quartile	$48.8 Median for IL
	$50 - 99.9	26.4%	$60 Upper Quartile		
	$100+	9.1%			
Net Worth					
In Thousands	Under $50	11.5%			
	$50 - 99.9	9.1%		$62 Lower Quartile	$250 Median for SNF
	$100 - 299.9	21.3%	$100 Lower Quartile	$205 Median	$281 Median for AL
	$300 - 499.9	16.8%	$400 Median		
	$500 - 749.9	13.6%		$564 Upper Quartile	$569 Median for IL
	$750+	27.7%	$800 Upper Quartile		

Source: American Seniors Housing Association The Benefits of Independent Living Communities, 2003

Assisted Living Federation of America, with AAHSA, ASHA, NCAL< and NIC, Overview of Assisted Living, 2009.

American Association of Homes and Services for the Aging, with ASHA and NIC, Continuing Care Retirement Communities: 2005 Profile





The 2006 and 2009 Overview of Assisted Living indicated the following sources of primary payment:

PRIMARY PAYMENT SOURCE				
	2006	**2009**	**2006**	**2009**
	AL/ALZ		**IL/AL**	
Self	57.9%	63.5%	66.3%	82.6%
Family	30.9%	14.7%	14.7%	7.0%
Insurance	4.7%	7.1%	3.3%	3.5%
Medicaid	2.6%	12.2%	13.6%	5.8%
SSI	1.3%	1.9%	2.2%	1.2%
VA	2.6%	0.0%	0.0%	0.0%
Unknown	0.0%	0.6%	0.0%	0.0%

Source: 2006 and 2009 Overview of Assisted Living

As seen in the foregoing, residents are not typically responsible for their entire fee within senior housing communities. Further, if we view typical incomes of residents with current average fees, it is apparent that a resident's income is not the primary source of funds:

INCOME TO CHARGE COMPARISON

	Average Monthly Rate^	Annual Income Threshold*	Median Income of Resident**	$ Surplus/ Shortfall	% Shortfall/ Surplus
Independent Living	$2,500	$39,993	$40,000	$7	0.02%
Assisted Living	$3,496	$55,942	$18,900	$-37,042	-66.21%

^NIC MAP 1st Quarter 2010

*Average Monthly Rate/75%*12

**The Benefits of Independent Living Communities, 2003 & Overview of Assisted Living, 2009.

Therefore, while our analysis will focus on the income-qualified senior, we must recognize that for private pay communities, adult children and long-term care insurance policies are often covering a senior who has lower than required annual income and resources. Moreover, residents are also likely to spend down their assets in order to utilize care, particularly for higher levels of care (assisted living and memory care). Because household income statistics provided by Claritas only include money receipts (pension income, social security income, etc.) for a given year, they do not include the following sources that could also fund residency:

- Stocks, bonds and other liquid assets
- Assistance from family
- Home equity
- Medicaid Waivers

Consequently, we have adjusted our income-qualifications below that of the income threshold calculated previously to account for these additional sources of income. We have viewed those residents indicating incomes of $25,000 - 100,000 for assisted living. We note that the difference between the required minimal income and the concluded income qualification used reflects spending down of assets associated with a resident's net worth, assistance from adult children and other sources including long-term care insurance.

Finally, based on the foregoing, we have calculated the potential demand for seniors housing as shown:

DEMAND INDICATIONS

Assisted Living

	PMA	
	2009	2014
65+ Population	51,323	56,038
Nursing Home Population	1,457	1,482
Adjusted 65+ Population^	49,866	54,556
65+ Households	31,722	34,154
Annual Minimum Income Threshold	$17,200	
Median Owner-Occupied House Value	$166,632	$185,237
Income Qualification:	$25,000 - 100,000	
Age and Income Qualified Households		
65-74	7,707	8,879
75-84	7,874	8,208
85+	3,718	4,191
Personal Care Factor by Age		
65-74	3.40%	3.40%
75-84	7.00%	7.00%
85+	19.90%	19.90%
Households Meeting Income and Acuity	1,553	1,710
Household/Population Factor*	1.57	1.60
Claritas Factor	1.18	1.18
Potential Assisted Living Demand	2,893	3,237

*Adjusted Population/Households

^General Population less Nursing Home Population

Source: HealthTrust, LLC

Penetration Analysis

For the purpose of this analysis, the market penetration rate is measured as the number of residents from the PMA living in seniors housing communities divided by the total number of age/income/need qualified households. It can be expressed as:

[Market Occupancy x Supply x Ratio from the PMA]/Income-Qualified Demand

The market penetration rate is viewed as a comparison of supply and demand relative to a snapshot in time for both the current year and projected year based on information available as of the date of the inspection. Based on the PMA average occupancy level, we find that the market is currently demonstrating the following penetration level:

PENETRATION ANALYSIS

Assisted Living

	PMA	
	2009	2014
Total Supply	1470	1558
Market Occupancy	91%	
Total Potential Demand	2,893	3,237
Penetration Rate	46.04%	43.60%

Source: HealthTrust, LLC

Penetration rates are indices that represent the relationship between supply and demand, which allow for meaningful comparison to the broader market. Unlike other real estate asset classes, penetration rates are not to be analyzed on the basis of their absolute value, but rather used for their relative values when compared to the larger market. More clearly, due to the imperfect nature of the available data, resulting penetration rates can sometimes lead to indications that could be construed as being misleading. For example, a penetration rate in excess of 100% is not necessarily indicative of a saturated market, but only to the extent of how it relates to other market derived penetration rates using identical methodology. In doing hundreds of appraisals and market studies annually of senior housing properties, we have found the following significant trends and conclusions:

- Markets with high penetration rates have better-educated populations with regards to the seniors housing product type. Further, among the 100 MSAs, there is a positive correlation between penetration rates and occupancy levels. Conversely, as penetration rates increase, average rents decrease, indicative of a competitive market.

- Based on our analysis of the 100 largest MSAs, we find a significant variance in assisted living and memory care penetration rates for the largest 31 MSAs relative to that of the smaller MSAs (32-100). Generally, the latter indicates on average, 25% to 35% higher penetration rates, depending on age and income qualifications. Further, in our experience, we find this variance to be even more pronounced within tertiary markets. While, it's anecdotal, we attribute this to the following:

    - Greater in-migration from rural out bounding areas due to availability of healthcare resources.

  - Fewer living options available within the secondary markets relative to the larger, metropolitan markets.
  - Smaller sized markets allow for increased education and product awareness.

- Adult Children (45-64 age cohorts) play a primary role in the decision process for a prospective resident with regard to assisted living and even more so to memory care. Higher penetration rates among adult children reflect net-in migration for the particular service and result in increased penetration. This is not necessarily the case for independent living, where no correlation is found among adult children.

- Availability of State Assistance (Medicaid) is a driving demand force for senior housing properties. The utilization of such programs allows for increased access to residents who could otherwise not afford the product, thereby resulting in higher penetration rates. States with high utilization of State Assistance include North Carolina, Oregon and Washington.

Overall, while penetration rates provide a barometer for the makeup of a particular market, in analyzing any market, primary weight is placed on market occupancy levels, once adjusted for variances among the age and quality of assets available.

Market Categorization

In order to categorize the market, we have compared the subject's PMA against the 100 largest MSAs. In order to provide for industry benchmarks, we have utilized supply estimates from 1st Quarter NIC MAP and applied our supply and demand methodology previously described. The subject's PMA relative to the broader market is as follows:

ASSISTED LIVING						
	Top 100 MSA Benchmark			**MSA**	**Subject PMA**	
	Median	Lower Quartile	Upper Quartile	Phoenix, AZ	2009	2014
Average Occupancy	89.30%	87.21%	91.55%	89.06%	90.60%	90.60%
Average REVPOR	$3,496	$3,222	$3,741	$3,506	N/A	N/A
Median House Value	$173,333	$131,269	$234,703	$208,311	$166,632	$185,237
Penetration Rates						
$25,000 - 100,000	41.7%	31.3%	54.7%	30.4%	46.0%	43.6%

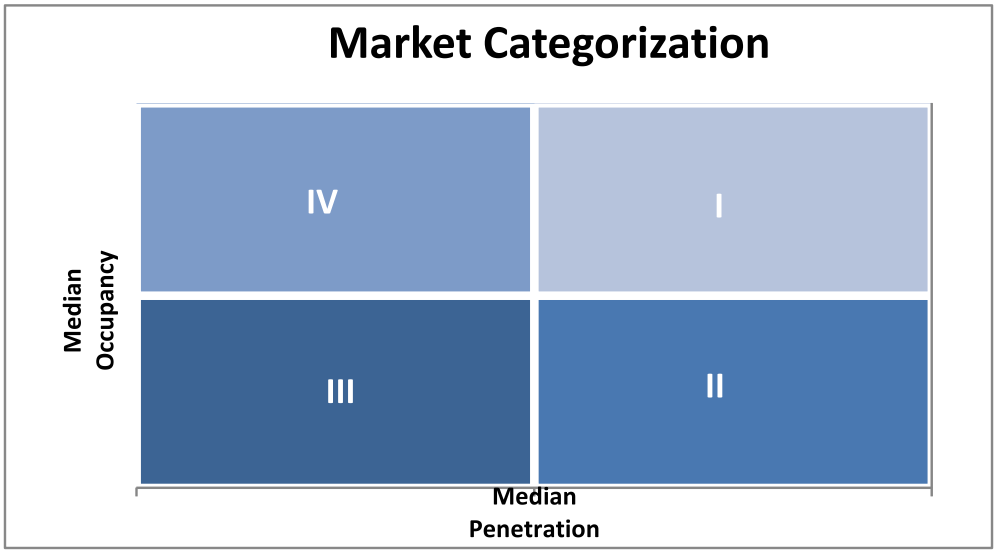
Conclusions

Based on its estimated stabilized occupancy level, we find the market's AL penetration is above the median and the memory care penetration is above the median of the 100 MSAs, but within the quartile range. Relative to the Phoenix MSA, the subject's penetration and occupancy rate are higher.

Our observations of hundreds of markets annually resulted in the following general interpretation of market indicators:

MARKET ANALYSIS INTERPRETATION			
Category	**Occupancy**	**Penetration**	**Market Conclusion**
I	PMA > NIC MAP Median	& PMA > Median	PMA has positive rate growth and absorption. May have net in-migration and/or prevalence of state assistance. Experienced and highly competitive market with potential of moving into II or IV depending on demographic growth and/or proposed supply.
II	PMA < NIC MAP Median	& PMA > Median	PMA is overbuilt, low/negative rate growth and low/negative absorption. Market may be skewed by dated, uncompetitive communities.
III	PMA < NIC MAP Median	& PMA < Median	PMA's consumers are not fully accepting or are inexperienced with seniors housing and/or market has net out-migration
IV	PMA > NIC MAP Median	& PMA < Median	PMA has significant potential and is under-served with high rate growth and occupancy, indicating unmet demand.

Source: HealthTrust LLC



The subject is best characterized as a Type I market, and is expected to remain so over the next five years. While this model is not an indicator of outright feasibility for the subject, this does suggest that at present, and over the next five years, the market risk will not increase significantly enough to offset demand and that were the subject introduced during this period, it would not cause a significant change in the current balance between supply and demand. Therefore, our review of the local market indicates that there is positive demand for seniors housing properties to support development of the subject. Furthermore the following valuation analysis suggests that it is feasible as well.

HIGHEST AND BEST USE

Highest and best use is an appraisal concept defined as that use of many possible and legally allowable alternative uses, which may reasonably be expected to produce the greatest net return to the property in the foreseeable future. In order to estimate the highest and best use of the subject property, we have considered the possible and most probable uses of the site, including those uses for which the land is adapted with respect to size, configuration, contour, and location. In particular, we considered those uses that are legally permissible, physically possible, and in conformity with existing improvements in the area, and which result in the highest economic return to the land. Legal uses permitted under local zoning ordinances have been analyzed as well as probable uses stemming from an analysis of economic aspects affecting the use of the land. This analysis is conducted as if the site were vacant to identify the ideal improvements for the site, and then as improved to compare the existing improvements to the ideal improvements.

As If Vacant

Physically Possible: The site is comprised of one parcel containing a gross land area of 1.35 acres. The site's shape is regular and its terrain is level. The building site lies in an X500 flood zone, and drainage is adequate. All utilities are available to the site and we are unaware of any soil conditions that may hinder development. Hence, the site appears to be readily developable from a physical standpoint.

The subject's immediate vicinity is developed with the following:

- ☐ Residential
- ☐ Industrial Uses
- ☐ Single-Family Residential
- ☐ Vacant Land

In summary, the site “as vacant” has few physical restrictions that would impact development of the site.

Legally Permissible: The subject is zoned R (Rural District). Permitted uses include churches, golf courses, hospitals, medical clinics, and pharmacies. The subject property is permitted as a legally non-conforming use, but we understand that it could not be rebuilt; it is our understanding, however, that the subject was zoned Rural District at the time it was built and given that the use is complementary to permitted uses, we believe that the subject would likely be approved if the site were currently vacant.

Economic Feasibility: Based on the subject’s existing use, we have focused the remainder of our efforts on seniors housing, particularly an Assisted Living Residence. As mentioned in the preceding Competitive Market Analysis, the subject’s primary market area (PMA) is a five-mile radius. Further, our supply and demand analysis indicates positive demand for the subject property, while the following valuation analysis suggests it is feasible as well. Therefore, we have concluded the subject is economically feasible.

Maximally Productive: We have identified a seniors housing development as the only use which is immediately financially feasible and would therefore provide the greatest return to the site. Hence, we have concluded that a seniors housing use is the highest and best use of the property, as vacant.

As Currently Improved

Financially Feasible: Both physical and legal issues were discussed previously in the highest and best use, as if vacant scenario. Demand within the subject's market area is considered to be adequate for the existing units, as presented in the previous analysis. Hence, we feel that continued operation of the subject is economically feasible.

Maximally Productive: It is clearly apparent that the subject is worth more as an operational enterprise than it would be were the improvements demolished and the land sold separately. As previously discussed, no other uses were considered feasible. The subject's existing improvements do meet the first three criteria for highest and best use; hence, they are also considered to represent the maximally productive use of the site. Therefore, we conclude that the subject's highest and best use “as currently improved,” is to continue operation of the Assisted Living Residence.

VALUATION ANALYSIS

Income Approach

We have been provided with the income and expense data for the subject. A copy of these statements may be found in the addenda of this report. We have carefully examined the data, deducted expenses that are not associated with the operation of an Assisted Living Residence and compared the adjusted totals with the experience of other communities. The resulting net income estimates are the basis for our valuation of the subject.

We have surveyed comparable and competitive communities in and near the subject's primary market area. These communities are described on the following pages:

RENT COMPARABLE MAP

SUBJECT

Record ID:	201007190
Property Type:	Assisted Living Residence
Name:	Fountain Retirement Hotel
Address:	12030 113th Ave, Youngtown, Maricopa, , 85363
Verification:	
With:	Rob Hess at 623-977-4273

BUILDING CHARACTERISTICS

Year Opened:	1971	**Quality:**	Average
Number Of Buildings:	1	**Condition:**	Average
Number Of Stories:	2	**Construction Type:**	Wood Frame
Land Area:	1.35 acres	**Gross Building Area:**	37,102

PROPERTY MIX

Level	Capacity	% Occupancy	Meals
IL	---	---	---
AL	65 units	77%	3 daily
ALZ	---	---	---
SN	---	---	---

LEVEL OF CARE TYPE

Level	Type	Min	Max
AL	---	---	---
ALZ - AL	---	---	---
Other	---	---	---

PROJECT AMENITIES

- Activity rooms
- Arts & crafts rooms
- Assistance w/ ADLs
- Dining room - main
- Game/billiards rooms
- Housekeeping
- Laundry facilities
- Linen Service
- Lounge areas
- Postal services
- Reception Area
- Social activities
- Swimming Pool
- Utilities

UNIT AMENITIES

- Cable/satellite TV
- Emergency pull-cords
- Fire/smoke detectors
- Full kitchens
- Individually controlled HVAC
- Kitchenettes
- Private baths

SERVICE PACKAGE

- Water/Sewer
- Cable/Satellite TV
- Electricity
- Housekeeping

ASSISTED LIVING RENTAL ANALYSIS

Unit Type	Fee basis	Min Fee	Max Fee	Community Fee Min	Community Fee Max	Beds	Units	Min Size	Max Size
Semi-Private	Monthly	$1,075	---	---	---	26	13	280	---
Studio	Monthly	$1,600	---	---	---	46	46	280	---
1-Bedroom	Monthly	$2,000	---	---	---	6	6	354	---

REMARKS:
Respite charges are $75 per day.

RENTAL COMPARABLE #1

Record ID:	8061394
Property Type:	Continuing Care Retirement Community
Name:	Freedom Plaza
Address:	13373 N. Plaza del Rio Boulevard, Peoria, Maricopa, AZ, 85381
Verification: With:	Dawn at (623) 815-6100

BUILDING CHARACTERISTICS

Year Opened:	1985	**Quality:**	Above Average
Number Of Buildings:	---	**Condition:**	Above Average
Number Of Stories:	---	**Construction Type:**	Masonry
Land Area:	10.94 acres	**Gross Building Area:**	---

PROPERTY MIX

Level	Capacity	% Occupancy	Meals
IL	347 units	---	---
AL	65 units	97%	3 daily
ALZ	20 units	95%	3 daily
SN	111 beds	80%	3 daily

LEVEL OF CARE TYPE

Level	Type	Min	Max
AL	All-inclusive	---	---
ALZ - AL	---	---	---
Other	---	---	---

PROJECT AMENITIES

- Activity rooms
- Assistance w/ ADLs
- Beauty/barber shop
- Courtyard
- Dining room - main
- Dining room - private
- Exercise facilities
- Game/billiards rooms
- General store
- Housekeeping
- Ice cream parlor
- Laundry facilities
- Library
- Linen Service
- Lounge areas
- Postal services
- Reception Area
- Scheduled transportation
- Security 24 hour
- Skilled nursing care
- Social activities
- Swimming Pool
- Therapy Room

UNIT AMENITIES

- Cable/satellite TV
- Emergency pull-cords
- Fire/smoke detectors
- Full kitchens
- Individually controlled HVAC
- Kitchenettes
- Private baths

SERVICE PACKAGE

- Water/Sewer
- Electricity
- Housekeeping

ASSISTED LIVING RENTAL ANALYSIS

Unit Type	Fee basis	Min Fee	Max Fee	Community Fee Min	Community Fee Max	Beds	Units	Min Size	Max Size
Studio	Monthly	$3,400	---	$3,000	---	---	---	---	---
1-Bedroom	Monthly	$5,800	---	$3,000	---	---	---	---	---
2-Bedroom	Monthly	$6,700	---	$3,000	---	---	---	---	---

RENTAL COMPARABLE #1

SKILLED NURSING RENTAL ANALYSIS									
Unit Type	**Fee basis**	**Min Fee**	**Max Fee**	**Community Fee Min**	**Community Fee Max**	**Beds**	**Units**	**Min Size**	**Max Size**
Private	Daily	$258	---	---	---	---	---	---	---
Semi-Private	Daily	$215	---	---	---	---	---	---	---

CENSUS		
Care Level	**Payor Type**	**% of Current Census**
AL	Private pay	100.0%
SN	Private pay	25.0%
SN	Medicare	37.0%
SN	Other	38.0%

REMARKS:

Freedom Plaza is owned and operated by Brookdale. It attracts most of its residents from the Sun City market area. An assisted living building containing 65 units opened in April 2001. There are 2 skilled nursing facilities (Freedom Care and Plaza Del Rio) with a combined total of 239 beds. The information above is for Freedom Care only. Plaza Del Rio is written up separately. The facility offers a couple different plans including a 0% and 80% refundable entrance fee. The rates above reflect the 0% refundable option.

An 80% refundable plan is designed for those who wish to preserve the majority of their entry fee and also want protection against future healthcare expenses. It provides an 80% refund, and carries the maximum healthcare benefit. When a resident transfers into Health Center, they continue paying monthly service fee for the apartment. The 0% refundable plan provides similar healthcare benefits to that of the 80% plan, while the other 0% refundable plan has lower entrance fee but less healthcare benefits.

Only skilled nursing and assisted living information was obtained at this time. The assisted living rates are all inclusive of additional care needed.

RENTAL COMPARABLE #2

Record ID: 8061517
Property Type: Assisted Living/Memory Care Residence
Name: The Woodmark at Sun City
Address: 17207 North Boswell Blvd., Sun City, Maricopa, AZ, 85373

Verification:
With: Penny at (623) 583-7600

BUILDING CHARACTERISTICS

Year Opened:	2001	**Quality:**	---
Number Of Buildings:	---	**Condition:**	---
Number Of Stories:	---	**Construction Type:**	---
Land Area:	---	**Gross Building Area:**	---

PROPERTY MIX

Level	Capacity	% Occupancy	Meals
IL	---	---	---
AL	101 units	94%	3 daily
ALZ	36 units	94%	3 daily
SN	---	---	---

LEVEL OF CARE TYPE

Level	Type	Min	Max
AL	Points	$490	---
ALZ - AL	All-inclusive	---	---
Other	---	---	---

PROJECT AMENITIES

- Activity rooms
- Assistance w/ ADLs
- Beauty/barber shop
- Dining room - main
- Game/billiards rooms
- Housekeeping
- Linen Service
- Lounge areas
- Medications
- Reception Area
- Social activities
- Utilities

UNIT AMENITIES

- Cable/satellite TV
- Emergency pull-cords
- Fire/smoke detectors
- Individually controlled HVAC

SERVICE PACKAGE

- Water/Sewer
- Electricity
- Housekeeping

ASSISTED LIVING RENTAL ANALYSIS

Unit Type	Fee basis	Min Fee	Max Fee	Community Fee Min	Community Fee Max	Beds	Units	Min Size	Max Size
Studio	Monthly	$2,795	---	$1,000	---	---	---	---	---
1-Bedroom	Monthly	$3,095	---	$1,000	---	---	---	---	---
2-Bedroom	Monthly	$3,595	---	$1,000	---	---	---	---	---
Extra Person	Monthly	$800	---	---	---	---	---	---	---

MEMORY CARE RENTAL ANALYSIS

Unit Type	Fee basis	Min Fee	Max Fee	Community Fee Min	Community Fee Max	Beds	Units	Min Size	Max Size
Semi-Private	Monthly	$3,295	$4,495	$1,000	---	---	---	---	---
Studio	Monthly	$4,195	$5,395	$1,000	---	---	---	---	---

RENTAL COMPARABLE #2

CENSUS		
Care Level	**Payor Type**	**% of Current Census**
AL	Private pay	100.0%

REMARKS:
This community offers independent living, assisted living, and a 36-unit Alzheimer's/ dementia facility. The independent living is just the base rate without any additional levels of care, and all beds are licensed for assisted living. They charge a $1,000 move-in fee.

The assisted living care is offered on a points system. These services average around $490/month for residents. The memory care rates are all inclusive.

RENTAL COMPARABLE #3

Record ID: 8061531
Property Type: Assisted Living/Memory Care Residence
Name: Ventana Winds f.k.a. Willow Creek
Address: 12322 N. 113th Avenue, Youngtown, Maricopa, AZ, 85363

Verification:
With: Kathleen at (623) 583 2460

BUILDING CHARACTERISTICS

Year Opened:	2001	**Quality:**	Good
Number Of Buildings:	1	**Condition:**	Good
Number Of Stories:	3	**Construction Type:**	---
Land Area:	---	**Gross Building Area:**	---

PROPERTY MIX

Level	Capacity	% Occupancy	Meals
IL	---	---	---
AL	90 units	85%	3 daily
ALZ	18 units	83%	3 daily
SN	---	---	---

LEVEL OF CARE TYPE

Level	Type	Min	Max
AL	Levels	$100	$1,000
ALZ - AL	Levels	$100	$1,000
Other	---	---	---

PROJECT AMENITIES

- Activity rooms
- Assistance w/ ADLs
- Beauty/barber shop
- Courtyard
- Dining room - main
- Dining room - private
- Exercise facilities
- Game/billiards rooms
- Housekeeping
- Laundry facilities
- Library
- Linen Service
- Lounge areas
- Medications
- Reception Area
- Scheduled transportation
- Social activities
- Swimming Pool

UNIT AMENITIES

- Balconies/porches
- Cable/satellite TV
- Emergency pull-cords
- Fire/smoke detectors
- Individually controlled HVAC
- Kitchenettes
- Private baths
- Walk-in closets

SERVICE PACKAGE

- Water/Sewer
- Electricity
- Housekeeping

ASSISTED LIVING RENTAL ANALYSIS

Unit Type	Fee basis	Min Fee	Max Fee	Community Fee Min	Community Fee Max	Beds	Units	Min Size	Max Size
1-Bedroom	Monthly	$2,595	---	$500	---	---	---	830	---
1-Bedroom DX	Monthly	$2,795	---	$500	---	---	---	945	---
2-Bedroom	Monthly	$3,495	---	$1,000	---	---	---	1015	---

MEMORY CARE RENTAL ANALYSIS

Unit Type	Fee basis	Min Fee	Max Fee	Community Fee Min	Community Fee Max	Beds	Units	Min Size	Max Size
Semi-Private	Monthly	$3,295	---	$500	---	---	---	340	---
Studio	Monthly	$3,975	---	$500	---	---	---	182	---

RENTAL COMPARABLE #3

CENSUS		
Care Level	**Payor Type**	**% of Current Census**
AL	Private pay	60.0%
AL	Medicaid	40.0%

REMARKS:
This is a three-story assisted living residence with a one-story secured Alzheimer's/dementia care wing. The improvements are in good condition and the access and visibility are both good from the residential thoroughfare. They have a one-time community fee of $500 and offer additional levels of care from $100 up to $1,000/month.

They are planning on adding an additional 18 unit enhanced memory care wing by fall 2010. Rates for the enhanced wing are expected to be $3,995 for a private room and $3,595 for a semi-private room. These rooms will be completely private pay.

Estimates of Market Rent - Seniors Housing

We have surveyed the following properties that offer services similar to the subject.

ASSISTED LIVING ASKING RENTAL ANALYSIS

	Semi-Private		Studio		1-Bedroom	
Property	**Min**	**Max**	**Min**	**Max**	**Min**	**Max**
Fountain Retirement Hotel	$1,075	--	$1,600	--	$2,000	--
Freedom Plaza	--	--	$3,400	--	$5,800	--
The Woodmark at Sun City	--	--	$2,795	--	$3,095	--
Ventana Winds f.k.a. Willow Creek	--	--	--	--	$2,595	--
Median		$1,075		$2,795		$2,845
Average		$1,075		$2,598		$3,373
Mode		--		--		--
Range	$1,075 - $1,075		$1,600 - $3,400		$2,000 - $5,800	

The subject's rental rates represent the low end of the range of the comparable properties. According to management rates concessions are not offered at the subject, nor are they prevalent in the market. Occupancy at the subject is mostly stable and typically operates below market levels. We requested, but were not provided with ac current rent roll. Placing most weight on the asking rates within the market, our analysis yielded the following conclusions for the subject's market rent:

ASSISTED LIVING MARKET SUMMARY

	Reconciled	Average	Median	Mode	Subject Asking	Street Rate Range*
Semi-Private	**$1,075**	$1,075	$1,075	N/A	$1,075	$1,075 - $1,075
Studio	**$1,600**	$2,598	$2,795	N/A	$1,600	$1,600 - $3,400
1-Bedroom	**$2,000**	$3,373	$2,845	N/A	$2,000	$2,000 - $5,800

Source:HealthTrust LLC; *Unadjusted Market Range

Stabilized Occupancy

The subject and comparables indicate the following as of the day of the most recent inspection:

OCCUPANCY ANALYSIS	
Property	**AL**
Fountain Retirement Hotel	77%
Freedom Plaza	97%
The Woodmark at Sun City	94%
Ventana Winds f.k.a. Willow Creek	85%
Median	90%
Average	89%
Mode	--
Range	77% - 97%
PMA Average Occupancy	91%

Overall, the subject's occupancy history and projections (based on set-up capacity) are summarized as follows:

OPERATIONAL SUMMARY						
Level of Care	**Appraisal - Stabilized**		**2010 Annualized**		**2009 Actual**	
	Occ %	Total/RD	Occ %	Total/RD	Occ %	Total/RD
AL	77%	$47.86	70%	$48.40	78%	$47.38
Average Occupancy	77%		70%		78%	
Total Revenues		$47.86		$48.40		$47.38
Profit Margin		19.9%		25.9%		18.9%
Source: HealthTrust LLC and Fountain						

There are 88 beds entering the market and average market occupancy at 91% for assisted living, we have estimated a stabilized occupancy level for the subject of 77%, reconciling between historical levels, market indications and current occupancy.

Following our estimates of rental levels and occupancy, we have estimated the subject's effective gross rental income as shown:

SUMMARY OF REVENUE PROJECTIONS

	No. Units/Beds	Monthly Rent	Year:	1	2	3	Stabilized
AL Revenues							
Semi-Private	26	$1,075		$335,400	$343,785	$352,380	$335,400
Studio	46	$1,600		$883,200	$905,280	$927,912	$883,200
1-Bedroom	6	$2,000		$144,000	$147,600	$151,290	$144,000
Total Potential AL Base Fee Income	78			$1,362,600	$1,396,665	$1,431,582	$1,362,600
Less AL Vacancy/Collection Loss	@			23.00%	23.00%	23.00%	23.00%
				-$313,398	-$321,233	-$329,264	-$313,398
Lifecare Utilization Discount				$0	$0	$0	$0
Effective Gross AL Base Fee Income				$1,049,202	$1,075,432	$1,102,318	$1,049,202

Source: HealthTrust, LLC

Total Revenue Estimates

Incorporating the estimates of market rents, stabilized occupancies, and ancillary income, we have prepared the following statements of estimated revenues for the subject. In order to determine an inflation factor we have reviewed the consumer price index trends over the past ten years, as shown in the following table:

10-YEAR CONSUMER PRICE INDEX TRENDS

Year	CPI	Ann. Increase
2000	172.2	---
2001	177.1	2.8%
2002	179.9	1.6%
2003	184.0	2.3%
2004	188.9	2.7%
2005	195.3	3.4%
2006	201.6	3.2%
2007	207.3	2.8%
2008	215.3	3.9%
2009	214.5	-0.4%
10-Year Annual Average		2.5%

Source: US Department of Labor

Considering the rate increases evident in the market and the CPI changes above, we have incorporated an annual rate of increase for revenues of 2.50%.

SUMMARY OF REVENUE PROJECTIONS					
	2010 Annualized	**1**	**2**	**3**	**Stabilized**
Summary of Effective Gross Fee Income					
AL Revenues	$967,266	$1,049,202	$1,075,432	$1,102,318	$1,049,202
Total Effective Gross Base Fee Income	$967,266	$1,049,202	$1,075,432	$1,102,318	$1,049,202
Ancillary and Other Fees					
Total Effective Gross Income	$967,266	$1,049,202	$1,075,432	$1,102,318	$1,049,202
EGI/Unit (Bed)	$14,881	$16,142	$16,545	$16,959	$16,142
EGI/Resident Day	$48.40	$47.86	$49.06	$50.28	$47.86
Change % (per resident day)		-1.11%	2.50%	2.50%	

Source: HealthTrust, LLC

Operating Expenses

Operating expenses are based upon an analysis of historical operating expense data of the subject, as well as those of comparable properties. Based upon our careful analysis of these data and our judgment and experience, we have estimated operating expenses and staffing at what we considered reasonable and customary levels for the subject property.

Fixed expenses include liability insurance and property taxes. In addition to the tax comparables presented earlier in the PMA, we have examined tax levels at comparable properties within the region. Placing most weight on the subject's current assessment and likely changes, we have estimated property taxes at $10,400 annually.

REAL ESTATE TAXES									
	2010 Annualized	**2009 Actual**	**HT Stabilized**	**HT Year 1**	**HT Year 2**	**HT Year 3**	**Comp Min**	**Comp Max**	**Comp Median**
Total	$0	$11,159	$10,400	$10,400	$10,660	$10,927			
Per Unit/Bed	$0	$172	$160	$160	$164	$168	$381	$883	$460
Per Resident Day	$0.00	$0.50	$0.47	$0.47	$0.49	$0.50	$1.09	$1.63	$1.35
Ratio of EGI	0.00%	1.06%	0.99%	0.99%	0.99%	0.99%	1.17%	2.15%	1.38%

Source: HealthTrust, LLC

Building and liability insurance is estimated based primarily on national and regional comparables. The insurance expense does not reflect an umbrella insurance program but does include general and professional liability as well as worker's comp.

INSURANCE									
	2010 Annualized	**2009 Actual**	**HT Stabilized**	**HT Year 1**	**HT Year 2**	**HT Year 3**	**Comp Min**	**Comp Max**	**Comp Median**
Insurance (General, Professional)	$29,612	$18,486	$19,500	$19,500	$19,988	$20,487			
Worker's Comp	$679	$12,603	$13,000	$13,000	$13,325	$13,658			
Other Insurance	$3,842	$816	$3,250	$3,250	$3,331	$3,415			
Total Insurance	$34,132	$31,906	$35,750	$35,750	$36,644	$37,560			
Per Unit/Bed	$525	$491	$550	$550	$564	$578	$329	$909	$624
Per Resident Day	$1.71	$1.43	$1.63	$1.63	$1.67	$1.71	$0.96	$3.09	$1.15
Ratio of EGI	3.53%	3.02%	3.41%	3.41%	3.41%	3.41%	0.95%	3.22%	1.51%

Source: HealthTrust, LLC

We have estimated utilities expenses including water, gas, trash, electricity and sewer as shown, noting that this amount falls as shown relative to the comparable properties.

UTILITIES

	2010 Annualized	2009 Actual	HT Stabilized	HT Year 1	HT Year 2	HT Year 3	Comp Min	Comp Max	Comp Median
Water	$7,265	$10,927	$11,022	$11,022	$11,298	$11,580			
Gas	$10,524	$12,863	$12,976	$12,976	$13,300	$13,633			
Trash	$1,609	$1,587	$1,601	$1,601	$1,641	$1,682			
Electricity	$36,182	$45,344	$41,652	$41,652	$42,693	$43,760			
Total Utilities	$55,580	$70,721	$67,251	$67,251	$68,932	$70,655			
Per Unit/Bed	$855	$1,088	$1,035	$1,035	$1,060	$1,087	$1,263	$2,015	$1,900
Per Resident Day	$2.78	$3.17	$3.07	$3.07	$3.14	$3.22	$1.99	$6.51	$5.56
Ratio of EGI	5.75%	6.70%	6.41%	6.41%	6.41%	6.41%	2.52%	6.78%	5.49%

Source: HealthTrust, LLC

The maintenance department includes salaries for the maintenance administration, grounds, security personnel, drivers, maintenance crew and clerical support. In addition, the department includes the supplies and repairs, purchased services and vehicle expense. Our estimate relative to the subject's performance and that of comparables is shown:

MAINTENANCE

	2010 Annualized	2009 Actual	HT Stabilized	HT Year 1	HT Year 2	HT Year 3	Comp Min	Comp Max	Comp Median
Repairs and Supplies	$2,791	$46,086	$32,883	$32,883	$33,705	$34,548			
Maintenance Salaries	$20,131	$18,278	$18,438	$18,438	$18,899	$19,371			
Total Maintenance	$22,921	$64,364	$51,320	$51,320	$52,603	$53,919			
Per Unit/Bed	$353	$990	$790	$790	$809	$830	$749	$1,536	$1,339
Per Resident Day	$1.15	$2.89	$2.34	$2.34	$2.40	$2.46	$2.17	$4.46	$2.84
Ratio of EGI	2.37%	6.10%	4.89%	4.89%	4.89%	4.89%	2.30%	4.65%	3.74%

Source: HealthTrust, LLC

Management fees are estimated at 5.0% of effective gross income, primarily based on our experience with comparable properties. Management fees also include general bookkeeping and various incidental and legal consultation fees. This amount falls within the range of 3.5% to 7.0% that we see at most communities.

The administration department includes supplies, telephone, bad debt and office expenses required to operate the administrative office. Other expenses reflect the subject's historical performance.

We note that some of the expense comparables account for all of their payroll and related costs in this department. A summary of our estimate compared to the subject's performance and regional trends is presented; please note that many of the comparables include payroll in this category, whereas the subject's history and our projections break that expense out departmentally:

ADMINISTRATIVE AND GENERAL

	2010 Annualized	2009 Actual	HT Stabilized	HT Year 1	HT Year 2	HT Year 3	Comp Min	Comp Max	Comp Median
Admin Supplies & Other Admin	$27,619	$68,626	$65,766	$65,766	$67,410	$69,095			
Admin Salaries	$67,146	$82,190	$82,909	$82,909	$84,982	$87,106			
Total Administrative	$94,765	$150,815	$148,675	$148,675	$152,392	$156,201			
Per Unit/Bed	$1,458	$2,320	$2,287	$2,287	$2,344	$2,403	$2,060	$12,067	$3,917
Per Resident Day	$4.74	$6.77	$6.78	$6.78	$6.95	$7.13	$7.01	$22.30	$11.46
Ratio of EGI	9.80%	14.29%	14.17%	14.17%	14.17%	14.17%	7.30%	29.39%	11.32%

Source: HealthTrust, LLC

Housekeeping and laundry expenses include both staffing and miscellaneous supply expenses. The subject contains in-house laundry facilities.

HOUSEKEEPING AND LAUNDRY

	2010 Annualized	2009 Actual	HT Stabilized	HT Year 1	HT Year 2	HT Year 3	Comp Min	Comp Max	Comp Median
Housekeeping and Laundry Supplies	$7,049	$13,660	$13,780	$13,780	$14,124	$14,477			
Housekeeping and Laundry Salaries	$100,520	$100,467	$101,346	$101,346	$103,880	$106,477			
Total Housekeeping and Laundry	$107,569	$114,127	$115,126	$115,126	$118,004	$120,954			
Per Unit/Bed	$1,655	$1,756	$1,771	$1,771	$1,815	$1,861	$443	$981	$723
Per Resident Day	$5.38	$5.12	$5.25	$5.25	$5.38	$5.52	$1.30	$2.09	$1.81
Ratio of EGI	11.12%	10.81%	10.97%	10.97%	10.97%	10.97%	1.28%	2.39%	2.15%

Source: HealthTrust, LLC

One of the three major departmental expenses is the dietary department, which provides food service for the residents and employees. Good quality food and service are priority considerations in seniors housing communities.

Our analysis of this department is based on the staffing levels at this property type in general and information provided by other national and regional operators. Based upon the estimated occupancy ratios, we have estimated a raw food cost of $3.59 per resident day. Our estimate, relative to comparable properties and the subject's performance, is summarized as follows:

DIETARY

	2010 Annualized	2009 Actual	HT Stabilized	HT Year 1	HT Year 2	HT Year 3	Comp Min	Comp Max	Comp Median
Food Cost	$62,334	$78,021	$78,704	$78,704	$80,672	$82,688			
Supplies & Other Dietary Costs	$2,352	$4,741	$4,782	$4,782	$4,902	$5,025			
Dietary Salaries	$96,817	$92,219	$93,026	$93,026	$95,351	$97,735			
Total Dietary	$161,503	$174,981	$176,512	$176,512	$180,925	$185,448			
Per Unit/Bed	$2,485	$2,692	$2,716	$2,716	$2,783	$2,853	$1,914	$4,537	$3,806
Per Resident Day	$8.08	$7.86	$8.05	$8.05	$8.25	$8.46	$5.60	$11.02	$8.38
Ratio of EGI	16.70%	16.58%	16.82%	16.82%	16.82%	16.82%	5.53%	11.69%	11.05%

Source: HealthTrust, LLC

One of the most costly services provided by the subject property is nursing care. Staffing requirements are estimated based on the subject's current staffing and our experience with comparable communities.

NURSING

	2010 Annualized	2009 Actual	HT Stabilized	HT Year 1	HT Year 2	HT Year 3	Comp Min	Comp Max	Comp Median
Nursing Supplies & Other	$616	$7,458	$7,523	$7,523	$7,711	$7,904			
Nursing/Personal Care Salaries	$70,431	$80,164	$76,727	$76,727	$78,645	$80,611			
Total Nursing	$71,047	$87,621	$84,250	$84,250	$86,356	$88,515			
Per Unit/Bed	$1,093	$1,348	$1,296	$1,296	$1,329	$1,362	$4,314	$7,215	$5,372
Per Resident Day	$3.55	$3.93	$3.84	$3.84	$3.94	$4.04	$8.48	$21.10	$13.92
Ratio of EGI	7.35%	8.30%	8.03%	8.03%	8.03%	8.03%	10.72%	20.85%	14.77%

Source: HealthTrust, LLC

Activities and social expenses include entertainment, transportation expenses, supplies and associated salaries. Our estimate, in comparison to the subject's performance and the comparable properties, is as follows:

ACTIVITIES/SOCIAL

	2010 Annualized	2009 Actual	HT Stabilized	HT Year 1	HT Year 2	HT Year 3	Comp Min	Comp Max	Comp Median
Activities/Social Supplies	$0	$4,388	$4,427	$4,427	$4,537	$4,651			
Activities/Social Salaries	$15,695	$16,326	$16,469	$16,469	$16,880	$17,302			
Total Activities/Social	$15,695	$20,714	$20,895	$20,895	$21,418	$21,953			
Per Unit/Bed	$241	$319	$321	$321	$330	$338	$523	$1,043	$700
Per Resident Day	$0.79	$0.93	$0.95	$0.95	$0.98	$1.00	$1.19	$2.21	$1.73
Ratio of EGI	1.62%	1.96%	1.99%	1.99%	1.99%	1.99%	1.50%	2.54%	1.91%

Source: HealthTrust, LLC

Typically, seniors housing communities will either charge these expenses to the staffed departments (i.e., administrative, dietary, nursing, housekeeping, and maintenance) or charge them all to administrative. We have allocated these expenses to each operated department.

Nationally, we have seen a predominant range of payroll taxes and benefits of 18-40% of wages and salaries, depending on how holiday, vacation and sick time are accounted. Some regions, notably the Northeast, will produce higher payroll taxes and benefits. Additionally, not-for-profit operations typically report higher levels of payroll taxes and benefits. For the purposes of this appraisal, we have estimated payroll taxes of 8% of payroll with a benefit load of 7%, incorporating the subject's trend and market parameters.

Payroll taxes and benefits may actually be greater for salaried and full time staff and lower for part time staff and those at lower wage levels. Although expenses are estimated by department, staff employed in one department may occasionally perform other duties on an as needed basis, in order to maintain efficient operation of the property.

OTHER PAYROLL

	2010 Annualized	2009 Actual	HT Stabilized	HT Year 1	HT Year 2	HT Year 3	Comp Min	Comp Max	Comp Median
Payroll Taxes	$31,941	$31,153	$31,113	$31,113	$31,891	$32,688			
Benefits	$54,137	$25,801	$27,224	$27,224	$27,905	$28,602			
Total Other Payroll Costs	$86,078	$56,953	$58,337	$58,337	$59,796	$61,290			
Per Unit/Bed	$1,324	$876	$897	$897	$920	$943	$1,803	$2,175	$1,989
Per Resident Day	$4.31	$2.56	$2.66	$2.66	$2.73	$2.80	$6.13	$6.30	$6.21
Ratio of EGI	8.90%	5.40%	5.56%	5.56%	5.56%	5.56%	6.39%	6.68%	6.54%

Source: HealthTrust, LLC

In order to estimate staffing for the subject, we have relied on actual staffing patterns presently exhibited by the operator and have tempered that staffing schedule with patterns presented by the expense comparables at the conclusion of this section as well as our experience with comparable operations.

Finally, we have also allocated a reserve for replacement fund used to replace short-lived items such as appliances, furniture, fixtures, equipment, roofing, and carpeting. Most lenders and agencies with whom we have spoken use between $250 and $450 per unit (and per bed for skilled nursing). We have utilized $300 per unit for the estimate of replacement reserve.

Operating Expense Summary

Total forecasted operating expenses, exclusive of management fee and reserves are estimated at $768,516 for year one. Including management fees and reserves, we estimate operating expenses to be $840,476 for the same period. A summary of our total expense forecasts relative to the subject’s performance and the expense comparables is as follows:

OPERATING EXPENSES

	2010 Annualized	2009 Actual	HT Stabilized	HT Year 1	HT Year 2	HT Year 3	Comp Min	Comp Max	Comp Median
Total	$717,154	$855,631	$840,476	$840,476	$861,488	$883,025			
Per Unit/Bed	$11,033	$13,164	$12,930	$12,930	$13,254	$13,585	$19,556	$31,774	$21,423
Per Resident Day	$35.88	$38.41	$38.34	$38.34	$39.30	$40.28	$47.90	$66.53	$61.25
Ratio of EGI	74.14%	81.07%	80.11%	80.11%	80.11%	80.11%	59.77%	77.39%	65.80%

Source: HealthTrust, LLC; Excludes Management Fee and Reserves

EXPENSE COMPARABLE SUMMARY

Property	Subject			1			2			3			4			5		
State		Arizona			AZ			AZ			AZ			AZ			AZ	
No. IL		0			0			0			0			0			0	
No. AL		65			41			102			102			65			62	
No. ALZ		0			38			0			0			0			0	
No. SN		0			0			0			0			0			0	
Total Units/Beds		65			79			102			102			65			62	
Year		Stabilized			12/31/09			10/31/09			12/31/08			12/31/05			12/31/05	
Occupancy		77%			94%			81%			95%			98%			84%	
Total Resident Days		21,922			27,010			29,982			35,239			41,182			33,547	
EGI/RD		$47.86			$101.21			$95.99			$94.24			$79.10			$75.88	
EXPENSES	$/RD	$/Unit	%EGI	$/RD	$/Unit	%EGI	$/RD	$/Unit	%EGI	$/RD	$/Unit	%EGI	$/RD	$/Unit	%EGI	$/RD	$/Unit	%EGI
Real Estate Taxes	$0.47	$160	1.0%	$1.35	$460	1.3%	$1.51	$443	1.6%	$1.10	$381	1.2%	$1.09	$692	1.4%	$1.63	$883	2.2%
Insurance	$1.63	$550	3.4%	$0.96	$329	1.0%	$3.09	$909	3.2%	$1.42	$492	1.5%	$1.00	$631	1.3%	$1.15	$624	1.5%
Utilities	$3.07	$1,035	6.4%	$5.56	$1,900	5.5%	$6.51	$1,913	6.8%	$5.83	$2,015	6.2%	$1.99	$1,263	2.5%	$2.78	$1,507	3.7%
Maintenance	$2.34	$790	4.9%	$3.92	$1,339	3.9%	$4.46	$1,312	4.7%	$2.17	$749	2.3%	$2.29	$1,453	2.9%	$2.84	$1,536	3.7%
Marketing	$0.00	$0	0.0%	$1.81	$619	1.8%	$2.29	$674	2.4%	$5.55	$1,918	5.9%	$0.00	$0	0.0%	$0.00	$0	0.0%
Administrative	$6.78	$2,287	14.2%	$11.46	$3,917	11.3%	$7.01	$2,060	7.3%	$7.03	$2,429	7.5%	$18.68	$11,837	23.6%	$22.30	$12,067	29.4%
Dietary	$8.05	$2,716	16.8%	$5.60	$1,914	5.5%	$10.76	$3,163	11.2%	$11.02	$3,806	11.7%	$7.06	$4,475	8.9%	$8.38	$4,537	11.1%
Housekeeping/Laundry	$5.25	$1,771	11.0%	$1.30	$443	1.3%	$2.06	$607	2.2%	$2.09	$723	2.2%	$1.33	$842	1.7%	$1.81	$981	2.4%
Nursing/Personal Care	$3.84	$1,296	8.0%	$21.10	$7,215	20.9%	$14.68	$4,314	15.3%	$13.92	$4,809	14.8%	$8.48	$5,372	10.7%	$11.12	$6,019	14.7%
Activities	$0.95	$321	2.0%	$1.53	$523	1.5%	$2.21	$649	2.3%	$0.00	$0	0.0%	$1.19	$752	1.5%	$1.93	$1,043	2.5%
Other Payroll, Taxes & Benefits	$2.66	$897	5.6%	$0.00	$0	0.0%	$6.13	$1,803	6.4%	$6.30	$2,175	6.7%	$0.00	$0	0.0%	$0.00	$0	0.0%
Management Fees	$2.39	$807	5.0%	$5.05	$1,727	5.0%	$4.80	$1,411	5.0%	$4.71	$1,628	5.0%	$3.95	$2,501	5.0%	$3.79	$2,049	5.0%
Reserves	$0.89	$300	1.9%	$0.87	$298	0.9%	$1.02	$299	1.1%	$0.87	$300	0.9%	$0.83	$526	1.1%	$0.98	$530	1.3%
Total	$38.34	$12,930	80.1%	$60.49	$20,683	59.8%	$66.53	$19,556	69.3%	$62.01	$21,423	65.8%	$47.90	$30,345	60.6%	$58.72	$31,774	77.4%

Source: HealthTrust, LLC

We have attempted to reconcile our estimates with the market while considering the subject’s actual performance. Consequently, we find our estimates reasonable.

Net Operating Income Estimate

In terms of net operating income (NOI), our estimated Year 1 NOI of $208,726 compares to the subject’s 2010 Annualized NOI of $250,113. In prior periods, the subject has reported NOI of $199,749. Our estimates are 20% lower than the 2010 Annualized performance, as we have placed primary weight on the subjects’ full year expense indications. Alternatively, in comparison to the 2009 Actual total NOI of $199,749 our estimate is similar, with a variance of less 3%. A summary of our forecasts relative to the subject’s performance is as follows:

NET OPERATING INCOME

	2010 Annualized	2009 Actual	HT Stabilized	HT Year 1	HT Year 2	HT Year 3	Comp Min	Comp Max	Comp Median
Total	$250,113	$199,749	$208,726	$208,726	$213,944	$219,293			
Per Unit/Bed	$3,848	$3,073	$3,211	$3,211	$3,291	$3,374	$8,659	$19,770	$11,135
Per Resident Day	$12.51	$8.97	$9.52	$9.52	$9.76	$10.00	$29.46	$40.72	$31.72
Ratio of EGI	25.86%	18.93%	19.89%	19.89%	19.89%	19.89%	22.61%	40.23%	34.20%

Source: HealthTrust, LLC

Our year estimates are presented on the following page juxtaposed with the subject’s adjusted budget:

SUMMARY OF APPRAISAL ESTIMATES AND SUBJECT'S ADJUSTED FINANCIAL STATEMENTS

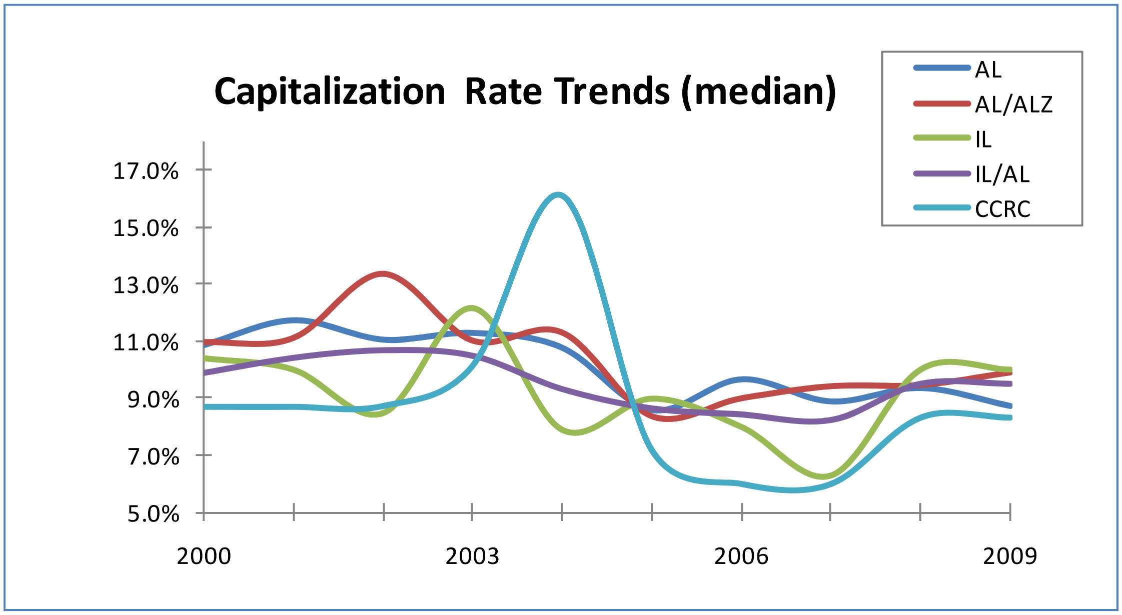
Year	HT Year 1				2010 Annualized				2009 Actual			
Total Resident Days	21,922				19,986				22,275			
Total Units/Beds	65				65				65			
Occupancy	77%				70%				78%			
	Total $	$/Unit	$/RD	% EGI	Total $	$/Unit	$/RD	% EGI	Total $	$/Unit	$/RD	% EGI
Revenues												
AL Rental Revenues	$1,049,202	$16,142	$47.86	100.0%	$967,266	$14,881	$48.40	100.0%	$1,055,380	$16,237	$47.38	100.0%
Total Effective Gross Revenue	$1,049,202	$16,142	$47.86	100.0%	$967,266	$14,881	$48.40	100.0%	$1,055,380	$16,237	$47.38	100.0%
Expenses												
Real Estate Taxes	$10,400	$160	$0.47	1.0%	$0	$0	$0.00	0.0%	$11,159	$172	$0.50	1.1%
Insurance	$35,750	$550	$1.63	3.4%	$34,132	$525	$1.71	3.5%	$31,906	$491	$1.43	3.0%
Utilities	$67,251	$1,035	$3.07	6.4%	$55,580	$855	$2.78	5.7%	$70,721	$1,088	$3.17	6.7%
Maintenance	$51,320	$790	$2.34	4.9%	$22,921	$353	$1.15	2.4%	$64,364	$990	$2.89	6.1%
Marketing	$0	$0	$0.00	0.0%	$0	$0	$0.00	0.0%	$0	$0	$0.00	0.0%
Administrative/General	$148,675	$2,287	$6.78	14.2%	$94,765	$1,458	$4.74	9.8%	$150,815	$2,320	$6.77	14.3%
Housekeeping/Laundry	$115,126	$1,771	$5.25	11.0%	$107,569	$1,655	$5.38	11.1%	$114,127	$1,756	$5.12	10.8%
Dietary	$176,512	$2,716	$8.05	16.8%	$161,503	$2,485	$8.08	16.7%	$174,981	$2,692	$7.86	16.6%
Nursing/Personal Care	$84,250	$1,296	$3.84	8.0%	$71,047	$1,093	$3.55	7.3%	$87,621	$1,348	$3.93	8.3%
Activities/Social	$20,895	$321	$0.95	2.0%	$15,695	$241	$0.79	1.6%	$20,714	$319	$0.93	2.0%
Other Payroll, Payroll Taxes & Benefits	$58,337	$897	$2.66	5.6%	$86,078	$1,324	$4.31	8.9%	$56,953	$876	$2.56	5.4%
Total Operating Expenses	$768,516	$11,823	$35.06	73.2%	$649,291	$9,989	$32.49	67.1%	$783,362	$12,052	$35.17	74.2%
Management Fee	$52,460	$807	$2.39	5.0%	$48,363	$744	$2.42	5.0%	$52,769	$812	$2.37	5.0%
Reserve for Replacement	$19,500	$300	$0.89	1.9%	$19,500	$300	$0.98	2.0%	$19,500	$300	$0.88	1.8%
Total Expenses	$840,476	$12,930	$38.34	80.1%	$717,154	$11,033	$35.88	74.1%	$855,631	$13,164	$38.41	81.1%
Net Operating Income (EBITDAR)	$208,726	$3,211	$9.52	19.9%	$250,113	$3,848	$12.51	25.9%	$199,749	$3,073	$8.97	18.9%

Source: HealthTrust, LLC

Capitalization Rate Derivation

In selecting an appropriate capitalization rate for the subject property, we conducted an investor survey and considered indications provided by the comparable sales, the Band of Investment, Mortgage-Equity Method, and the Debt Coverage Ratio.

Overall, rates will be higher than more traditional multifamily property types. In fact, as care level increases, rates generally increase. Our analysis of cap rate trends shows a definite uptick in the last few years that leveled off in 2009:



We have also consulted the *2010 Senior Housing Investment Survey*. This publication includes the participation of owner/operators, financial institutions/investors, brokers/mortgage bankers, and appraisers/consultants. Our largest concern with this survey, however, is that there appears to be no uniform handling of management fees and reserves. As only 26% of the respondents were appraisers, we assume that most of the participants did not include reserves and may or may not have included management fees. Furthermore, there is no distinction between for-profit and not-for-profit properties. As not-for-profit properties have little or no real estate and personal property taxes and a different cost of capital, we question the reliability of these indications but will at least review them for this analysis.

OVERALL CAPITALIZATION RATE

	2010 All Responses		2010 Adjusted Responses		Basis Point Change
	Range	Average	Range	Average	From 2009
Unlicensed Congregate Care (IL)	7.0-10.5%	8.5%	7.0-9.0%	8.5%	+10
Licensed Assisted Living	7.0-12.3%	9.1%	7.5-10.6%	9.1%	-10
Licensed Alzheimer/Dementia	7.5-12.0%	9.7%	8.5-11.5%	9.7%	-10
Licensed Skilled Nursing-Long Term Care	8.5-18.0%	12.6%	10.0-14.0%	12.5%	0
Licensed Skilled Nursing-Subacute Care	8.5-15.0%	12.7%	9.3-14.0%	12.8%	+40
Continuing Care Retirement Community	7.0-15.0%	9.7%	8.0-12.5%	9.4%	0

Source: 2010 Senior Housing Investment Survey

The exclusion of the expenses would yield higher capitalization rates than if the expenses were deducted.

Each of the abstracted rates considers the requirement of debt and equity in order to reach an appropriate capitalization rate. Therefore, we have incorporated the subject's anticipated, weighted-average interest rate of 7.00%, a 75% loan-to-value ratio, an amortization period of 25 years, and a debt coverage ratio of 1.40. Equity requirements include an equity dividend (cash on cash) rate of 12.00% and an equity yield rate of 20.00%.

The Band of Investment technique develops an overall rate by weighing the return requirement of both debt and equity positions. Incorporating the debt and equity requirements cited above, this method produces an overall capitalization rate of 9.36%.

The Debt Coverage Ratio Analysis is technique used by institutional lenders in an effort to provide a cushion to determine if a borrower can meet debt service obligations if the property income declines. Based on our assumed requirements, an overall capitalization rate of 8.91% is indicated.

The Mortgage-Equity method utilizes a mortgage-equity technique that considers available mortgage terms, provisions for equity build-up and estimated property appreciation during the estimate period. In this analysis, this technique indicated an overall capitalization rate of 11.18%.

The comparable sales presented in the following section of this report suggest a range of 7.84% to 9.93% in overall capitalization rates:

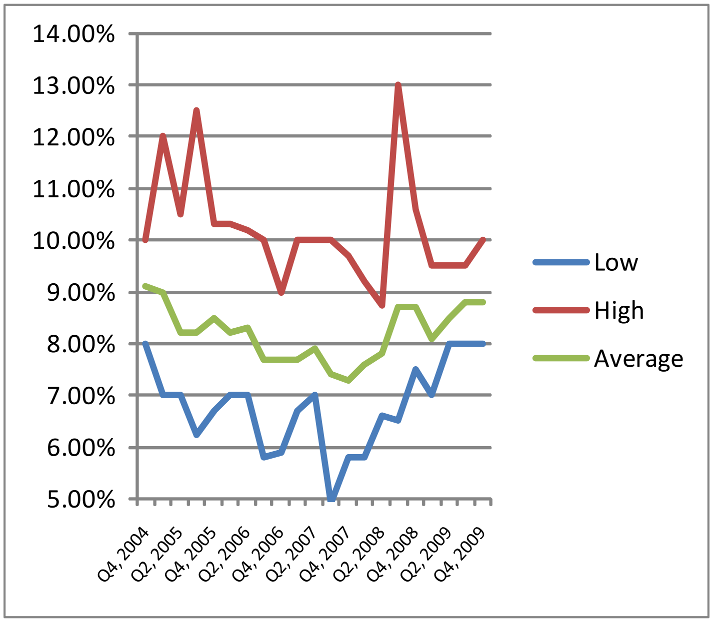
Capitalization rates measure risk. One of the challenges of the valuation process is to insulate the process against short term fluctuations and insure that longer term trends are adequately reported. To the extent that a temporary decrease or imbalance exists, valuation theory should dilute this in favor of the longer term value trends, much like the stock market and the valuation of individual stocks. Thus the temporary low level of long term interest rates is not perceived to be long lasting by the market participants, hence has not affected cap rates as significantly as one would expect. Other factors (operational and market risk) mitigate the impact below a certain threshold.

The National Investment Center collects capitalization rate from regional and national appraisal firms who work on all seniors housing properties types. Over the last five years, indications for the independent and assisted living sectors have varied as follows:

IL CAPITALIZATION RATES

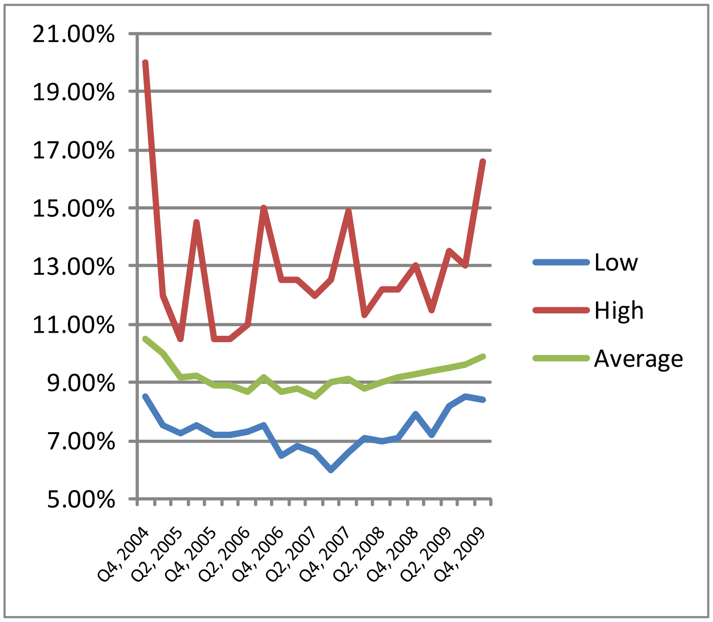
Period	Low	High	Average	No. Transactions
Q4, 2004	8.00%	10.00%	9.10%	17
Q1, 2005	7.00%	12.00%	9.00%	---
Q2, 2005	7.00%	10.50%	8.20%	27
Q3, 2005	6.25%	12.50%	8.20%	28
Q4, 2005	6.70%	10.30%	8.50%	29
Q1, 2006	7.00%	10.30%	8.20%	40
Q2, 2006	7.00%	10.20%	8.30%	36
Q3, 2006	5.80%	10.00%	7.70%	33
Q4, 2006	5.90%	9.00%	7.70%	35
Q1, 2007	6.70%	10.00%	7.70%	44
Q2, 2007	7.00%	10.00%	7.90%	15
Q3, 2007	4.90%	10.00%	7.40%	32
Q4, 2007	5.80%	9.70%	7.30%	17
Q1, 2008	5.80%	9.20%	7.60%	12
Q2, 2008	6.60%	8.75%	7.80%	13
Q3, 2008	6.50%	13.00%	8.70%	15
Q4, 2008	7.50%	10.60%	8.70%	19
Q1, 2009	7.00%	9.50%	8.10%	22
Q2, 2009	8.00%	9.50%	8.50%	14
Q3, 2009	8.00%	9.50%	8.80%	12
Q4, 2009	8.00%	10.00%	8.80%	31

Source: NIC Key Financial Indicators



AL CAPITALIZATION RATES				
Period	**Low**	**High**	**Average**	**No. Transactions**
Q4, 2004	8.50%	20.00%	10.50%	76
Q1, 2005	7.50%	12.00%	10.00%	---
Q2, 2005	7.25%	10.50%	9.20%	40
Q3, 2005	7.50%	14.50%	9.25%	50
Q4, 2005	7.20%	10.50%	8.90%	22
Q1, 2006	7.20%	10.50%	8.90%	53
Q2, 2006	7.30%	11.00%	8.70%	92
Q3, 2006	7.50%	15.00%	9.20%	74
Q4, 2006	6.50%	12.50%	8.70%	132
Q1, 2007	6.80%	12.50%	8.80%	111
Q2, 2007	6.60%	12.00%	8.50%	85
Q3, 2007	6.00%	12.50%	9.00%	70
Q4, 2007	6.60%	14.90%	9.10%	81
Q1, 2008	7.10%	11.30%	8.80%	41
Q2, 2008	7.00%	12.20%	9.00%	82
Q3, 2008	7.10%	12.20%	9.20%	39
Q4, 2008	7.90%	13.00%	9.30%	50
Q1, 2009	7.20%	11.50%	9.40%	50
Q2, 2009	8.20%	13.50%	9.50%	42
Q3, 2009	8.50%	13.00%	9.60%	37
Q4, 2009	8.40%	16.60%	9.90%	133

Source: NIC Key Financial Indicators



The consensus of the Valuation Panel at the Winter Board meeting of the American Seniors Housing Association was that quality assets comparable to the subject have simply not traded in the last 18 months. However, with the increased equity requirements and increasing spreads on debt cost, intuitively, cap rates have increased 50-125 basis points since 2007. The quoted range of IL capitalization rates was 7.00-8.00% with AL/ALZ properties exhibiting a wider range of 8.50-10.00%. We have considered these industry indications as well in our capitalization rate selection.

Factors that influence our selection of the subject's capitalization rate include:

- Risk associated with caring for the subject's targeted population
- Size of 65 beds – permits economies of scale
- Older age and lower quality asset
- Below market occupancy performance
- Net operating income estimate reflecting modest change

Therefore, we have reconciled to a going-in rate of 9.50%. To account for the greater risk involved with the property at the time of reversion due to unknown factors of the market and the condition of the buildings at that time, an additional 50 basis points have been added to the overall capitalization rate to derive a terminal capitalization rate of 10.00%.

SUMMARY OF CAPITALIZATION RATE INDICATIONS							
MORTGAGE INTEREST RATE							7.00%
AMORTIZATION TERM							25
LOAN TO VALUE RATIO							75.00%
DEBT COVERAGE RATIO							140.00%
EQUITY DIVIDEND RATE							12.00%
EQUITY YIELD RATE							20.00%
BAND OF INVESTMENT							
DEBT COMPONENT:	75%	x	0.0848		=		0.0636
EQUITY COMPONENT:	25%	x	0.1200		=		0.0300
							0.093610128
ROUNDED TO:							9.36%
DEBT COVERAGE	75%	x	1.4	x	0.0848		0.0891
ROUNDED TO:							8.91%
MORTGAGE-EQUITY							
DEBT COMPONENT:	75%	x	0.0848		=		0.0636
EQUITY COMPONENT:	25%	x	0.2000		=		0.0500
							0.1136
LESS PRINCIPAL REDUCTION:							-0.0014
BASIC RATE							0.1122
PROPERTY VALUE CHANGE							-0.0004
OVERALL CAPITALIZATION RATE							0.1118
ROUNDED TO:							11.18%
IMPROVED SALE INDICATIONS					7.84%	to	9.93%
SELECTED OVERALL CAPITALIZATION RATE:							**9.50%**

Source: HealthTrust, LLC

Discount Rate Derivation

The *2010 Senior Housing Investment Survey* suggests the following ranges for discount rates in the seniors housing and nursing markets.

INTERNAL RATE OF RETURN / (DISCOUNT RATE)

	2010 All Responses		2010 Adjusted Responses		Basis Point Change
	Range	Average	Range	Average	From 2009
Unlicensed Congregate Care (IL)	8.0-25.0%	13.1%	10.0-20.0%	12.4%	-50
Licensed Assisted Living	8.8-30.0%	14.3%	11.5-20.0%	13.6%	-40
Licensed Alzheimer/Dementia	9.3-30.0%	14.8%	11.0-20.0%	14.1%	-20
Licensed Skilled Nursing-Long Term Care	11.0-30.0%	16.1%	12.0-20.0%	15.2%	0
Licensed Skilled Nursing-Subacute Care	11.0-30.0%	16.4%	12.0-20.0%	15.6%	+20
Continuing Care Retirement Community	10.0-25.0%	14.4%	11.0-20.0%	14.0%	+30

Source: 2010 Senior Housing Investment Survey

Based on our estimated cash flows, growth rates and capitalization rate, the sensitivity analysis for the subject's discount rate is as follows:

RATE ANALYSIS

Fountain Retirement Hotel
July 19, 2010

K = [1 - (1 + C)^n / S^n] / (Y - C) * An

Ro = [(Y - D*1/Sn) / K]

where:

K = factor
C = constant ratio change in income
S = future value factor
An = present value factor for ordinary level annuity
Y = yield rate, or discount rate
D = total change in property value over holding period

Inferred Change Components of DCF:

	# of Years	Amount	Change		
Change Attributable to Net Operating Income:					
Period 1 Stabilized NOI		$208,726			
Terminal Year Stabilized NOI	10	$267,187			
Annualized Constant Ratio Change (C)			2.50%		
Inferred Change in Property Value:					
Current Stabilized Property Value		$2,251,901			
Terminal Net Sale Proceeds	10	$2,564,992			
Change in Property Value (D)			13.90%		

Inferred Stabilized Ro for Individual Y Estimates:

Discount Rate Assumptions (Y)	10.00%	10.50%	11.00%	11.50%	12.00%
K-factor	1.099013	1.098035	1.097065	1.096105	1.095154
Annualized Change in Property Value	0.87%	0.85%	0.83%	0.81%	0.79%
Inferred Stabilized Overall Cap. Rate (Ro)	8.31%	8.79%	9.27%	9.75%	10.23%
Discounted Cash Flow Anaysis	$2,398,432	$2,323,583	$2,251,901	$2,183,231	$2,117,426
Direct Capitalization Analysis	$2,197,114	$2,197,114	$2,197,114	$2,197,114	$2,197,114
Stabilized Ro Selection	9.50%	9.50%	9.50%	9.50%	9.50%
Value Differential	-9.16%	-5.76%	-2.49%	0.63%	3.63%
Rate Differential (basis points)	-119	-71	-23	25	73

Source: HealthTrust, LLC

Considering the calculation-derived indications and investor surveys, we have used an 11.00% discount rate in this analysis.

Our assumptions for the discounted cash flow analysis and direct capitalization are as follows:

GLOBAL VALUATION ASSUMPTIONS

Fountain Retirement Hotel	
Revenue Growth Rate	2.50%
Expense Growth Rate	2.50%
Management Fee	5.00%
Reserves (Capex) Per Unit	$300
Stabilized Occupancy	77%
Rent Loss	$0
Projection Period (Yrs)	10
Capitalization Rate	9.50%
Terminal Capitalization Rate	10.00%
Discount Rate	11.00%
Sale Costs	4.00%

Source: HealthTrust, LLC

Income Approach Conclusion

As Is: Applying a reversion capitalization rate of 10.00% and a discount rate of 11.00% to the estimated cash flows developed in this report results in a total estimated "as is" value for the subject (after deducting 4% from the reversion value for sale costs) of $2,300,000, rounded.

Alternatively, direct capitalization suggests a value of $2,200,000, rounded. Overall, we have more confidence in the market support for the direct capitalization rate than the discount rate and have placed more weight on its indication. Therefore, we have reconciled to the direct capitalization indication of $2,200,000.

The discount cash flow analysis is presented on the following page followed by the direct capitalization.

DISCOUNTED CASH FLOW ANALYSIS

		1	2	3	4	5	6	7	8	9	10	Reversion
REVENUES												
Effective Gross Rental Revenues		$1,049,202	$1,075,432	$1,102,318	$1,129,876	$1,158,123	$1,187,076	$1,216,753	$1,247,171	$1,278,351	$1,310,310	$1,343,067
Entrance Fee Revenues		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Ancillary Revenues		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
TOTAL EFFECTIVE GROSS REVENUE		$1,049,202	$1,075,432	$1,102,318	$1,129,876	$1,158,123	$1,187,076	$1,216,753	$1,247,171	$1,278,351	$1,310,310	$1,343,067
EXPENSES												
Real Estate Taxes		$10,400	$10,660	$10,927	$11,200	$11,480	$11,767	$12,061	$12,362	$12,671	$12,988	$13,313
Insurance		$35,750	$36,644	$37,560	$38,499	$39,461	$40,448	$41,459	$42,496	$43,558	$44,647	$45,763
Utilities		$67,251	$68,932	$70,655	$72,422	$74,232	$76,088	$77,990	$79,940	$81,938	$83,987	$86,087
Maintenance		$51,320	$52,603	$53,919	$55,267	$56,648	$58,064	$59,516	$61,004	$62,529	$64,092	$65,695
Marketing		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Administrative/General		$148,675	$152,392	$156,201	$160,106	$164,109	$168,212	$172,417	$176,728	$181,146	$185,674	$190,316
Housekeeping/Laundry		$115,126	$118,004	$120,954	$123,978	$127,077	$130,254	$133,511	$136,848	$140,270	$143,776	$147,371
Dietary		$176,512	$180,925	$185,448	$190,084	$194,837	$199,707	$204,700	$209,818	$215,063	$220,440	$225,951
Nursing/Personal Care		$84,250	$86,356	$88,515	$90,728	$92,996	$95,321	$97,704	$100,146	$102,650	$105,216	$107,847
Activities/Social		$20,895	$21,418	$21,953	$22,502	$23,065	$23,641	$24,232	$24,838	$25,459	$26,095	$26,748
Other Payroll, Payroll Taxes and Benefits		$58,337	$59,796	$61,290	$62,823	$64,393	$66,003	$67,653	$69,344	$71,078	$72,855	$74,676
SUB-TOTAL OPERATING EXPENSES		$768,516	$787,729	$807,422	$827,608	$848,298	$869,505	$891,243	$913,524	$936,362	$959,771	$983,766
Management Fee		$52,460	$53,772	$55,116	$56,494	$57,906	$59,354	$60,838	$62,359	$63,918	$65,515	$67,153
Reserve for Replacement		$19,500	$19,988	$20,487	$20,999	$21,524	$22,062	$22,614	$23,179	$23,759	$24,353	$24,962
TOTAL EXPENSES		$840,476	$861,488	$883,025	$905,101	$927,728	$950,922	$974,695	$999,062	$1,024,039	$1,049,640	$1,075,881
NET OPERATING INCOME (EBITDAR)		$208,726	$213,944	$219,293	$224,775	$230,394	$236,154	$242,058	$248,109	$254,312	$260,670	$267,187
												$2,671,867
												-$106,875
												$2,564,992
DISCOUNTED @	11.00%	0.900900901	0.811622433	0.731191381	0.658730974	0.593451328	0.534640836	0.481658411	0.433926496	0.390924771	0.352184479	0.352184479
NPV SUMMARY		$188,041	$173,642	$160,345	$148,066	$136,728	$126,258	$116,589	$107,661	$99,417	$91,804	$903,350

Reversion Revenue	$1,343,067
Reversion Expenses	$1,075,881
Reversion NOI	$267,187
Terminal Rate	10.00%
Reversion Value	$2,671,866.75
Less: Broker Fee (4.00%)	-$106,875
Total Reversion	$2,564,992.08

NPV Cash Flows	**$2,251,901**
Less Deferred Maintenance:	$0
Plus Excess Land/CON:	$0
Discounted Cash Flow Value:	$2,251,901
Rounded to:	**$2,300,000**

Source: HealthTrust, LLC

DIRECT CAPITALIZATION

REVENUES			
Effective Gross Rental Revenues		$1,049,202	
Entrance Fee Revenues		$0	
Ancillary Revenues		$0	
Total Effective Gross Revenue			$1,049,202
EXPENSES			
Real Estate Taxes		$10,400	
Insurance		$35,750	
Utilities		$67,251	
Maintenance		$51,320	
Marketing		$0	
Administrative/General		$148,675	
Housekeeping/Laundry		$115,126	
Dietary		$176,512	
Nursing/Personal Care		$84,250	
Activities/Social		$20,895	
Other Payroll, Payroll Taxes and Benefits		$58,337	
SUB-TOTAL OPERATING EXPENSES			$768,516
Management Fee			$52,460
Reserve for Replacement			$19,500
TOTAL EXPENSES	80.11%		$840,476
NET OPERATING INCOME (EBITDAR)			$208,726
Capitalized @		9.50%	$2,197,114
Less Deferred Maintenance:			$0
Plus Excess Land/CON:			$0
Less Rent Loss			$0
Direct Capitalization Value:			$2,197,114
Rounded to:			**$2,200,000**

Source: HealthTrust, LLC

SALES COMPARISON APPROACH

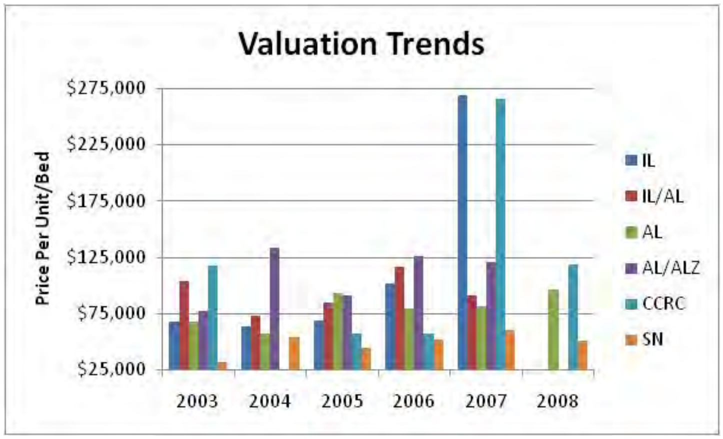
The sales comparison approach is predicated upon the principle of substitution that asserts that the amount a buyer will pay for a property is limited by the cost of comparable properties with similar utility. In order to apply this approach in the analysis, we have selected sales of communities throughout the subject's region, as this type of property (senior housing or healthcare usage) does not transfer frequently. Further, given the changes in market conditions over the last 12-24 months, we have attempted to utilized the most recent and pertinent transactions, ultimately resulting in a larger geographic area.

We have attempted to select sales that are operationally as similar to the subject as possible. "Operationally" is more a matter of the quality of care and community (i.e., no mom and pops or troubled properties which would trade for under $30,000 per bed) than ILC versus ALR as anymore these distinctions can change rapidly; in fact many ILCs are purchased for ALR use. As the pool of institutional grade communities is limited; few transactions (less than 75) occur annually. The bulk of transactions occur where the largest senior populations are located (i.e., Florida and Arizona) as well as the two coasts (CA and the Northeast). Therefore, every time we find ourselves outside of these pockets, we must stretch for "comparable" sales. The sales selected from a database including hundreds of transactions are deemed most comparable to the subject.

Although we have attempted to select sales most similar to the subject, significant differences remain between the subject and these properties. Consequently, when comparing the sales on the basis of price per bed, or unit (the most consistent unit of measure). Transaction prices will be affected by a number of variables such as:

Financing/Conditions of Sale: Favorable financing or unusual conditions of sale (such as assemblage, seller duress, related parties, sale lease- or sale management-back, etc.) can impact the sales price of a property.

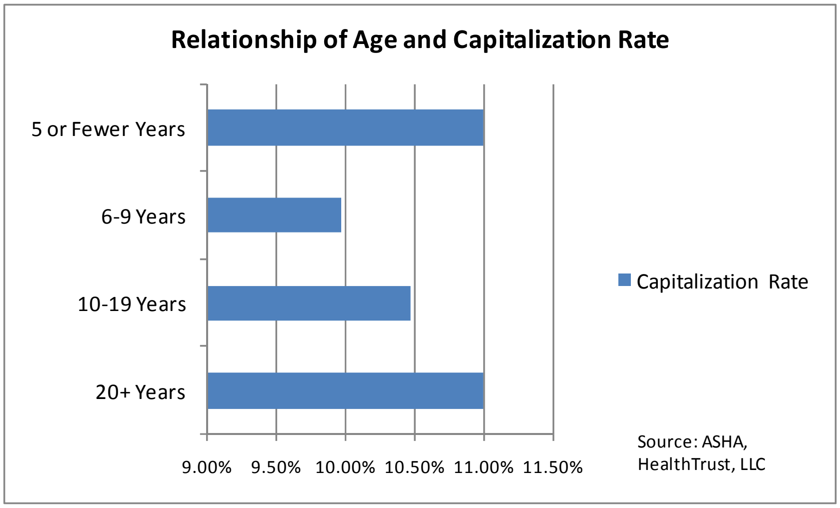
Time/Market Conditions: The time adjustment reflects changes in market conditions (e.g., supply, demand, macro economic conditions) between those existing at the time of sale and those as of the effective date of appraisal. Statistical data gathered and contained in our proprietary database (HealthComps©) has been tracked over the past twelve years is presented below relative to US transaction trends occurring over the past five years.



Location: Location factors such as visibility, access, size of market (including regional, local, rural, metropolitan buyer perceptions) and neighborhood composition often will impact the selling price.

Occupancy: Effective gross income and profit margins will be directly impacted by a properties historical, and potential occupancy levels. Whether a property has maintained a stabilized occupancy at the time of sale will have a material impact on a selling price.

Age: As part of a research project we were engaged for by the American Senior Housing Association, HealthTrust found that the age of a physical plant has a significant impact on sale price and capitalization rates. Next, as the remaining economic life of an asset decreases, the capitalization rate typically increases reflecting the higher risk associated with an older property that may suffer competitive disadvantages due to its failure to keep up with recent development trends. Senior housing facilities demonstrate the following relationship over the last ten years:



Source: ASHA, HealthTrust, LLC

Census: Properties that sell with a high ratio of private pay residents are typically more desirable than those with low quality mixes due to profitability margins. Census is more relevant when analyzing long term care, and to some extent assisted living transactions.

Size: The relative size of a property (total number of units/beds) should be considered relative to the economies of scale, or the tendency for larger assets to sell for less than smaller assets on a price per square foot, or per unit/bed basis.

For our valuation analysis, we have applied adjustments via a Sales Grid Analysis accounting for the NOI per Unit/Bed. In addition to making adjustments to the sales via the sales grid, we have included a second valuation analysis tool. An EGIM analysis was developed to support, and or contrast the value indication via the comparison grid.

The selected sales are described in summary on the following pages along with a map identifying the location of each property. Complete detailed sale information has been provided in the Addenda of this report.

IMPROVED SALES MAP

SENIOR HOUSING/HEALTHCARE TRANSACTIONS

Sale No.	Name/Location	Date	No. Units/Beds	Year Built	Sale Price	$/Unit	NOI/Unit	Occ.	OAR
1	Morningstar at Littleton Littleton, Colorado	May-09	85	2006	$25,250,000	$297,059	$26,141	91%	8.80%
2	Timber Ridge at Eureka Eureka, California	Feb-09	90	1998	$11,625,000	$129,167	$12,826	97%	9.93%
3	Caruth Haven Court Dallas, Texas	Jan-09	91	1999	$20,500,000	$225,275	$18,247	91%	8.10%
4	Adobe House Petaluma, California	Dec-08	40	1996	$14,540,000	$363,500	$35,877	75%	9.87%
5	Prestonwood Court Plano, Texas	Mar-08	124	2006	$29,000,000	$233,871	$18,335	90%	7.84%

Source: HealthTrust, LLC

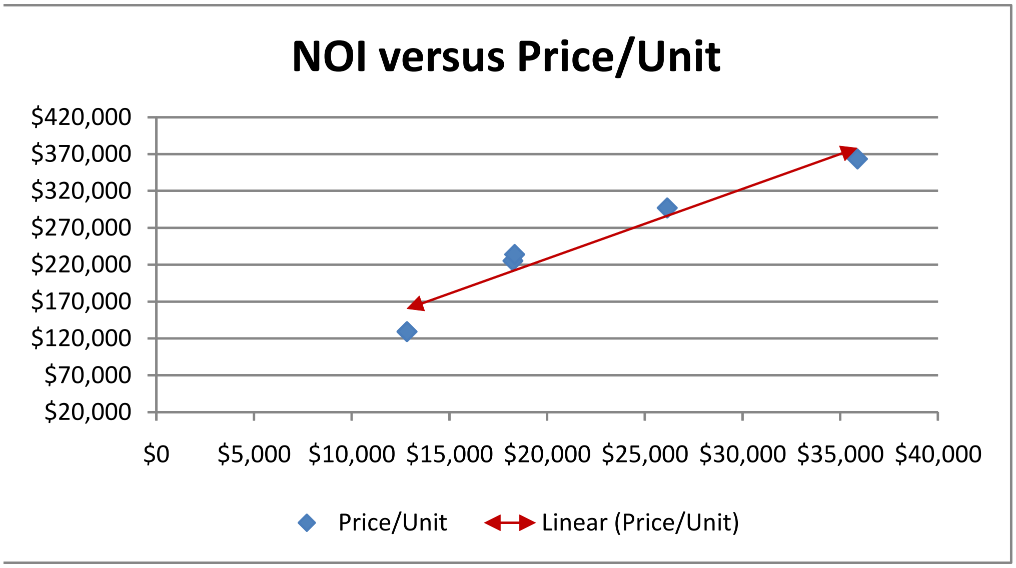
Sales Grid Analysis

The transactions selected and the subject will vary in terms of conditions of sale, date, location, size, age and condition, census and construction quality. In addition, market factors - especially those involving the market's supply and demand - are important as they have a material impact on a property's ability to generate income. Another major influence on the value of a seniors housing community is the management characteristics of the owner. All of these factors directly relate to the property's ability to produce profits, the motivation of the sale.

We have adjusted the sales to account for these differences. A property exhibiting superiority to the subject receives an overall downward adjustment while one that is inferior receives an overall upward adjustment. The adjustment formula is as follows:

Subject NOI per unit/bed MINUS Comparable NOI per unit/bed

DIVIDED BY Comparable NOI per unit/bed EQUALS Percent of Adjustment



We have operating data on a majority of the sale properties. In order to account for all the differences between the comparables and the subject, we have examined these communities on the basis of net operating income per unit/bed. This analysis will enable us to make a single adjustment that will inherently recognize all of the differences between the subject and the comparables. This comparison analysis produces a considerably tighter range of adjustments allowing for a more reasonable range to reconcile a probable value for the subject via the Sales Grid Analysis.

We have reconciled to a value estimate within the range, following any rent loss deductions, or adjustments for excess land as presented in the following table:

IMPROVED SALES GRID ANALYSIS

	SUBJECT	1	2	3	4	5
NAME/LOCATION/ATTRIBUTES	Fountain Retirement Hotel Youngtown,Arizona	Morningstar at Littleton Littleton, Colorado	Timber Ridge at Eureka Eureka, California	Caruth Haven Court Dallas, Texas	Adobe House Petaluma, California	Prestonwood Court Plano, Texas
YEAR BUILT	1971	2006	1998	1999	1996	2006
OCCUPANCY @ SALE	77%	91%	97%	91%	75%	90%
OVERALL CAPITALIZATION RATE	- - -	8.80%	9.93%	8.10%	9.87%	7.84%
EGIM	- - -	4.67	3.01	3.25	4.89	4.01
EXPENSE RATIO	80%	59%	70%	74%	52%	69%
NO. IL UNITS	0	0	0	0	0	0
NO. AL UNITS/BEDS	65	65	68	91	0	124
NO. ALZ UNITS/BEDS	0	20	22	0	40	0
NO. SN BEDS	0	0	0	0	0	0
TOTAL DENSITY	65	85	90	91	40	124
LAND AREA (AC)	1.35	3.13	1.76	2.215	1.68	3.8757
GROSS BUILDING AREA (SF)	37,102	71,080	45,762	74,647	23,022	117,412
GBA per UNIT/BED	571	836	508	820	576	947
SALE DATE	- - -	May-09	Feb-09	Jan-09	Dec-08	Mar-08
SALE PRICE	- - -	$25,250,000	$11,625,000	$20,500,000	$14,540,000	$29,000,000
PRICE PER UNIT/BED	- - -	$297,059	$129,167	$225,275	$363,500	$233,871
PRICE PER SF	- - -	$355.23	$254.03	$274.63	$631.57	$246.99
NOI/UNIT-BED	$3,211	$26,141	$12,826	$18,247	$35,877	$18,335
ADJUSTMENTS (SALE CONDITIONS)						
FINANCING		0%	0%	0%	0%	0%
ADJUSTED INDICATION		$297,059	$129,167	$225,275	$363,500	$233,871
CONDITIONS OF SALE		0%	0%	0%	0%	0%
ADJUSTED INDICATION		$297,059	$129,167	$225,275	$363,500	$233,871
MARKET CONDITIONS		0%	0%	0%	0%	0%
ADJUSTED INDICATION		$297,059	$129,167	$225,275	$363,500	$233,871
ADJUSTMENTS						
NOI PER UNIT		-88%	-75%	-82%	-91%	-82%
OTHER		0%	0%	0%	0%	0%
NET ADJUSTMENT		-88%	-75%	-82%	-91%	-82%
INDICATED VALUE		$36,491	$32,338	$39,644	$32,535	$40,959

TREND INDICATOR TOOLS	
AVERAGE SIZE OF ADJUSTMENT:	-84%
MINIMUM:	$32,338
MAXIMUM:	$40,959
MEDIAN:	$36,491
AVERAGE:	$36,393
STD. DEVIATION:	$3,961
RECONCILED VALUE:	**$35,000**

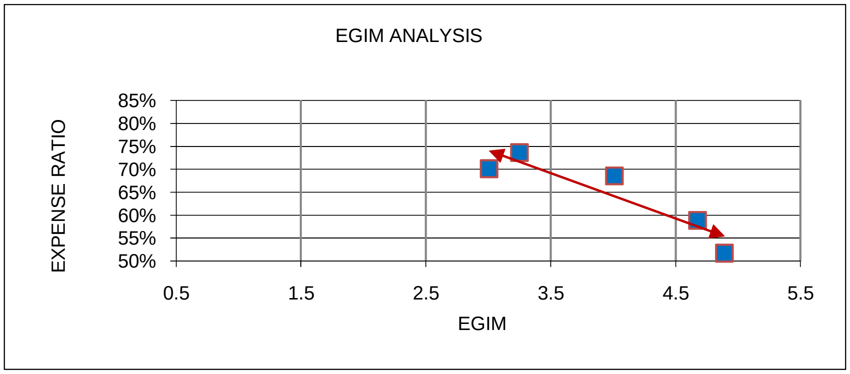
VALUATION SUMMARY	
65	UNITS/BEDS
$35,000	TIMES $/UNIT
$2,275,000	EQUALS
$2,300,000	**ROUNDED**

Source: HealthTrust, LLC

EGIM Analysis

In addition to making adjustment to the improved sales via a sales grid analysis, we have examined the indicated EGIMs of each property and the expense ratio. This method compares the subject's income characteristics with those of the comparable properties and develops a multiplier that is appropriate for the subject. Typically, the higher the expense ratio, the lower the EGIM will result. Based on our analysis, we have concluded to an appropriate EGIM as follows:

EGIM ANALYSIS		
PROPERTY	**EGIM**	**EXPENSE RATIO**
Timber Ridge at Eureka	3.01	70%
Caruth Haven Court	3.25	74%
Morningstar at Littleton	4.67	59%
Prestonwood Court	4.01	69%
Adobe House	4.89	52%
Subject		80%



Effective Gross Income of	$1,049,202
Multiplied by	2.00
Total	$2,098,404
Rounded to	$2,100,000

Source: HealthTrust, LLC

Sales Comparison Approach Conclusion

This approach contains two methods (sales grid and EGIM analysis) to reach a value estimate for the subject. Due to the strong correlation between expense ratios and multipliers indicated by the comparable sales, we find the EGIM analysis to be reliable and have attributed equal weight to its indication. Thus, the reconciled value via the sales comparison approach is presented in the following table:

SALES COMPARISON CONCLUSION

Sales Grid Analysis

Total Units /Beds		Value/Unit or Bed		Value
65	X	$35,000	=	$2,275,000

EGIM Method

Effective Gross Income		EGIM		
$1,049,202	X	2.00	=	$2,098,404

Reconciled Value

Indicated Value Reconciled to:	$2,186,702
Less Deferred Maintenance	$0
Plus Excess Land/CON	$0
Less Rent Loss	$0
Total	$2,186,702
Final Value Conclusion	$2,200,000

Source: HealthTrust, LLC

COST APPROACH

The cost approach is based upon the principle of substitution, which states that a prudent purchaser would not pay more for a property than the amount required to purchase a similar site and construct similar improvements, without undue delay, to produce a property of equal desirability and utility.

The procedure begins by estimating the value of the subject site at its highest and best use, based upon a market analysis of recent comparable sales of vacant land similar to the subject site. The next step involves estimating current reproduction costs of the improvements, including an appropriate estimate for entrepreneurial profit, in order to reflect the return a developer would require for the time, expertise, and equity investment. The final step in the cost approach involves estimating accrued depreciation from all causes and adding the depreciated value of the improvements to the estimated land value.

Land Valuation

In estimating the value of the subject site, we used direct market comparison of the subject site with recent sales of vacant land with similar utility and physical characteristics. Adjustments have been made for the sales as necessary to offset differences in various factors affecting value, such as date of sale, location, size, zoning density and any other significant differences. All sales were adjusted for and analyzed on the basis of cash equivalent sale prices.

Land Sales Map

VACANT LAND TRANSACTIONS

Sale No.	Location	Units	Acres	Sale Date	Sale Price	$/Unit	$/AC	$/SF
1	NE Dynamite & 44th St Cave Creek, Arizona	35	14.44	Apr-10	$1,200,000	$34,286	$83,102	$1.91
2	SE of Pima Rd and Legacy Blvd Scottsdale, Arizona	465	9.82	Dec-09	$13,240,000	$28,473	$1,348,269	$30.95
3	685 South Freeway Drive Napa, California	22	1.06	Feb-09	$1,200,000	$54,545	$1,132,075	$25.99
4	SE Corner of Imola Avenue and Golden Gate Drive Napa, California	17	0.86	Feb-09	$850,000	$50,000	$988,372	$22.69
5	2975 Dutton Meadow Santa Rosa, California	96	4.00	Aug-08	$2,800,000	$29,167	$700,000	$16.07

Source: HealthTrust, LLC

Seniors housing community site purchasers typically buy property on the basis of price per unit. Demographics, existing and proposed supply, and location relative to health care properties are all factors that most influence these buyers. As a result, the markets for these sites tend to be regional rather than local, as it is with other commercial property types. When necessary, we have expanded our search to include non-senior housing developments, multifamily developments, and other developments that best compared to the land acquired for the construction of the subject. Due to the prevalent land sales data available, we have valued the subject's site on the basis of price per unit.

Subsequent to our research, we have identified the following sales that are summarized below, with detailed write-ups located within the Addenda of this report. Adjustments shown in the Land Sales Analysis chart are discussed in the following paragraphs. All of the sales involved fee simple interests. Therefore, we consider financing/condition of sale, market conditions, location/access/visibility, size and density as the most relevant factors of adjustment. Transaction prices will be affected by a number of variables such as:

Financing/Conditions of Sale: Favorable financing or unusual conditions of sale (such as assemblage, seller duress, etc.) can impact the sales price of a property.

Time/Market Conditions: The time adjustment reflects changes in market conditions (e.g., supply, demand, macro economic conditions) between those existing at the time of sale and those as of the effective date of appraisal.

Location: Location factors such as visibility, access, size of market (including regional, local, rural, metropolitan buyer perceptions) and neighborhood composition often will impact the selling price.

Zoning/Density: The permissible uses in a zoning district and the density to which these uses are permitted can affect the price of a vacant property. Density adjustments for land analyzed on a per unit basis are negative for less developed sites (more green area per unit, less crowded) and positive for more densely developed sites. Conversely, on a per-square-foot basis, higher density is favorable and would require a downward adjustment.

Size: Size adjustments consider the economies of scale, or the tendency for larger tracts to sell less than smaller tracts on a price per square foot, or per unit/bed basis.

LAND SALES ANALYSIS SUMMARY

PROPERTY	SUBJECT	SALE 1	SALE 2	SALE 3	SALE 4	SALE 5
LOCATION	12030 113th Ave Youngtown, Arizona	NE Dynamite & 44th St Cave Creek, Arizona	SE of Pima Rd and Legacy Blvd Scottsdale, Arizona	685 South Freeway Drive Napa, California	SE Corner of Imola Avenue and Golden Gate Drive Napa, California	2975 Dutton Meadow Santa Rosa, California
USE	ALR	Master Planned Community / Single Family Development	465 unit CCRC	Multi-family residential	Multi-family residential	Apartments
SIZE:						
UNITS	65	35	465	22	17	96
ACRES	1.35	14.44	9.82	1.06	0.86	4.00
DENSITY	48.1	2.4	47.4	20.8	19.8	24.0
SALE DATE		Apr-10	Dec-09	Feb-09	Feb-09	Aug-08
SALE PRICE		$1,200,000	$13,240,000	$1,200,000	$850,000	$2,800,000
PRICE/UNIT		$34,286	$28,473	$54,545	$50,000	$29,167
PRICE/SF		$1.91	$30.95	$25.99	$22.69	$16.07
ADJUSTMENTS:						
FINANCING		0%	0%	0%	0%	0%
ADJUSTED INDICATION		$34,286	$28,473	$54,545	$50,000	$29,167
CONDITIONS OF SALE		0%	0%	0%	0%	0%
ADJUSTED INDICATION		$34,286	$28,473	$54,545	$50,000	$29,167
MARKET CONDITIONS		0%	0%	0%	0%	0%
ADJUSTED INDICATION		$34,286	$28,473	$54,545	$50,000	$29,167
OTHER ADJUSTMENTS:						
LOCATION		Similar	Superior	Superior	Superior	Similar
SIZE		Superior	Inferior	Superior	Superior	Similar
ZONING/DENISTY		Superior	Similar	Superior	Superior	Superior
OTHER		Similar	Similar	Similar	Similar	Similar
NET ADJUSTMENT		-50%	-40%	-70%	-70%	-40%
INDICATED VALUE		$17,143	$17,084	$16,364	$15,000	$17,500

MINIMUM:	$15,000	**ESTIMATED VALUE OF SUBJECT:**			
MAXIMUM:	$17,500		**65 UNITS @**	**$16,500**	**$1,072,500**
AVERAGE:	$16,618	**EXCESS LAND VALUE:**			**$0**
STD. DEVIATION:	$994			**ROUNDED TO**	**$1,070,000**

Source: HealthTrust, LLC

Land Value Conclusion

The comparable land sales grid indicated adjusted values for the subject property, which we reconciled based on necessary adjustments, as presented. Therefore, we have reconciled within the range, or at $16,500 per unit, resulting in a concluded land value of $1,070,000, rounded.

Improvement Valuation

Direct/Hard Costs: Based upon our inspection of the subject improvements, and our knowledge of construction quality, the construction of the various buildings is best represented by the Marshall and Swift Valuation Service: Multiple Residences – Seniors Housing, Multiple Residences – Elderly Assisted Living (AL), Convalescent Hospitals (SN), and Clubhouses for Senior Citizens (Clubhouse/Commons Buildings). We have estimated the hard construction costs for the building improvements as follows:

SUMMARY OF BASE BUILDING COSTS

Component	IL	AL	SN	Cottage	Clubhouse	Total
Class/Quality	--	Class D, Average	--	--	--	
Base Building Cost	$0.00	$79.29	$0.00	$0.00	$0.00	
Add for Sprinklers	$2.00	$2.00	$2.00	$0.00	$2.00	
Subtotal	2.00	81.29	2.00	0.00	2.00	
FAR Multiplier	0.000	0.950	0.000	0.000	0.000	
Local Multiplier	0.000	0.970	0.000	0.000	0.000	
Current Multiplier	0.000	0.970	0.000	0.000	0.000	
Subtotal	0.00	72.66	0.00	0.00	0.00	
Ratio to total	0%	100%	0%	0%	0%	
Final Building Cost						$72.66

Source: Marshall Valuation Service/HealthTrust, LLC

The table above indicates values per square foot given to the various buildings that comprise the property. Other hard costs include paving estimated, landscaping and site work/retention.

Personal Property: Furniture, fixtures, and equipment (FF&E) are estimated based upon our knowledge of these costs for similar type properties, including the development cost comparables presented at the conclusion of this section. The comparables range from $0 to $10,788 and we reconciled to $5,000 per unit for FF&E.

Other Indirect/Soft Costs: We have estimated typical soft cost amounts for legal, accounting, professional fees, real estate taxes during hold, and insurance at a lump sum; research into remaining contingency and other miscellaneous items leads us to conclude at a rate of 5% of the total hard costs.

Premarketing/Stabilization Costs: Total costs to bring the property into production to a stabilized occupancy level include marketing and pre-marketing expenses, operating losses incurred during fill-up, promotional and public relations expenses, marketing consultants, and professional advertising through the various media. Based upon our knowledge of these expenses for similar properties, and discussions with marketing specialists and consultants, we estimated the total costs to bring the property into production at stabilized occupancy to be approximately $5,000 per unit. We note that this estimate presumes a healthy market and a competent marketing/management team.

Entrepreneurial Incentive: The last accountable cost is entrepreneurial incentive and overhead essential to complete a project of this size. Our discussion with developers active in the retirement community market suggests a range in anticipated returns of 10% to 20% of the project costs (excluding land). However, our experience with Erickson Retirement, Sunrise Senior Living, and Life Care Services is that developers take a smaller return on larger projects, more in the neighborhood of 5% to 10%. We also point out that barriers to entry in any given market, or risk play an integral role in developer incentive. Given the size, scope, and risk of the subject development, we have incorporated entrepreneurial incentive of 15% of project costs.

Total Replacement Cost New (RCN): We have applied cost estimated from a reliable cost estimator (Marshall & Swift) to derive a reasonable RCN for the subject. The chart on the following page includes recently constructed senior housing/healthcare projects throughout the region/country. We therefore conclude that these comparable properties support our estimated replacement cost new for the subject.

COST COMPARABLE SUMMARY

PROPERTY	SUBJECT	1	2	3	4	5
DATE		2010	2009	2009	2008	2008
LOCATION	Arizona	Arizona	California	Texas	Texas	Texas
NO. UNITS/BEDS	65	140	124	80	74	134
GROSS BUILDING AREA	37,102	125,316	113,708	81,163	57,000	0
CONSTRUCTION TYPE	Wood Frame	Steel Frame	Steel Frame	Steel Frame		Unknown
LAND COST	$1,070,000	$1,945,500	$2,500,000	$468,000	$1,500,000	$0
SITE WORK	$29,403	$900,000	$4,300,000	$0	$0	$0
HARD COSTS	$2,776,009	$11,005,020	$18,286,870	$9,123,989	$5,700,000	$14,400,000
FF&E	$325,000	$1,429,088	$790,260	$863,076	$500,000	$0
SOFT COSTS	$794,562	$5,557,500	$10,783,103	$2,886,597	$943,218	$0
TOTAL	$3,924,974	$18,891,608	$34,160,233	$12,873,662	$7,143,218	$14,400,000
ENTREPRENEURIAL INCENTIVE	$588,746	$2,833,741	$5,124,035	$1,931,049	$1,071,483	$2,160,000
REPLACEMENT COST NEW	$4,513,720	$21,725,349	$39,284,268	$14,804,711	$8,214,701	$16,560,000
COSTS PER UNIT	$69,442	$155,181	$316,809	$185,059	$111,009	$123,582
COSTS PER SF	$121.66	$173.36	$345.48	$182.41	$144.12	N/A

Source: HealthTrust, LLC

Note: Costs may be combined in some categories

Depreciation

Depreciation is allocated between the various types of curable and incurable depreciable items. Depreciation is defined as a loss in value from any cause, and consists of physical deterioration, functional obsolescence, and economic or external obsolescence.

Physical curable depreciation (deferred maintenance) includes all items of maintenance that should be corrected on the date of appraisal to maximize profit or minimize loss that would result if the property were sold. A measure of physical curable deterioration is the cost to perform this maintenance and includes such items as interior and exterior painting, roof repair, etc.

The estimated physical incurable depreciation includes both short-lived and long-lived components and represents general wear and tear on the property that does not warrant immediate repair. Deducting this replacement cost new from the property's total, results in a depreciable base for the long-lived components. Based on the estimated effective age of the subject, assuming an economic life of 50 years, we were able to estimate total long-lived incurable depreciation for the subject.

Functional obsolescence includes items of deficiency or superadequacy that impact the structure's utility. Curable items are economically feasible to correct while incurable items cannot be fixed for less than the resulting contribution to value.

External obsolescence results from factors and influences outside the property. This type of obsolescence is usually incurable because the tenant and landlord are typically powerless to remove or change the influence creating the obsolescence. Examples of external obsolescence include government fees and regulations, the presence of a landfill or equally undesirable neighbor, and market conditions that do not support development costs. We have noted no evidence of external obsolescence impacting the subject.

Cost Approach Conclusion

The final step in the cost approach is adding the previously estimated land value of the subject site to the estimated depreciated replacement cost new of the improvements. Therefore, the market value of the subject, via the cost approach, is presented in the following exhibit.

COST APPROACH SUMMARY

HARD COSTS						
Main Structure	37,102	SF @	$72.66		$2,695,886	
Other Structure	-	SF @	$0.00		$0	
Walkways & Paving	14,702	SF @	$5.00		$73,508	
Landscaping	2,940	SF @	$2.25		$6,616	
Site Work/Retention	58,806	SF @	$0.50		$29,403	
Furniture, Fixtures, & Equipment	65	Units/Beds @	$5,000		$325,000	
Total Hard Costs:						$3,130,412
SOFT COSTS						
Professional Fees, Title, Ins., Taxes, etc.					$313,041	
Miscellaneous & Contingency @	5%				$156,521	
Pre-marketing expenses @	$5,000	Per Unit			$325,000	
Total Soft Costs:						$794,562
ENTREPRENEURIAL INCENTIVE @	15%					$588,746
REPLACEMENT COST NEW	$69,442	/Per Unit	$121.66	/Square Foot		$4,513,720
DEPRECIATION						
Physical Curable:					$0	
Physical Incurable (Short-Lived):		Effective	Economic			
COMPONENT	Cost New	Age	Life	Amount		
Roof	$74,204	18	25	$53,427		
FF&E	$325,000	9	12	$243,750		
Flooring	$148,408	8	10	$118,726		
HVAC	$185,510	18	25	$133,567		
Site Improvements	$73,508	10	25	$29,403		
	$806,630				$578,873	
Physical Incurable (Long-Lived):						
Replacement Cost New				$4,513,720		
Less Short-Lived Items				-$ 806,630		
Depreciable Basis				$ 3,707,091		
Effective Age/Economic Life	35	/50 =	70.0%		$2,594,963	
Functional Obsolescence:					$0	
External Obsolescence:					$0	
TOTAL ESTIMATED ACCRUED DEPRECIATION						-$3,173,837
VALUATION SUMMARY						
DEPRECIATED VALUE OF IMPROVEMENTS						$1,339,883
ADD EXCESS CON VALUE @	$0	Per Bed				$0
LAND VALUE						*$1,070,000*
EXCESS LAND VALUE						*$0*
ADD TOTAL LAND VALUE						$1,070,000
PRELIMINARY COST APPROACH VALUE						$2,409,883
LESS ADJUSTMENT FOR LACK OF STABILIZATION						$0
ESTIMATED VALUE VIA COST APPROACH						**$2,409,883**
ROUNDED TO						**$2,400,000**

Source: HealthTrust, LLC

Insurable Value Estimate

Based on the foregoing, we have also estimated the subject's insurable value, as shown below:

INSURABLE VALUE CALCULATIONS					
Fountain Retirement Hotel					
Replacement Cost New				$4,513,720	
Less:					
Site Work/Retention	58,806	SF @	$0.50	-$29,403	
Entrepreneurial Incentive				-$588,746	
INSURABLE VALUE CALCULATION					$3,895,571
ROUNDED TO					$3,900,000

Source: HealthTrust, LLC

RECONCILIATION AND FINAL VALUE ESTIMATES

The purpose of this appraisal is to assist with underwriting a potential loan involving the subject of the fee simple interest in the subject. We have applied three approaches to estimate the subject's value. The value estimates provided by these approaches are:

VALUATION SUMMARY	
Value Indication(s)	
	As-Is 19-Jul-2010
The Cost Approach - Fee Simple	$2,400,000
The Income Approach - Fee Simple	$2,200,000
The Sales Approach - Fee Simple	$2,200,000
The Income Approach - Leased Fee	---
The Income Approach - Leasehold	---
Value Conclusion(s)	
Market Value of Going Concern (TAB)	$2,200,000
Market Value of Leased Fee Estate	---
Market Value of Leasehold Estate	---

Five land sales are used in the Cost Approach to provide an estimate of the subject's value. These sales offered a reliable indication of the subject's site value. The replacement cost new reflects current costs as estimated by a reliable cost manual, national averages for retirement community development, development cost comparables, and our experience. However, the depreciation estimates are more subjective and have less direct market support. The older the improvements, the less reliable this approach becomes due to the necessarily significant depreciation estimates applied. Hence, while we believe this approach provides a reliable estimate of the subject's value, less weight was place on this approach rather than the income approach.

The Income Approach has been employed to estimate the present value of the cash flows generated by the subject's operation. Our estimates of revenues and expenses reflect the performance of numerous similar properties and are well supported. The going-in/terminal capitalization and discount rates used are extracted from the market and reflect the subject's financing terms. This approach has the most support from the market and best reflects the manner in which the probable purchaser would examine the subject; that is, because a senior housing and healthcare assets are income-producing properties, a buyer will most strongly consider the cash flows that an asset can generate. The income approach is thus the most reliable and has been accorded the most weight for our valuation analysis. We typically employ direct capitalization and discounted cash flow methods, weight the strengths of each, and reconciling accordingly.

The Sales Comparison Approach includes five sales of senior housing/healthcare assets that have transferred recently. These sales differ from the subject but were able to produce a reliable estimate of the subject's value. We do point out that this approach is heavily dependent on whether there is sufficient and active sales volume. Historically, while a number of sales do exist in this product niche, the number of sales is considerably less than that of traditional commercial or residential properties. Hence, significant adjustments are often required and this approach is largely used to provide benchmarks to test for reasonableness of the primary valuation tool (income approach). Consequently, this approach has received secondary weight.

Asset Value Allocation

According to the 2010 Edition of the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation, it is necessary to identify any personal property, trade fixtures or intangible items that are not real property but are included in the appraisal. Business value or “intangible assets” is generally created when a property such as the subject has achieved stabilized operations.

An Assisted Living Residence is a unique property because it contains elements of all three types of values. It is often very difficult to separate the going concern business value from the real estate value, for example, because neither can exist without the other. However, we have attempted to allocate the relative contribution values of the real property, personal property and intangible assets as a going concern.

Several schools of thought exist with regard to how these components are allocated. Hotel appraisers will typically deduct a franchise fee paid for the use of a brand name (i.e., Marriott, Ritz Carlton, Hilton, etc.), and a passive management fee of say 3.0% to 5.0% from gross revenue to derive NOI that is capitalized into a business value. Others have advocated numerous other deductions for work force in place, original cost to hire and train the work force, and other intangibles that should be deducted from the Total Assets of the Business (TAB) to isolate the value of the real estate only. We understand this methodology has had very limited success in the courts thus far. A course offered by the Appraisal Institute (Course 800) was based on similar theories. However, it was so controversial the Appraisal Institute suspended teaching the course in 2007. We have attempted to allocate the values to each of the components through a combination of methods (Income Residual, Management Capitalization, and Cost Residual), thus reconciling to a final allocation for each component.

Income Residual Method: In this case, we begin with the total estimated NOI of the going concern, as estimated in our valuation analysis. From this we deduct the return associated with FF&E to arrive at a purely real estate based income stream which we capitalized at a lower rate than the going concern to account for the lower risk factor. Hence, we deduct the depreciated cost of the FF&E and the Real Estate value from the total concluded property value. The remainder reflects the indicated business value.

Management Capitalization Method: This is a simplistic version of the Income Residual Method whereby we utilize and assume the management fee reflects the income attributable to the business. We thus capitalize the management fee at a significantly higher rate to account for the increased perception of risk associated with and isolated to the business.

Cost Residual Method: In this instance, it is assumed a cost approach analysis has been completed. Therefore, when we allocate value, first we satisfy the personal property component; this estimate represents the depreciated value of the FF&E presented in the cost approach and rounded to the nearest $100,000. Then, we will allocate value to real estate. When the cost approach conclusion (before deduction for a lack of stabilized occupancy) is higher than the final value estimates, we estimate the real estate by deducting the FF&E from the final value conclusions. When the cost approach conclusion (before deduction for a lack of stabilized occupancy) is lower than the final value estimates, we deduct the FF&E from the cost approach conclusion (before deduction for a lack of stabilized occupancy). Typically, in the appraisal of a successful retirement property, our business value allocation method is supported by virtue of the differential between the cost approach conclusion and the final value estimate. In other words, anything remaining after personal and real property have been satisfied constitutes business value.

In this instance, we have allocated value as follows:

VALUE ALLOCATION SUMMARY

				As-Is
	Income Residual Method			
(1)	Estimated NOI (Going Concern)		=	$208,726
	Less: Return on FF&E of 20.00%	$100,000	=	-$20,000
	Income Attributable to Real Estate		=	$188,726
(2)	Value of Real Estate @	9.00%	=	$2,096,953
		Rounded:		$2,100,000
	Total Property Value Concluded via Appraisal		=	$2,200,000
	Less: Personal Property (FF&E)		@	-$100,000
	Less: Real Estate Value		@	-$2,100,000
	Remainder (Indicated Business Value)		=	$0
	Management Capitalization Method			
	Management Fee, or income to business of		=	$52,460
(3)	Capitalized at business capitalization rate of	30.00%	=	$174,867
	Indicated Business Value	Rounded:		$200,000
	Cost Residual Method			
	Total Property Value Concluded via Appraisal		=	$2,200,000
(4)	Preliminary Cost Approach Conclusion		=	$2,400,000
	Value of Real Estate (Cost less Excess CON, less FF&E)		=	$2,100,000
(5)	Value of FF&E and Excess CON		=	$100,000
(6)	Value of Business (Total value less RE, less FF&E, less excess CON		=	$0
	Reconciled Business Allocation		@	$100,000
	Reconciled Personal Property Allocation		@	$100,000
	Remainder Real Estate Allocation		@	$2,000,000

(1) NOI of going concern including intangible assets, or TAB
(2) 50 basis points less than going concern cap rate
(3) Substantially higher cap rate than going concern to account for risk
(4) Excludes any adjustment for lack of stabilization
(5) Certificate of Need (CON) considered chattel or movable personal property
(6) Business value if > Total Property Value; otherwise zero

Source: HealthTrust, LLC

Marketability Analysis

The definition of "market value" incorporates the assumption that the subject of the appraisal has been exposed on the market for a reasonable period of time. The Appraisal Standards Board (ASB) made the following comment to Standard 6 of USPAP:

Reasonable exposure time is one of a series of conditions in most market value definitions. Exposure time is always presumed to precede the effective date of the appraisal.

Exposure time may be defined as follows: The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market.

The statement continues with remarking that this exposure time is not a prediction of a date of sale and should not be confused with a marketing period. The Appraisal Standards Board distinguishes marketing time as the period required to sell a property immediately after the effective date of appraisal. This estimate is not part of the appraisal process and has no impact on market value. Because we are estimating market value, we have made an estimate of the subject's exposure time that is presumed to have occurred prior to the effective date of the appraisal.

In accordance with our conclusion of highest and best use, we believe that the most probable purchaser of the subject property would be a nursing home/retirement community owner/operator or possibly a limited partnership with specialized expertise in elderly care.

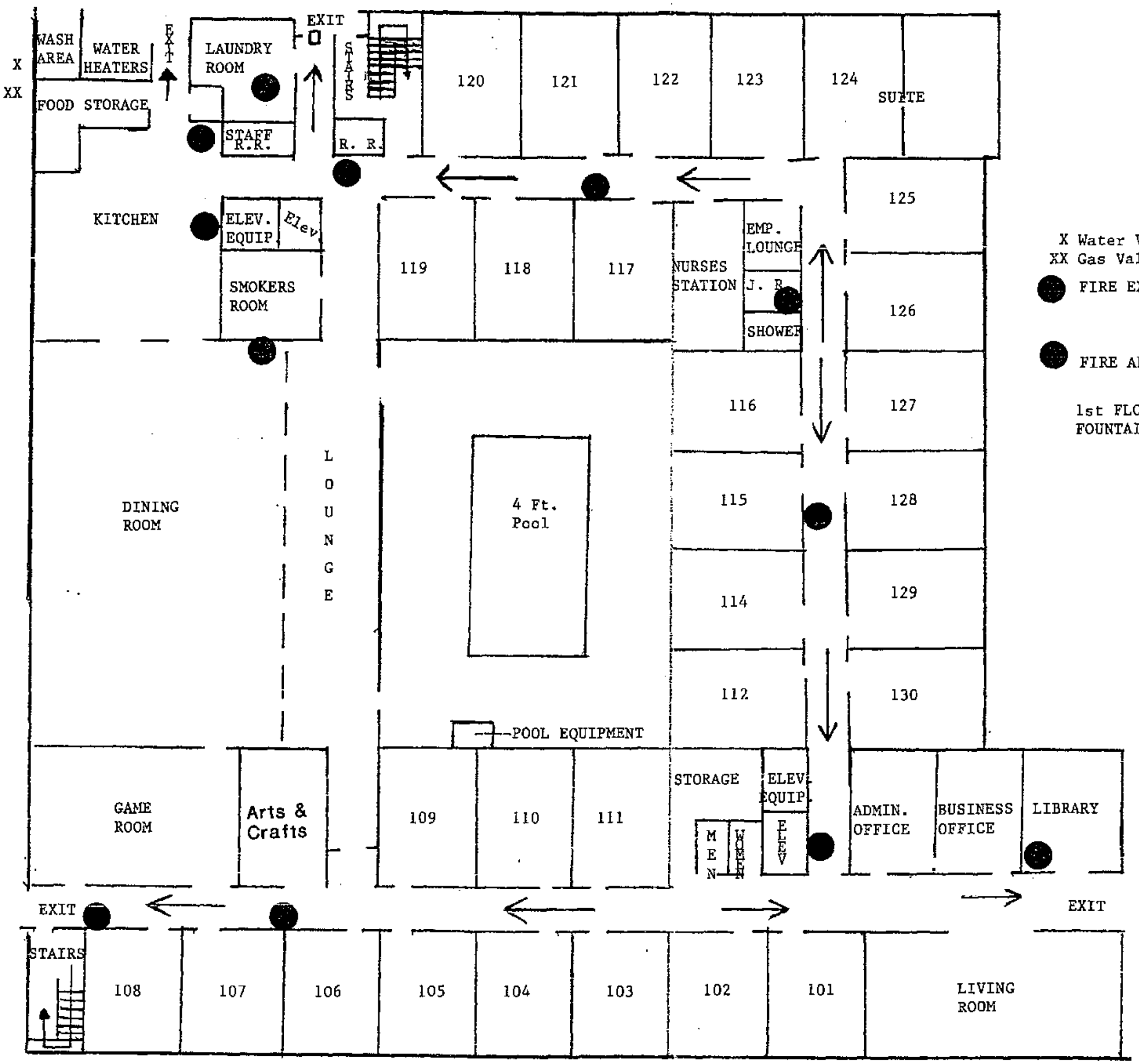
Financing for the subject property would most likely be obtained through a commercial bank with strong local ties, life insurance company or through tax-exempt bond issues. In the current market, lenders now place much more underwriting emphasis on the financial position and credit-worthiness of the borrower and less weight on the real estate as security collateral. We understand this to hold true in the nursing home and retirement industry as well.

We also contacted three well-known brokerage firms that specialize in marketing healthcare properties nationally. Both Mel Gamzon, principal of Senior Housing Investment Advisors and Allen McMurtry, a broker with CLW Realty Group, Inc. indicated current marketing periods ranging from six to twelve months from listing to closing. Since both of these firms are familiar with this product type, we are confident that if the subject were actively marketed to this group of potential buyers at a price near our estimates of market value, it would sell within twelve months. Dave Rothschild of CB Commercial concurs with the six- to twelve-month marketing period. In this case, marketing time and exposure time are the same.

The key to estimating a probable exposure time for the subject is the relationship between its net income, its competitive market, and the final value estimate developed. We note that nationally there is activity in the retirement market as many of the national players are positioning themselves to increase market share. Hence, we believe that if the subject were actively marketed to this group of potential buyers at a price near our estimates of market value, it would sell within twelve months.

ADDENDA

Subject Photographs and Exhibits

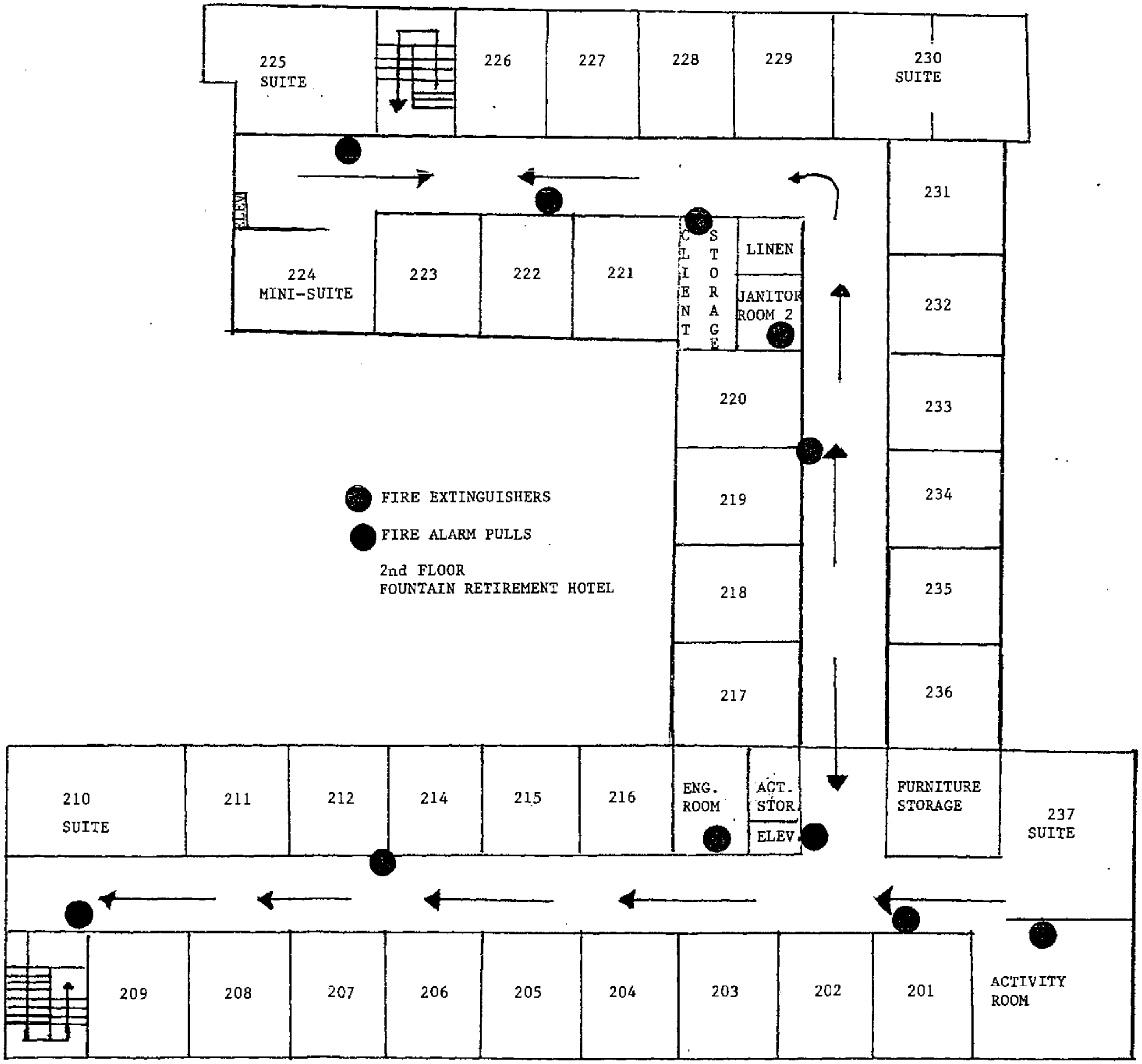


X Water Valve
XX Gas Valve

● FIRE EXTINGUISHERS

● FIRE ALARM PULLS

1st FLOOR
FOUNTAIN RETIREMENT HOTEL



● FIRE EXTINGUISHERS

● FIRE ALARM PULLS

2nd FLOOR
FOUNTAIN RETIREMENT HOTEL

Provided Financial Statements

Fountain Retirement Center, Inc
Profit & Loss
January through March 2010

	Jan - Mar 10	
Ordinary Income/Expense		
Income		
4000 · Room & Board		
4010 · Room & Boaard - Private	162,065.10	
4040 · Medi-Set	81,855.00	
4000 · Room & Board - Other	400.00	
Total 4000 · Room & Board		244,320.10
4200 · Revenue Deductions		
4210 · Private Deductions	-5,816.06	
Total 4200 · Revenue Deductions		-5,816.06
Total Income		238,504.04
Gross Profit		238,504.04
Expense		
Payroll Expenses		22.50
5000 · Supervisory Expenses		
5010 · Supervisory Salaries	17,366.66	
5000 · Supervisory Expenses - Other	151.77	
Total 5000 · Supervisory Expenses		17,518.43
5100 · Dietary Expenses		
5110 · Dietary Salaries	23,872.78	
5120 · Dietary Food	15,369.95	
5130 · Dietary Supplies	418.90	
5150 · Dietary Purchased Services	160.95	
Total 5100 · Dietary Expenses		39,822.58
5200 · Housekeeping Expenses		
5210 · Housekeeping Salaries	19,940.75	
5220 · Housekeeping Supplies	1,015.13	
5230 · Housekeeping Repairs	473.00	
Total 5200 · Housekeeping Expenses		21,428.88
5300 · Laundry Expenses		
5310 · Laundry Salaries	4,845.00	
Total 5300 · Laundry Expenses		4,845.00
5400 · Social Service Expenses		
5410 · Social Service Salaries	3,870.07	
Total 5400 · Social Service Expenses		3,870.07
5500 · Maintenance Expenses		
5510 · Maintenance Salaries	4,963.76	
5530 · Maintenance Repairs	-1,303.31	
5540 · Maintenance Purchased Service	1,911.41	
5550 · Waste Management	396.75	
5560 · Natural Gas	2,594.95	
5570 · Water/Sewer	1,791.27	
5580 · Electricity	8,921.61	
5500 · Maintenance Expenses - Other	80.00	
Total 5500 · Maintenance Expenses		19,356.44
5600 · Janitor Expenses		250.00

Fountain Retirement Center, Inc
Profit & Loss
January through March 2010

	Jan - Mar 10
5700 · Administration Expenses	
5710 · Administration Salaries	16,556.66
5730 · Administration Purch Services	137.84
5750 · Accounting Fees	1,800.00
5840 · Insurance General	7,301.53
5845 · Insurance Medical & Life	12,885.73
5850 · Insurance Vehicle	947.22
5855 · Insurance Workmans Comp	167.47
5875 · Miscellaneous Expense	1,610.65
5900 · Postage	176.00
5950 · Rent	59,537.61
5970 · Taxes/Licenses	108.20
5980 · Telephone	2,477.42
Total 5700 · Administration Expenses	103,706.33
6000 · Employee Benefits	
6020 · Sun Country Credit Union	500.00
6030 · Payroll Taxes	7,140.71
6040 · Unemployment Taxes	735.21
6060 · Vacation - Holiday Pay	463.00
Total 6000 · Employee Benefits	8,838.92
Total Expense	219,659.15
Net Ordinary Income	18,844.89
Other Income/Expense	
Other Expense	
8500 · Other Expenses	
8530 · Interest Expense	4,837.50
Total 8500 · Other Expenses	4,837.50
Total Other Expense	4,837.50
Net Other Income	-4,837.50
Net Income	**14,007.39**

Fountain Retirement Center, Inc
Profit & Loss
October through December 2009

	Oct - Dec 09	
Ordinary Income/Expense		
Income		
4000 · Room & Board		
4010 · Room & Boaard - Private	1,002,298.23	
4040 · Medi-Set	62,805.00	
4000 · Room & Board - Other	100.00	
Total 4000 · Room & Board		1,065,203.23
4200 · Revenue Deductions		
4210 · Private Deductions	-9,528.69	
4230 · Other Deductions	-295.00	
Total 4200 · Revenue Deductions		-9,823.69
Total Income		1,055,379.54
Gross Profit		1,055,379.54
Expense		
Payroll Expenses		0.00
5000 · Supervisory Expenses		
5010 · Supervisory Salaries	80,163.58	
5020 · Supervisory Central Supplies	5,925.05	
5030 · Supervisory Repairs	26.00	
5040 · Supervisory Purchased Services	1,467.79	
5050 · S/C - Finger Printing	138.00	
Total 5000 · Supervisory Expenses		87,720.42
5100 · Dietary Expenses		
5110 · Dietary Salaries	92,218.62	
5120 · Dietary Food	78,021.26	
5130 · Dietary Supplies	2,517.95	
5150 · Dietary Purchased Services	2,223.02	
Total 5100 · Dietary Expenses		174,980.85
5200 · Housekeeping Expenses		
5210 · Housekeeping Salaries	81,723.45	
5220 · Housekeeping Supplies	8,918.01	
5230 · Housekeeping Repairs	1,632.29	
5240 · Housekeeping Purchased Service	76.00	
Total 5200 · Housekeeping Expenses		92,349.75
5300 · Laundry Expenses		
5310 · Laundry Salaries	18,743.50	
5320 · Laundry Supplies	1,195.49	
5330 · Laundry Repairs	1,838.17	
Total 5300 · Laundry Expenses		21,777.16
5400 · Social Service Expenses		
5410 · Social Service Salaries	16,325.76	
5420 · Social Service Supplies	2,234.33	
5440 · Social Service Purchased Servic	2,154.03	
Total 5400 · Social Service Expenses		20,714.12
5500 · Maintenance Expenses		
5510 · Maintenance Salaries	18,277.65	
5520 · Maintenance Supplies	5,191.85	
5530 · Maintenance Repairs	13,422.60	
5540 · Maintenance Purchased Service	26,251.75	
5550 · Waste Management	1,587.00	
5560 · Natural Gas	12,863.37	
5570 · Water/Sewer	10,926.58	
5580 · Electricity	45,344.08	
5500 · Maintenance Expenses - Other	1,220.00	
Total 5500 · Maintenance Expenses		135,084.88

Fountain Retirement Center, Inc
Profit & Loss
October through December 2009

	Oct - Dec 09	
5700 · Administration Expenses		
5710 · Administration Salaries	82,189.73	
5730 · Administration Purch Services	74.24	
5740 · Ads/Help Wanted	1,318.63	
5750 · Accounting Fees	10,415.10	
5780 · Bank Charges	9.73	
5790 · Board of Directors Fees	1,000.00	
5810 · Depreciation	35,461.00	
5820 · Donations	1,000.00	
5830 · Dues/Subscriptions	1,059.70	
5840 · Insurance General	18,486.34	
5845 · Insurance Medical & Life	25,800.87	
5850 · Insurance Vehicle	816.00	
5855 · Insurance Workmans Comp	12,603.20	
5870 · Legal Fees	1,000.00	
5875 · Miscellaneous Expense	-1,812.53	
5880 · Office Supplies	2,272.15	
5890 · Permits/Fees	-135.00	
5900 · Postage	1,233.07	
5910 · Printing/Duplication	5,597.80	
5930 · Property Tax	11,159.30	
5950 · Rent	229,148.88	
5960 · Seminar/Education	970.00	
5970 · Taxes/Licenses	3,768.50	
5980 · Telephone	3,973.60	
5990 · Vehicle Expenses	36,880.69	
Total 5700 · Administration Expenses		484,291.00
6000 · Employee Benefits		
6030 · Payroll Taxes	31,152.52	
6040 · Unemployment Taxes	0.00	
Total 6000 · Employee Benefits		31,152.52
66900 · Reconciliation Discrepancies		0.00
Total Expense		1,048,070.70
Net Ordinary Income		7,308.84
Other Income/Expense		
Other Income		
8000 · Other Income		
8010 · Meal Income	382.00	
8030 · Interest Income	1,289.21	
Total 8000 · Other Income		1,671.21
Total Other Income		1,671.21
Other Expense		
8500 · Other Expenses		
8530 · Interest Expense	3,225.00	
8540 · Penalties/Fines	-18.41	
Total 8500 · Other Expenses		3,206.59
Total Other Expense		3,206.59
Net Other Income		-1,535.38
Net Income		**5,773.46**

Improved Sales

IMPROVED SALE #1

Record ID:	8054704
Property Type:	---
Name:	Morningstar at Littleton
Address:	5344 South Ripling Parkway, Littleton, Jefferson, CO, 80127
Verified with:	Grantee, Grantor, Senior Care Investor
By:	Colleen H. Blumenthal, MAI & David Rey Salinas, AS on 3/22/2009

KEY INDICATORS

Sale Price:	$25,250,000	**Price per Capacity:**	$297,059
Adjusted Sale Price:	---	**Price per Acre:**	$8,067,093
Sale Date:	5/2009	**Price per SF:**	$185.19
Cap Rate:	8.80%	**Time on Market:**	---
EGIM:	4.67	**Exp as Percent of EGI:**	58.86%

SALE DATA

Grantor:	MH MS Littleton, LLP (MacKenzie House, LLC)
Grantee:	AEW Senior Housing Investors, LP
Property Rights:	Fee Simple
Financing:	Cash to seller
Occupancy at sale:	91%
Private Pay Census:	100%
Medicaid Census:	---
Effective Gross Income:	$5,401,384
Operating Expenses:	$3,178,988
NOI:	$2,222,396
Exp per Capacity:	$37,400

PHYSICAL PLANT DATA

Year Opened:	2006
Major Renovation:	---
Gross Building Area:	71,080
Number of Buildings:	---
Number of Stories:	---
Elevators:	---
Construction:	Steel Frame
Quality:	---
Condition:	---
Parking Garage:	---
Parking Spaces:	---

PROPERTY MIX

Level	**Capacity**
IL	---
AL	65 units
ALZ	20 units
SN	---
HPL	---
Total Capacity	85

LAND DATA

Land Area:	3.13 Acres
Description:	Slightly irregular parcel on well-traveled road. 3.13 acres.
Improvements:	85-unit assisted living and memory care residence
Parcel / Legal:	195809
Proposed Use:	---
Zoning:	P-D (Planned Development) Jefferson County

REMARKS:

The financial indicators are based on the 2009 budget adjusted to reflect a 5% management fee and capital reserves. The property is of excellent quality and was in excellent condition at the time of the sale. Lisa Widmier of Vant*Age Point represented the seller as broker.

IMPROVED SALE #2

Record ID:	8054703
Property Type:	---
Name:	Timber Ridge at Eureka
Address:	2740 Timber Ridge Lane, Eureka, Humboldt, CA, 95503
Verified with:	Grantee and Grantor
By:	Colleen H. Blumenthal, MAI on 3/22/2009

KEY INDICATORS

Sale Price:	$11,625,000	**Price per Capacity:**	$129,167
Adjusted Sale Price:	---	**Price per Acre:**	$6,605,114
Sale Date:	2/2009	**Price per SF:**	$151.63
Cap Rate:	9.93%	**Time on Market:**	---
EGIM:	3.01	**Exp as Percent of EGI:**	70.14%

SALE DATA

Grantor:	FKS Investment Company
Grantee:	Humboldt Walford, LLC
Property Rights:	Fee Simple
Financing:	Cash to seller
Occupancy at sale:	97%
Private Pay Census:	100%
Medicaid Census:	---
Effective Gross Income:	$3,865,984
Operating Expenses:	$2,711,559
NOI:	$1,154,425
Exp per Capacity:	$30,128

PHYSICAL PLANT DATA

Year Opened:	1998
Major Renovation:	---
Gross Building Area:	45,762
Number of Buildings:	---
Number of Stories:	---
Elevators:	---
Construction:	Wood Frame
Quality:	---
Condition:	---
Parking Garage:	---
Parking Spaces:	---

PROPERTY MIX

Level	Capacity
IL	---
AL	68 units
ALZ	22 units
SN	---
HPL	---
Total Capacity	90

LAND DATA

Land Area:	1.76 Acres
Description:	---
Improvements:	---
Parcel / Legal:	---
Proposed Use:	---
Zoning:	---

REMARKS:

This transaction reflects the exercise of a lease option negotiated in 1998. According to the lease, the optional purchase price is calculated by multiplying the total development costs by an annual factor of 10% and subtracting the annual lease payments. Based on calculations provided by the operator, we understand this purchase price is $11,625,000. We find this option price is slightly below current market conditions due to the fact it was negotiated in 1998.

The financial indicators reflect the actual performance trended to 2009 dollars and adjusted to include a 5% management fee and $300/unit reserves.

IMPROVED SALE #3

Record ID:	8054899
Property Type:	---
Name:	Caruth Haven Court
Address:	5585 Caruth Haven Lane, Dallas, Dallas, TX, 75225
Verified with:	SeniorCare Investor, Cornerstone REIT Press Release and broker (Megan Fetter) CLW at
By:	Anthony Carter on 4/6/2009

KEY INDICATORS

Sale Price:	$20,500,000	**Price per Capacity:**	$225,275
Adjusted Sale Price:	---	**Price per Acre:**	$9,255,079
Sale Date:	1/2009	**Price per SF:**	$212.47
Cap Rate:	8.10%	**Time on Market:**	---
EGIM:	3.25	**Exp as Percent of EGI:**	73.67%

SALE DATA

Grantor:	Senior Housing Partners II, LP
Grantee:	Cornerstone Real Estate Funds (REIT)
Property Rights:	Fee Simple
Financing:	Cash to Seller
Occupancy at sale:	91%
Private Pay Census:	100%
Medicaid Census:	---
Effective Gross Income:	$6,307,692
Operating Expenses:	$4,647,192
NOI:	$1,660,500
Exp per Capacity:	$51,068

PHYSICAL PLANT DATA

Year Opened:	1999
Major Renovation:	---
Gross Building Area:	74,647
Number of Buildings:	---
Number of Stories:	---
Elevators:	---
Construction:	Wood Frame
Quality:	---
Condition:	---
Parking Garage:	---
Parking Spaces:	---

PROPERTY MIX

Level	**Capacity**
IL	---
AL	91 units
ALZ	---
SN	---
HPL	---
Total Capacity	91

LAND DATA

Land Area:	2.22 Acres
Description:	Level; Irregularly shaped; not in a flood zone
Improvements:	---
Parcel / Legal:	005450000P0040000
Proposed Use:	---
Zoning:	PD

REMARKS:

This is high quality, three story assisted living residence located within an exclusive area (Highland Park) of Dallas. The property was sold by 12 Oaks Management to Prudential in 2003 for $12,950,000. Since the previous sale, NOI has been increased approximately 10% and the previous sale had a substantially higher cap rate at 11.24%. Based on the paired sales, the value has appreciated 8.13% annually or 46% aggregately. Throughout the previous sale and the current sale, 12 Oaks continues to manage the property.

Although the subject has 91 units, it is licensed for 95 beds. Thus, this leaves the option to add four second residents.

IMPROVED SALE #4

Record ID:	8053918
Property Type:	---
Name:	Adobe House
Address:	750 North McDowell Boulevard, Petaluma, Sonoma, CA, 94954
Verified with:	Buyer representative
By:	Scott A. McCorvie on 1/12/2009

KEY INDICATORS

Sale Price:	$14,540,000	**Price per Capacity:**	$363,500
Adjusted Sale Price:	---	**Price per Acre:**	$8,654,762
Sale Date:	12/2008	**Price per SF:**	$198.69
Cap Rate:	9.88%	**Time on Market:**	---
EGIM:	4.89	**Exp as Percent of EGI:**	51.71%

SALE DATA

Grantor:	Adobe House, LLC
Grantee:	Wilkinson 1031, LLC
Property Rights:	Fee Simple
Financing:	cash equivalent
Occupancy at sale:	75%
Private Pay Census:	100%
Medicaid Census:	---
Effective Gross Income:	$2,973,331
Operating Expenses:	$1,537,473
NOI:	$1,435,858
Exp per Capacity:	$38,437

PHYSICAL PLANT DATA

Year Opened:	1996
Major Renovation:	---
Gross Building Area:	23,022
Number of Buildings:	---
Number of Stories:	---
Elevators:	---
Construction:	Wood Frame
Quality:	---
Condition:	---
Parking Garage:	---
Parking Spaces:	---

PROPERTY MIX

Level	**Capacity**
IL	---
AL	---
ALZ	40 units
SN	---
HPL	---
Total Capacity	40

LAND DATA

Land Area:	1.68 Acres
Description:	---
Improvements:	---
Parcel / Legal:	137-061-038
Proposed Use:	---
Zoning:	R-5

REMARKS:

This residence is went under contract in May 2008 and was able to close in December 2008. The total purchase price $14,540,000 is allocated as $14,440,000 in real estate and $100,000 in personal property. The financial analysis includes the 2008 annualized performance with a 5% management fee and $300 per unit in replacement reserves.

IMPROVED SALE #5

Record ID:	8053453
Property Type:	---
Name:	Prestonwood Court
Address:	7001 West Plano Parkway, Plano, Denton, TX, 75093
Verified with:	Third Party Appraiser
By:	Anthony Carter on 11/21/2008

KEY INDICATORS

Sale Price:	$29,000,000	**Price per Capacity:**	$233,871
Adjusted Sale Price:	---	**Price per Acre:**	$7,482,519
Sale Date:	3/2008	**Price per SF:**	$171.78
Cap Rate:	7.84%	**Time on Market:**	---
EGIM:	4.01	**Exp as Percent of EGI:**	68.56%

SALE DATA

Grantor:	Prestonwood Court LTD
Grantee:	Aureus Group, LLC
Property Rights:	Fee Simple
Financing:	---
Occupancy at sale:	90%
Private Pay Census:	100%
Medicaid Census:	---
Effective Gross Income:	$7,231,920
Operating Expenses:	$4,958,320
NOI:	$2,273,600
Exp per Capacity:	$39,986

PHYSICAL PLANT DATA

Year Opened:	2006
Major Renovation:	---
Gross Building Area:	117,412
Number of Buildings:	---
Number of Stories:	---
Elevators:	---
Construction:	Steel Frame
Quality:	---
Condition:	---
Parking Garage:	---
Parking Spaces:	---

PROPERTY MIX

Level	**Capacity**
IL	---
AL	124 units
ALZ	---
SN	---
HPL	---
Total Capacity	124

LAND DATA

Land Area:	3.88 Acres
Description:	---
Improvements:	---
Parcel / Legal:	257359
Proposed Use:	---
Zoning:	---

REMARKS:

The expenses above include a 5% management fee and $300 per unit for reserves The revenue and expenses reflect the buyers Year 1 proforma.

Land Sales

Demographic Data

Senior Life 2009

Radius 1: 12030 N 113TH AVE, YOUNGTOWN, AZ 85363-1241, 0.00 - 5.00 Miles, Total

Population by Age	**2000 Census**	**%**	**2009 Estimate**	**%**	**2014 Projection**	**%**
Total Population	142,630		195,339		225,422	
Age 55 - 59	6,146	4.31%	7,885	4.04%	9,140	4.05%
Age 60 - 64	7,039	4.94%	9,536	4.88%	9,752	4.33%
Age 65 - 69	8,780	6.16%	10,364	5.31%	12,211	5.42%
Age 70 - 74	10,677	7.49%	10,146	5.19%	11,551	5.12%
Age 75 - 79	11,498	8.06%	10,786	5.52%	11,139	4.94%
Age 80 - 84	9,245	6.48%	9,535	4.88%	9,566	4.24%
Age 85 and over	8,674	6.08%	10,492	5.37%	11,571	5.13%
Age 55 and over	62,060	43.51%	68,744	35.19%	74,930	33.24%
Age 65 and over	48,875	34.27%	51,323	26.27%	56,038	24.86%
Total Population, Male	66,137		93,042		107,790	
Age 55 - 59	2,586	3.91%	3,499	3.76%	4,418	4.10%
Age 60 - 64	2,961	4.48%	4,062	4.37%	4,071	3.78%
Age 65 - 69	3,885	5.87%	4,624	4.97%	5,346	4.96%
Age 70 - 74	4,640	7.02%	4,381	4.71%	4,968	4.61%
Age 75 - 79	4,844	7.32%	4,554	4.89%	4,657	4.32%
Age 80 - 84	3,764	5.69%	3,908	4.20%	3,812	3.54%
Age 85 and over	3,013	4.56%	3,965	4.26%	4,274	3.97%
Age 55 and over	25,694	38.85%	28,993	31.16%	31,546	29.27%
Age 65 and over	20,146	30.46%	21,432	23.03%	23,057	21.39%
Total Population, Female	76,492		102,297		117,631	
Age 55 - 59	3,560	4.65%	4,386	4.29%	4,722	4.01%
Age 60 - 64	4,077	5.33%	5,475	5.35%	5,681	4.83%
Age 65 - 69	4,895	6.40%	5,740	5.61%	6,865	5.84%
Age 70 - 74	6,037	7.89%	5,765	5.64%	6,583	5.60%
Age 75 - 79	6,655	8.70%	6,232	6.09%	6,482	5.51%
Age 80 - 84	5,481	7.17%	5,627	5.50%	5,754	4.89%
Age 85 and over	5,661	7.40%	6,527	6.38%	7,297	6.20%
Age 55 and over	36,366	47.54%	39,751	38.86%	43,384	36.88%
Age 65 and over	28,729	37.56%	29,891	29.22%	32,981	28.04%

Prepared By:

Nielsen Solution Center 1 800 866 6511

Prepared For:

Senior Life 2009

Radius 1: 12030 N 113TH AVE, YOUNGTOWN, AZ 85363-1241, 0.00 - 5.00 Miles, Total

Population by Single Race Classification	2000 Census	%	2009 Estimate	%	2014 Projection	%
White Alone	123,102		157,847		176,438	
Age 65 and over	47,753	38.79%	48,851	30.95%	52,506	29.76%
Black or African American Alone	3,688		8,328		11,723	
Age 65 and over	320	8.68%	712	8.55%	1,041	8.88%
American Indian and Alaska Native Alone	781		1,600		2,147	
Age 65 and over	50	6.40%	94	5.88%	159	7.41%
Asian Alone	1,855		3,730		5,022	
Age 65 and over	162	8.73%	348	9.33%	511	10.18%
Native Hawaiian and Other Pacific Islander Alone	132		256		355	
Age 65 and over	21	15.91%	31	12.11%	45	12.68%
Some Other Race Alone	10,171		17,054		20,749	
Age 65 and over	360	3.54%	810	4.75%	1,106	5.33%
Two or More Races	2,900		6,525		8,987	
Age 65 and over	209	7.21%	477	7.31%	670	7.46%

Population by Hispanic or Latino	2000 Census	%	2009 Estimate	%	2014 Projection	%
Hispanic or Latino	24,688		48,485		63,328	
Age 65 and over	1,187	4.81%	2,732	5.63%	3,989	6.30%
Not Hispanic or Latino	117,942		146,854		162,094	
Age 65 and over	47,688	40.43%	48,591	33.09%	52,049	32.11%

Senior Life 2009

Radius 1: 12030 N 113TH AVE, YOUNGTOWN, AZ 85363-1241, 0.00 - 5.00 Miles, Total

Household Income by Age of Householder	2000 Census	%	2009 Estimate	%	2014 Projection	%
Householder Age 55 - 59	3,869		4,267		4,880	
Income less than $10,000	277	7.16%	225	5.27%	238	4.88%
Income $10,000 - $14,999	180	4.65%	128	3.00%	133	2.73%
Income $15,000 - $19,999	182	4.70%	131	3.07%	138	2.83%
Income $20,000 - $24,999	245	6.33%	132	3.09%	136	2.79%
Income $25,000 - $29,999	272	7.03%	180	4.22%	163	3.34%
Income $30,000 - $34,999	203	5.25%	191	4.48%	193	3.95%
Income $35,000 - $39,999	262	6.77%	207	4.85%	198	4.06%
Income $40,000 - $44,999	241	6.23%	218	5.11%	222	4.55%
Income $45,000 - $49,999	231	5.97%	153	3.59%	219	4.49%
Income $50,000 - $59,999	405	10.47%	362	8.48%	355	7.27%
Income $60,000 - $74,999	503	13.00%	815	19.10%	705	14.45%
Income $75,000 - $99,999	471	12.17%	592	13.87%	879	18.01%
Income $100,000 - $124,999	204	5.27%	470	11.01%	534	10.94%
Income $125,000 - $149,999	77	1.99%	215	5.04%	342	7.01%
Income $150,000 - $199,999	78	2.02%	135	3.16%	233	4.77%
Income $200,000 - $249,999	21	0.54%	63	1.48%	91	1.86%
Income $250,000 - $499,999	11	0.28%	37	0.87%	76	1.56%
Income $500,000 or more	5	0.13%	14	0.33%	23	0.47%
Median Household Income	$46,562		$63,814		$69,444	
Householder Age 60 - 64	3,227		5,166		5,325	
Income less than $10,000	249	7.72%	325	6.29%	289	5.43%
Income $10,000 - $14,999	164	5.08%	183	3.54%	166	3.12%
Income $15,000 - $19,999	167	5.18%	210	4.07%	163	3.06%
Income $20,000 - $24,999	218	6.76%	200	3.87%	185	3.47%
Income $25,000 - $29,999	238	7.38%	254	4.92%	201	3.77%
Income $30,000 - $34,999	172	5.33%	299	5.79%	237	4.45%
Income $35,000 - $39,999	229	7.10%	285	5.52%	271	5.09%
Income $40,000 - $44,999	196	6.07%	277	5.36%	277	5.20%
Income $45,000 - $49,999	204	6.32%	201	3.89%	244	4.58%
Income $50,000 - $59,999	318	9.85%	485	9.39%	404	7.59%
Income $60,000 - $74,999	400	12.40%	872	16.88%	805	15.12%
Income $75,000 - $99,999	364	11.28%	648	12.54%	872	16.38%
Income $100,000 - $124,999	159	4.93%	484	9.37%	511	9.60%
Income $125,000 - $149,999	60	1.86%	204	3.95%	338	6.35%
Income $150,000 - $199,999	62	1.92%	131	2.54%	205	3.85%
Income $200,000 - $249,999	16	0.50%	71	1.37%	79	1.48%
Income $250,000 - $499,999	9	0.28%	28	0.54%	58	1.09%
Income $500,000 or more	3	0.09%	11	0.21%	19	0.36%
Median Household Income	$44,505		$57,212		$64,197	

Senior Life 2009

Radius 1: 12030 N 113TH AVE, YOUNGTOWN, AZ 85363-1241, 0.00 - 5.00 Miles, Total

Household Income by Age of Householder	2000 Census	%	2009 Estimate	%	2014 Projection	%
Householder Age 65 - 69	6,040		5,898		6,908	
Income less than $10,000	381	6.31%	350	5.93%	389	5.63%
Income $10,000 - $14,999	430	7.12%	289	4.90%	302	4.37%
Income $15,000 - $19,999	594	9.83%	392	6.65%	404	5.85%
Income $20,000 - $24,999	565	9.35%	442	7.49%	429	6.21%
Income $25,000 - $29,999	623	10.31%	484	8.21%	487	7.05%
Income $30,000 - $34,999	617	10.22%	460	7.80%	511	7.40%
Income $35,000 - $39,999	552	9.14%	437	7.41%	476	6.89%
Income $40,000 - $44,999	407	6.74%	474	8.04%	458	6.63%
Income $45,000 - $49,999	339	5.61%	362	6.14%	451	6.53%
Income $50,000 - $59,999	506	8.38%	585	9.92%	673	9.74%
Income $60,000 - $74,999	374	6.19%	634	10.75%	771	11.16%
Income $75,000 - $99,999	380	6.29%	494	8.38%	792	11.46%
Income $100,000 - $124,999	123	2.04%	252	4.27%	366	5.30%
Income $125,000 - $149,999	48	0.79%	103	1.75%	162	2.35%
Income $150,000 - $199,999	65	1.08%	62	1.05%	111	1.61%
Income $200,000 - $249,999	18	0.30%	44	0.75%	64	0.93%
Income $250,000 - $499,999	14	0.23%	21	0.36%	40	0.58%
Income $500,000 or more	4	0.07%	12	0.20%	22	0.32%
Median Household Income	$33,459		$41,000		$44,973	
Householder Age 70 - 74	5,647		5,857		6,599	
Income less than $10,000	377	6.68%	362	6.18%	391	5.93%
Income $10,000 - $14,999	433	7.67%	305	5.21%	295	4.47%
Income $15,000 - $19,999	568	10.06%	441	7.53%	414	6.27%
Income $20,000 - $24,999	547	9.69%	492	8.40%	479	7.26%
Income $25,000 - $29,999	598	10.59%	485	8.28%	490	7.43%
Income $30,000 - $34,999	588	10.41%	473	8.08%	499	7.56%
Income $35,000 - $39,999	512	9.07%	456	7.79%	463	7.02%
Income $40,000 - $44,999	363	6.43%	471	8.04%	461	6.99%
Income $45,000 - $49,999	304	5.38%	361	6.16%	457	6.93%
Income $50,000 - $59,999	438	7.76%	576	9.83%	653	9.90%
Income $60,000 - $74,999	331	5.86%	538	9.19%	658	9.97%
Income $75,000 - $99,999	330	5.84%	417	7.12%	579	8.77%
Income $100,000 - $124,999	115	2.04%	221	3.77%	345	5.23%
Income $125,000 - $149,999	43	0.76%	111	1.90%	173	2.62%
Income $150,000 - $199,999	66	1.17%	62	1.06%	113	1.71%
Income $200,000 - $249,999	18	0.32%	45	0.77%	58	0.88%
Income $250,000 - $499,999	13	0.23%	29	0.50%	50	0.76%
Income $500,000 or more	5	0.09%	12	0.20%	20	0.30%
Median Household Income	$32,564		$39,059		$42,906	

Senior Life 2009

Radius 1: 12030 N 113TH AVE, YOUNGTOWN, AZ 85363-1241, 0.00 - 5.00 Miles, Total

Household Income by Age of Householder	2000 Census	%	2009 Estimate	%	2014 Projection	%
Householder Age 75 - 79	9,278		6,820		6,971	
Income less than $10,000	646	6.96%	446	6.54%	418	6.00%
Income $10,000 - $14,999	911	9.82%	421	6.17%	353	5.06%
Income $15,000 - $19,999	1,000	10.78%	601	8.81%	522	7.49%
Income $20,000 - $24,999	928	10.00%	634	9.30%	598	8.58%
Income $25,000 - $29,999	918	9.89%	594	8.71%	578	8.29%
Income $30,000 - $34,999	723	7.79%	560	8.21%	549	7.88%
Income $35,000 - $39,999	661	7.12%	510	7.48%	524	7.52%
Income $40,000 - $44,999	584	6.29%	451	6.61%	459	6.58%
Income $45,000 - $49,999	427	4.60%	371	5.44%	390	5.59%
Income $50,000 - $59,999	840	9.05%	562	8.24%	591	8.48%
Income $60,000 - $74,999	564	6.08%	626	9.18%	672	9.64%
Income $75,000 - $99,999	496	5.35%	477	6.99%	599	8.59%
Income $100,000 - $124,999	262	2.82%	266	3.90%	330	4.73%
Income $125,000 - $149,999	82	0.88%	126	1.85%	164	2.35%
Income $150,000 - $199,999	91	0.98%	77	1.13%	106	1.52%
Income $200,000 - $249,999	71	0.77%	31	0.45%	40	0.57%
Income $250,000 - $499,999	55	0.59%	50	0.73%	55	0.79%
Income $500,000 or more	19	0.20%	17	0.25%	23	0.33%
Median Household Income	$31,633		$36,512		$39,457	
Householder Age 80 - 84	6,234		6,349		6,325	
Income less than $10,000	512	8.21%	455	7.17%	431	6.81%
Income $10,000 - $14,999	693	11.12%	431	6.79%	374	5.91%
Income $15,000 - $19,999	754	12.09%	617	9.72%	519	8.21%
Income $20,000 - $24,999	650	10.43%	629	9.91%	571	9.03%
Income $25,000 - $29,999	600	9.62%	568	8.95%	559	8.84%
Income $30,000 - $34,999	474	7.60%	514	8.10%	480	7.59%
Income $35,000 - $39,999	427	6.85%	444	6.99%	445	7.04%
Income $40,000 - $44,999	375	6.02%	418	6.58%	412	6.51%
Income $45,000 - $49,999	269	4.32%	325	5.12%	360	5.69%
Income $50,000 - $59,999	493	7.91%	512	8.06%	528	8.35%
Income $60,000 - $74,999	340	5.45%	533	8.40%	580	9.17%
Income $75,000 - $99,999	307	4.92%	409	6.44%	482	7.62%
Income $100,000 - $124,999	141	2.26%	234	3.69%	275	4.35%
Income $125,000 - $149,999	55	0.88%	95	1.50%	139	2.20%
Income $150,000 - $199,999	63	1.01%	59	0.93%	67	1.06%
Income $200,000 - $249,999	40	0.64%	38	0.60%	30	0.47%
Income $250,000 - $499,999	32	0.51%	51	0.80%	57	0.90%
Income $500,000 or more	9	0.14%	17	0.27%	15	0.24%
Median Household Income	$29,230		$34,612		$37,562	

Senior Life 2009

Radius 1: 12030 N 113TH AVE, YOUNGTOWN, AZ 85363-1241, 0.00 - 5.00 Miles, Total

Household Income by Age of Householder	**2000 Census**	**%**	**2009 Estimate**	**%**	**2014 Projection**	**%**
Householder Age 85 and over	4,258		6,798		7,354	
Income less than $10,000	448	10.52%	586	8.62%	599	8.15%
Income $10,000 - $14,999	580	13.62%	595	8.75%	536	7.29%
Income $15,000 - $19,999	539	12.66%	760	11.18%	695	9.45%
Income $20,000 - $24,999	442	10.38%	666	9.80%	705	9.59%
Income $25,000 - $29,999	409	9.61%	578	8.50%	617	8.39%
Income $30,000 - $34,999	307	7.21%	532	7.83%	553	7.52%
Income $35,000 - $39,999	272	6.39%	442	6.50%	501	6.81%
Income $40,000 - $44,999	202	4.74%	409	6.02%	447	6.08%
Income $45,000 - $49,999	178	4.18%	357	5.25%	389	5.29%
Income $50,000 - $59,999	319	7.49%	490	7.21%	585	7.95%
Income $60,000 - $74,999	197	4.63%	551	8.11%	608	8.27%
Income $75,000 - $99,999	165	3.88%	359	5.28%	491	6.68%
Income $100,000 - $124,999	72	1.69%	181	2.66%	249	3.39%
Income $125,000 - $149,999	40	0.94%	84	1.24%	123	1.67%
Income $150,000 - $199,999	41	0.96%	77	1.13%	99	1.35%
Income $200,000 - $249,999	25	0.59%	51	0.75%	54	0.73%
Income $250,000 - $499,999	15	0.35%	58	0.85%	71	0.97%
Income $500,000 or more	6	0.14%	23	0.34%	31	0.42%
Median Household Income	$26,463		$32,017		$34,738	

Households by Household Income	**2000 Census**	**%**	**2009 Estimate**	**%**	**2014 Projection**	**%**
Total Households	61,482		76,905		86,340	
Income less than $15,000	7,603	12.37%	6,748	8.77%	6,701	7.76%
Income $15,000 - $24,999	9,301	15.13%	8,231	10.70%	7,901	9.15%
Income $25,000 - $34,999	9,530	15.50%	9,160	11.91%	8,811	10.21%
Income $35,000 - $49,999	11,894	19.35%	13,570	17.65%	14,065	16.29%
Income $50,000 - $74,999	12,496	20.32%	18,130	23.57%	19,569	22.67%
Income $75,000 - $99,999	6,111	9.94%	10,290	13.38%	13,068	15.14%
Income $100,000 - $149,999	3,158	5.14%	8,169	10.62%	12,067	13.98%
Income $150,000 - $249,999	1,074	1.75%	1,895	2.46%	3,136	3.63%
Income $250,000 - $499,999	240	0.39%	536	0.70%	740	0.86%
Income $500,000 or more	74	0.12%	175	0.23%	282	0.33%
Average Household Income	$49,610		$61,552		$68,478	
Median Household Income	$40,431		$51,025		$57,272	
Per Capita Income	$21,722		$24,481		$26,445	

Senior Life 2009

Radius 1: 12030 N 113TH AVE, YOUNGTOWN, AZ 85363-1241, 0.00 - 5.00 Miles, Total

All Owner-Occupied Housing Unit Values	2000 Census	%	2009 Estimate	%	2014 Projection	%
Total All Owner-Occupied Housing Unit Values	50,462		62,845		70,468	
Value Less than $20,000	1,009	2.00%	534	0.85%	477	0.68%
Value $20,000 - $39,999	1,763	3.49%	1,044	1.66%	1,009	1.43%
Value $40,000 - $59,999	3,181	6.30%	1,353	2.15%	1,196	1.70%
Value $60,000 - $79,999	8,039	15.93%	2,182	3.47%	2,094	2.97%
Value $80,000 - $99,999	11,405	22.60%	3,354	5.34%	2,611	3.71%
Value $100,000 - $149,999	19,242	38.13%	16,875	26.85%	14,291	20.28%
Value $150,000 - $199,999	4,243	8.41%	18,278	29.08%	19,236	27.30%
Value $200,000 - $299,999	1,299	2.57%	16,421	26.13%	23,526	33.39%
Value $300,000 - $399,999	179	0.35%	1,707	2.72%	4,016	5.70%
Value $400,000 - $499,999	25	0.05%	551	0.88%	1,045	1.48%
Value $500,000 - $749,999	29	0.06%	336	0.53%	620	0.88%
Value $750,000 - $999,999	10	0.02%	73	0.12%	161	0.23%
Value $1,000,000 or more	38	0.08%	136	0.22%	187	0.27%
Median All Owner-Occupied Housing Unit Value	$99,708		$166,632		$185,237	

Group Quarters by Population Type*	2000 Census	%	2009 Estimate	%	2014 Projection	%
Institutionalized:	1,533		1,483		1,507	
Correctional Institutions	4	0.26%	4	0.27%	4	0.27%
Nursing Homes	1,503	98.04%	1,457	98.25%	1,482	98.34%
Other Institutions	27	1.76%	23	1.55%	22	1.46%
Noninstitutionalized	1,275		1,244		1,260	

Tenure of Occupied Housing Units	2000 Census		2009 Estimate		2014 Projection	
Owner Occupied	50,458		62,845		70,468	
Renter Occupied	10,886		14,060		15,872	

Senior Life 2009

Radius 1: 12030 N 113TH AVE, YOUNGTOWN, AZ 85363-1241, 0.00 - 5.00 Miles, Total

2000 Tenure By Age of Householder	Total	%
Total Households	61,369	
Owner Occupied	50,462	
Householder 55 to 59 Years	2,923	5.79%
Householder 60 to 64 Years	3,307	6.55%
Householder 65 to 74 Years	10,608	21.02%
Householder 75 to 84 Years	11,912	23.61%
Householder 85 and over	4,350	8.62%
Renter Occupied	10,907	
Householder 55 to 59 Years	353	3.24%
Householder 60 to 64 Years	436	4.00%
Householder 65 to 74 Years	976	8.95%
Householder 75 to 84 Years	1,939	17.78%
Householder 85 and over	1,823	16.71%

2000 Pop 65 and over by HH Type and Relationship	Total	%
Total for Pop 65 and over	48,968	
In Households:	46,977	
In Family Households:	31,514	64.36%
Householder	16,435	33.56%
Male	14,745	30.11%
Female	1,690	3.45%
Spouse	13,675	27.93%
Parent	666	1.36%
Other Relatives	647	1.32%
Nonrelatives	91	0.19%
In Non-Family Households:	15,462	31.58%
Male householder	3,585	7.32%
Living Alone	3,314	6.77%
Not Living Alone	271	0.55%
Female Householder	11,436	23.35%
Living Alone	11,196	22.86%
Not Living Alone	240	0.49%
Nonrelatives	441	0.90%
In Group Quarters:	1,992	
Institutionalized population	1,476	3.01%
Noninstitutionalized population	515	1.05%

Senior Life 2009

Radius 1: 12030 N 113TH AVE, YOUNGTOWN, AZ 85363-1241, 0.00 - 5.00 Miles, Total

2000 Mobility and Disability Civilian Noninstitutionalized Persons Age 16 and over	Totals	%	65 Yrs And Over	%
Total Disability	45,064		31,660	
Sensory Disability	7,288	16.17%	5,854	18.49%
Physical Disability	15,661	34.75%	11,435	36.12%
Mental Disability	6,279	13.93%	3,775	11.92%
Self-Care Disability	4,151	9.21%	3,008	9.50%
Go-Outside-Home Disability	11,685	25.93%	7,589	23.97%

2000 Mobility and Disability Civilian Noninstitutionalized Persons Age 16 and over	Totals	%	65 - 74 Yrs	%	75 Yrs And Over	%
Disability by Sex by Age	113,162		19,268		28,224	
Male	50,890	44.97%	8,462	43.92%	11,430	40.50%
With a Disability	14,436	12.76%	2,563	13.30%	5,061	17.93%
No Disability	36,455	32.21%	5,899	30.62%	6,369	22.57%
Female	62,272	55.03%	10,806	56.08%	16,794	59.50%
With a Disability	17,291	15.28%	2,721	14.12%	7,561	26.79%
No Disability	44,981	39.75%	8,085	41.96%	9,233	32.71%

2000 Occupied Housing Units	Totals	%	65 - 74 Yrs	%	75 Yrs And Over	%
Total Units	61,369		11,584		20,025	
With Telephone	60,742	98.98%	11,513	99.39%	19,935	99.55%
No Telephone	627	1.02%	72	0.62%	90	0.45%

Senior Life 2009

Radius 1: 12030 N 113TH AVE, YOUNGTOWN, AZ 85363-1241, 0.00 - 5.00 Miles, Total

2000 Census Poverty Status in 1999 Families By Household Type by Age of Householder	**Totals**	**%**	**65 - 74 Yrs**	**%**	**75 Yrs And Over**	**%**
Population with Known Poverty Status	140,007		19,268		28,224	
Married-Couple Families	97,510	69.65%	13,823	71.74%	15,743	55.78%
In other Families	17,706	12.65%	788	4.09%	1,160	4.11%
Male householder, no wife present	5,904	4.22%	148	0.77%	332	1.18%
Female householder, no husband present	11,802	8.43%	640	3.32%	828	2.93%
Unrelated individuals	24,791	17.71%	4,656	24.16%	11,321	40.11%
Income At or Above Poverty Level	130,523	93.23%	18,461	95.81%	26,546	94.05%
Married-Couple Families	94,058	67.18%	13,504	70.09%	15,381	54.50%
In other Families	14,704	10.50%	745	3.87%	1,078	3.82%
Male householder, no wife present	4,925	3.52%	135	0.70%	297	1.05%
Female householder, no husband present	9,778	6.98%	610	3.17%	781	2.77%
Unrelated individuals	21,761	15.54%	4,211	21.85%	10,087	35.74%
Income Below Poverty Level	9,484	6.77%	808	4.19%	1,678	5.95%
Married-Couple Families	3,451	2.46%	319	1.66%	361	1.28%
In other Families	3,002	2.14%	43	0.22%	82	0.29%
Male householder, no wife present	978	0.70%	13	0.07%	35	0.12%
Female householder, no husband present	2,024	1.45%	30	0.16%	47	0.17%
Unrelated individuals	3,031	2.16%	445	2.31%	1,235	4.38%

Senior Life 2009

Appendix: Area Listing

Area Name:

Type: Radius 1 Reporting Detail: Aggregate Reporting Level: Block Group

Radius Definition:

12030 N 113TH AVE	Latitude/Longitude	33.593614		-112.303028
YOUNGTOWN, AZ 85363-1241	Radius	0.00	-	5.00

Project Information:

Site: 1

Order Number: 969045949

Engagement Letter

Name: **Rona Sherzai**
Title: Operations Analyst

Group: GE Healthcare Financial Services
Address: 2 Bethesda Metro Center, Suite 600
City, State Zip: Bethesda, MD 20814
Phone: 301.634-3209
Fax: 866.591-3090

VIA EMAIL to alan.plush@healthtrust.com

July 8, 2010

Alan Plush
Healthtrust

RE: Letter of Engagement
Property: see attached list

Dear Mr. Plush :

This Letter of Engagement confirms the selection of your appraisal firm to develop an independent appraisal of the above-referenced property. **The final appraisal report shall be completed and received no later than Friday, August 6 (with a draft due by 8/3/10) and your fee (inclusive of expense) shall not exceed $611,250.00.**

The appraisal shall adhere to the Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Standards Board of the Appraisal Foundation (except the Departure Provision, permitting an appraiser to deviate from USPAP Standards, shall not apply). Attention should also be given to the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) relating to appraisal standards as enumerated in Chapter 12, Code of Federal Regulation, Part 34 (12 CFR 34). Although covered by USPAP and 12 CFR 34, review and consider specific items outlined and attached hereto as Exhibit A.

The appraisal must contain a statement that the appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan. You must also state that the appraiser has complied with the USPAP competency provision and the appraiser is an MAI, certified in the state the property is located.

The objective is to prepare a fully documented, narrative appraisal report stating your opinion of the estimated "market value" of the Fee Simple interest in the property, in a sufficiently descriptive manner to enable the reader to understand the appraisal methodology and the rationale for the value estimate.

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

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

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

The property will be valued utilizing the three traditional valuation approaches: the Cost Approach, the Sales Comparison Approach and the Income Approach. The Income Approach will incorporate a direct capitalization as well as discounted cash flow methodology. The values indicated by the various approaches will be reconciled into a final estimate of market value for the property. Be sure to support your estimate of the length of time necessary to achieve the opinion of value which you render on the property. If, for any reason, a cost approach is not applicable in such cases, including but not restricted to mobile home communities and self storage facilities, the replacement value/insurable value of the property must be included in the report.

The completed appraisal should be signed, dated and returned to:

General Electric Capital Corporation
GE Healthcare Financial Services
2 Bethesda Metro Center, Suite 600
Bethesda, MD 20814

It is understood and agreed by you, GE Healthcare Financial Services and our borrower that the requested appraisal is being ordered by and shall be provided to GE. Any questions relating to the required form and substance of the appraisal shall be directed to GE, and not to the borrower.

Please forward **one (1)** copy of the appraisal to us, along with a CD with the complete appraisal; the appraisal must include copies of this letter and the attached exhibit. Please make certain the instructions are adhered to and there are no errors in the report, as this will cause the appraisal to be returned.

Payment for services shall be contingent upon completion of the appraisal report and correction of any deficiencies. GE shall review the report made under this agreement and notify the appraiser of deficiencies within 30 days of receipt thereof; the invoice is then processed for payment.

A signed copy of this letter and attached instructions should be returned to me as an indication of your acceptance of the terms of this engagement. Additionally, before we can release any information on the Property or the Borrower, we will need you to sign the enclosed Confidentiality Agreement.

Once you have returned the Engagement Letter and Confidentiality Agreement, you can contact me at (301) for specific property information.

In the event you have any questions regarding this assignment, please do not hesitate to contact me.

Very truly yours,
GE Healthcare Financial Services

Rona Sherzai

Rona Sherzai
Operations Analyst

Acceptance:

By:

Title: President

Date: 7/8/10

EXHIBIT A

INSTRUCTIONS TO APPRAISER

The appraisal shall be addressed to GE Healthcare Financial Services and compliance with the Uniform Standards of Professional Appraisal Practice (USPAP) and Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) must be acknowledged. Further, compliance with the competency provision of the USPAP should be addressed.

The appraisal must contain a statement that the appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan. The appraisal must be fully documented and include:

1. Property and improved comparable photographs.
2. Maps adequate to clearly show the property's dimensions, street frontages, and location relative to the surrounding area.
3. Complete reviews of assessments, utilities, access, zoning, land use, and concurrency regulations.
4. In the instance of undeveloped properties, special requirements such as DRI approvals, impact fees, and concurrency regulations must also be addressed.

In the event the subject of the appraisal is new or proposed, or is not at a level of occupancy considered stabilized, it should be valued on the following basis, as applicable: 1) "as is"; 2) as complete; and 3) at stabilized occupancy.

The following is a summary of items to which particular attention is given in reviewing appraisals. This summary is provided for your information and guidance and is not intended to imply that these items are considered to the exclusion of other provisions outlined in the Uniform Standards of Appraisal Practice, or the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA).

1. The appraisal should include adequate and consistent descriptions of the economic base, neighborhood, land use trends, and highest and best use of the property.
2. Linkage, demand, and competitive supply factors (including proposed additions) and trends should be addressed.
3. The appraiser's opinions concerning marketability and, Highest and Best use, should be reflected in the valuation.
4. The property should be valued using appropriate sales, units of comparison and methodology.
5. Adjustments should be clearly explained/supported.
6. Derivation of value indicators such as income multipliers and overall rates should be consistent and clearly explained.
7. Adequate summaries of subject leases and management agreements should be included, and the terms of the leases should be reflected in the valuation of the property.
8. Survey of comparable properties for rental information should include rental rates (actual vs. quoted) and amounts of expenses paid by lessor and lessee.
9. The appraisal should contain information pertaining to absorption, as well as leasing commissions, concessions, tenant improvements, and other tenant inducements.
10. The subject's operating history should be reported and considered. Projections of any significant variance from the most recent pro forma should be explained.
11. Overall rates should be adequately analyzed and reconciled.
12. Where discounted cash flow models are used, adequate support should be provided for the discount rate, as well as projected changes in income and expenses.
13. In the event that the subject of the appraisal is a single tenant building, it should be valued both as occupied and as vacant. The property's marketability should be addressed under both scenarios.

GE Healthcare Financial Services

RE: Confidentiality Agreement

Dear Mr. Plush

We will be delivering certain confidential information (the "Confidential Information") to you regarding the property (the "Property") and the borrower (the "Borrower") listed on Exhibit A, in connection with your retention by us to appraise the Property. By accepting this information from us, you hereby agree to the following:

1. You agree that the Confidential Information will be used solely for the purpose of preparing your appraisal for the Property. You also agree that you and your representatives will not disclose any of the Confidential Information to any third party, except as required by applicable law or legal process, without our prior written consent, provided, however, that any such information may be disclosed to your representatives who need to know such information for the purpose of performing the appraisal and who agree to keep such information confidential and be bound by this agreement to the same extent as if they were parties thereto;
2. In the event that your services are no longer required either due to the completion of the appraisal or otherwise, neither you nor your representatives shall, without our prior written consent, use any of the Confidential Information for any purpose and all Confidential Information together with any copies you have made shall be returned to us and not retained by you or your representatives in any form or for any reason;
3. Confidential Information shall not include information about the Property or the Borrower that (i) becomes generally available to the public or (ii) becomes available to you on a non-confidential basis from a source that is not bound by a confidentiality agreement with us.

Please acknowledge your agreement to the forgoing by countersigning this letter in the place provided below.

Very truly yours,
GE Healthcare Financial Services

Rona Sherzai

Rona Sherzai
Operations Analyst

Received and Consented to:

By:____________________

Title: President

Date: 7/8/10

Appraiser Qualifications

ALAN C. PLUSH, MAI

EMPLOYMENT

HEALTHTRUST LLC – February 2003 to present
Sarasota, Florida
President, Senior Partner (Healthcare and Senior Housing Valuation)

PRICEWATERHOUSECOOPERS, LLP – 1999 to February, 2003
Sarasota, Florida
Director (Senior Advisory Services, Global Real Estate Valuation Group)

GULF/ATLANTIC VALUATION SERVICES, INC. – 1994 to 1999
Sarasota, Florida
President (Healthcare & Retirement Valuation, Market Studies, and Feasibility Reports)

PARDUE, HEID, CHURCH, SMITH AND WALLER OF SARASOTA, INC. – 1992 to 1994
Sarasota, Florida
Managing Partner (Healthcare & Retirement Valuation, Market Studies, and Feasibility Reports)

PARDUE, HEID, CHURCH, SMITH AND WALLER OF TAMPA, INC. – 1991 to 1992
Tampa, Florida
Senior Appraiser (Healthcare & Retirement Valuation)

SMITH PARKE AND COMPANY – 1984 to 1990
Sarasota, Florida
Vice President (Commercial & Healthcare Real Estate Valuation)

EDUCATION

UNIVERSITY OF FLORIDA
Bachelor of Science, 1981
Business Administration

MANATEE JUNIOR COLLEGE
AA Degree

APPRAISAL INSTITUTE
Standards of Professional Practice
Principles of Real Estate Appraising
Basic Valuation Procedures
Capitalization Theory & Techniques - Part A
Capitalization Theory & Techniques - Part B
Case Studies in Real Estate Valuation
Report Writing and Valuation Analysis
Demonstration Appraisal Report
Comprehensive Examination

CONTINUING EDUCATION

Online Analyzing Operating Expenses (2010)
Office Building Valuation (2008)
FHA and the Appraisal Process (2008)
Forecasting Revenue (2008)
Florida State Law Update for Real Estate Appraisers (2004, 2006, 2008)
Professional Standards USPAP Update, Core Law for Appraisers (1994-2007)
Business Practice and Ethics (2006)
Online Appraising From Blueprints and Specifications (2006)
Online Analyzing Operating Expenses (2006)
Evaluating Commercial Construction (2006)
Online Appraisal of Nursing Facilities (2005)
15-hour National USPAP Course (2003, 2004)
Analyzing Commercial Lease Causes (2002)
Standards of Prof. Practice, Part C (1999, 2001)
Regression Analysis in Appraisal Practice (2001)
Real Estate Value Cycles (2001)
Advanced Applications (2000)
Litigation Valuation Overview (1998)
Appraising From Blue Prints & Specifications (1998)
Understanding and Using DCF Software (1997)
Appraisal of Nursing Facilities (1996)
Standards of Professional Practice, Part A & B (1996)
Law/Regulations, Richmond Association of REALTORS (1995)
National Health Lawyers Association Annual Review (1994)
Maximizing the Value of an Appraisal Practice (1994)

CERTIFICATIONS & AFFILIATIONS

State-Certified General Appraiser - G00502 (Alabama)
State-Certified General Appraiser - 31350 (Arizona)
State-Certified General Appraiser - CG1371N (Arkansas)
State-Certified General Appraiser - AG027998 (California)
State-Certified General Appraiser - CG40023432 (Colorado)
State-Certified General Appraiser – RCG.0000503 (Connecticut)
State-Certified General Appraiser - RZ 0000566 (Florida)
State-Certified General Appraiser - 3913 (Georgia)
State-Certified General Appraiser - 153.0001571 (Illinois)
State-Certified General Appraiser - CG49400124 (Indiana)
State-Certified General Appraiser - 002055 (Kentucky)
State-Certified General Appraiser - CG00000688 (Maine)
State-Certified General Appraiser - 10806 (Maryland)
State-Certified General Appraiser - 2946 (Massachusetts)
State-Certified General Appraiser - 1201003568 (Michigan)
State-Certified General Appraiser - 20076706 (Minnesota)
State-Certified General Appraiser - GA-468 (Mississippi)
State-Certified General Appraiser - 589RAG (Montana)
State-Certified General Appraiser - CG970189R (Nebraska)

State-Certified General Appraiser - NHCG313 (New Hampshire)
State-Certified General Appraiser - 42RG00139300 (New Jersey)
State-Certified General Appraiser - 46000010343 (New York)
State-Certified General Appraiser - A5418 (North Carolina)
State-Certified General Appraiser - 000398459 (Ohio)
State-Certified General Appraiser - GA-001255-L (Pennsylvania)
State-Certified General Appraiser - A00681G (Rhode Island)
State-Certified General Appraiser-CG6708 (South Carolina)
State-Certified General Appraiser - TX-1326778-G (Texas)
State-Certified General Appraiser - 4001-003762 (Virginia)
State-Certified General Appraiser - 1100985 (Washington)
State of Florida Building Contractor Class B (Inactive) CB C035068

MAI

Alan C. Plush, MAI, Member, Appraisal Institute

OWNERSHIP ACTIVITIES

Proformance Senior Living – 9 assets, sold all in 2006
Rittenhouse Senior Living – 9 assets currently owned, contracted for purchase or under development

BOARD SEATS

Investment Committee, SHP Investments (on behalf of CalPers Investment Fund), 2002-2007.
American Seniors Housing Association (ASHA), 2001-present.

SPEAKING ENGAGEMENTS – BANKS

Regions Bank
Private Bank
PNC Bank/ARCS
GE Healthcare Financial Services
HSH Nordbank
Fannie Mae DUS Lenders Conference
Fleet Bank, Albany, New York
Bank United Annual Correspondents Conference, Dallas, Texas
Key Bank, Cleveland, Ohio
Bank of America Healthcare Task Force, Chicago, Illinois
NationsBank, Baltimore, Maryland
Prudential Life Insurance/Insignia Mortgage, Atlanta, Georgia

LECTURE ASSIGNMENTS & SEMINARS

U.S. Department of Housing and Urban Development, Chicago, IL, 2010
Attendee: Lean Section 232 Lender Underwriting Training

National Investment Conference (NIC), San Diego, CA , 2010
Speaker, “Practical Realities of HUD Lean & Underwriting & Valuation of Assets”: Stabilized Properties

National Medicaid/Medicare Conference, Sarasota, FL 1994 to 1999, 2004 - Present
Founding Member/Speaker/Developer/Co-Sponsor (with GMAC Commercial Mortgage & Capstone Capital)

National Investment Conference (NIC), Washington DC, 1991 - Present
Attendee, Contributor, Sponsor

2b Alive Mexico Independent and Assisted Living Industry Summit & Expo, La Jolla, CA, 2008
Speaker, “Current Trends in the valuation of Healthcare and Senior Housing Assets”

N.C Healthcare Association, 2008
Speaker, “Market Trends for Healthcare and Senior Housing Assets”

NIC Western Regional Conference, Las Vegas, NV, 2008
Speaker, “Current Valuation Trends in the Healthcare and Senior Housing Industry”

International Association of Assessing Officers (IAAO) annual conferences, Miami Beach, FL, 2001
Speaker, “Valuation Issues for Assessment of Senior Housing and Healthcare Facilities”

International Association of Assessing Officers, Florida Chapter, Clearwater, FL, 2001
Speaker, “Valuation Issues for Assessment of Senior Housing and Healthcare Facilities”

Commercial Property News “Seniors Housing Symposium”, New York City, NY, 1999 – 2001
Co-sponsor and presenter, “Market Trends in the Seniors Housing Industry”

Information Management Network “Seniors Housing Finance Symposium”, New York City, NY, 1998 -1999
Co-sponsor and presenter, “Market Trends in the Seniors Housing Industry”

National Association of Real Estate Financial Intermediaries Annual Meeting, 1997, 1999
Speaker, “Transaction Overview and Unique Valuation Issues Associated with Congregate Properties”

Massachusetts ALFA, Boston, MA, 1997
Speaker, “Development Trends in the Assisted Living Industry”

Essex County Assessor’s Meeting, Danvers, MA, 1997
Speaker, “Valuation Techniques for Assisted Living Properties”

Assisted Living Federation of America (ALFA) Spring Conference, Phoenix, AZ, 1997
Speaker, “The 1994-1996 Transaction Survey of Congregate and Assisted Living Industries”

Appraisal Institute, Boston Chapter, 1997
Attendee, “Healthcare and Retirement Property Appraisal Seminar”

Plymouth County Assessor’s Meeting, Duxbury, MA, 1996
Speaker, “Assessing Healthcare and Retirement Properties”

International Association of Assessing Officers (IAAO) annual conferences, Seattle, Washington, 1994

Speaker, “Methods Used to Appraise Healthcare and Retirement Properties”

PUBLISHED ARTICLES

Annual co author and contributor to The State of Seniors Housing, co published by ASHA, NIC, AAHSA

Co-author with ASHA of the annual survey of transactions and economic indicators, 2002-Present.

Co-author with ASHA of the 2000 Seniors Housing absorption study.

Co-author with ALFA (Assisted Living Federation of America) and ASHA (American Seniors Housing Association) of the 1997, 1998 and 1999 annual survey of transactions and economic indicators.

The Appraisal Journal, Appraisal Institute, July 1995
“USPAP Competency Provision and the Appraisal of Healthcare/Retirement Facilities”

Force Financial, Quarterly Newsletter, 1995
“The Impact of Assisted Living on CCRCs”

APPEARANCE AS AN EXPERT WITNESS

SNF, District Court, Polk County, Iowa-2009
CCRC, Tax appeal case, Atlanta, Georgia – 2008
SNF, Federal Bankruptcy Court, Tampa, Florida – 1999
IL/AL, Superior Court, Lansing, Michigan – prior to 2000
SNF, Circuit Court, Polk County, Florida – prior to 2000
Circuit Court, Duval County, Florida – prior to 2000

SPECIALIZED EXPERTISE & EXPERIENCE

Mr. Plush has specialized exclusively in commercial real estate valuation throughout his career and property types he has appraised have included: condominiums, apartment complexes, single-family subdivisions, golf courses and planned unit developments, vacant land, office buildings, and a variety of retail structures. He is currently the Senior Partner of HealthTrust, LLC, a specialty senior housing and healthcare appraisal and consulting firm. Mr. Plush oversees a staff of highly qualified appraisers at the Sarasota office and, further, has additional resources available from offices in Boston, Massachusetts, and Birmingham, Alabama. In late 1986, Mr. Plush began specializing in the appraisal of a large number of healthcare properties. With a foundation in the appraisal of adult congregate living facilities, his specialized expertise has grown substantially. The specialized service niche was created to satisfy the ever increasing demand for reliable and well-documented healthcare/retirement valuations, market studies and feasibility reports, as well as market rent/lease analysis. Mr. Plush has overseen the growth of HealthTrust to include its four U.S. locations and an annual volume in excess of 1,000 healthcare and senior housing appraisals in addition to ownership, operations and brokerage activities.

CORPORATE/INSTITUTIONAL CLIENTS SERVED

Bank of America

Citizens Bank

Key Bank

Merrill Lynch
PNC Bank
Marine Midland
LaSalle Bank
GMAC-CM - Healthcare
MediTrust
First NH Bank
Capstone Capital
Brookdale Living
Senior Campus Living
Banque Paribas
Glaser Financial
Goldman Sachs
SIS Bank
PRN Mortgage
Peoples Heritage Bank
AEW Capital Management
Fremont Investment & Loan
Manufacturers Bank
Bancorp South
Bank One Corp
Signet Bank
New York HFA
USTrust
SouthTrust Bank of Alabama
Prudential Insurance
UBS Warburg Pincus
Bank of Ireland
Norwest Bank
Provident Bank of Maryland
Dynex Healthcare
Continental Wingate
DLJ
Archon Financial
Holiday Retirement
Balanced Care
AMRESCO
AmSouth Bank
Zions First National Bank
Wells Fargo
Greystone & Co.
HSBC Bank USA
Fleet National Bank
First Union
M & T Bank
Senior Lifestyles
Riggs Bank of Wash. DC
Emeritus Corporation
CareMatrix
BankBoston
Heller Financial
Bank United
Credit Suisse First Boston
PhyMatrix
Berkshire Bank
Sunrise Assisted Living
Mercantile Safe Deposit
Senior Campus Living
Solomon Smith Barney
Allfirst Mortgage Corp.
Union Planters
Capital Company of America
KBC Bank of New York

COLLEEN H. BLUMENTHAL, MAI

EMPLOYMENT

HEALTHTRUST LLC - 2003 to Present
Sarasota, Florida
Managing Partner, Partner (Healthcare & Retirement Real Estate Valuation & Market Studies)

PRICEWATERHOUSECOOPERS LLP - 1999 to 2002
Sarasota, Florida
Senior Manager (Healthcare & Retirement Real Estate Valuation & Market Studies)

GULF/ATLANTIC VALUATION SERVICES, INC. – 1994 to 1999
Sarasota, Florida
Vice President/Partner (Healthcare & Retirement Real Estate Valuation & Market Studies)

PARDUE, HEID, CHURCH, SMITH AND WALLER OF SARASOTA, INC. – 1992 to 1994
Sarasota, Florida
Senior Healthcare Appraiser (Healthcare & Retirement Real Estate Valuation & Market Studies)

E. GORDON TUCKER ASSOCIATES, INC. – 1990 to 1992
Sarasota, Florida
Appraiser (Real Estate Valuation)

PANNELL KERR FORSTER – 1988 to 1990
Miami, Florida
Consultant, Real Estate Advisory Services –1989 to 1990
Consultant, Management Advisory Services – 1988 to 1989
(Hospitality Valuation & Market Studies)

PANNELL KERR FORSTER – 1987
Denver, Colorado
Research Assistant (Hospitality Valuation & Market Studies)

EDUCATION

UNIVERSITY OF DENVER
Bachelor of Science Degree, 1987
Business Administration

AMERICAN INSTITUTE OF REAL ESTATE APPRAISERS AND APPRAISAL INSITUTE
Case Studies in Real Estate Valuation (1992&8)
Report Writing (1993)
Standards of Professional Practice (1991, 2000, 2003)

Capitalization Theory and Techniques, Part B (1992)
Real Estate Principles (1990)
Basic Valuation (1990)
Capitalization Theory and Techniques, Part A (1990)

CONTINUING EDUCATION
7-Hour USPAP Update (1994,96,98,2000,02,04,05,06,07,08)
Florida State Law, Tampa, FL (2007)
15-Hour USPAP, Denver, CO (2003) & Miami, FL (2006)
Business Practices and Ethics, Orlando, FL (2005)
Condemnation Appraising (2005)
Separating Real and Personal Property from Intangible Business Assets (2003)
Third Party MAP Technical Training, Jacksonville, FL (2000)
Third Party LEAN Technical Training, Seattle, WA (2008)
Partial Interests (1999)
Special Purpose Properties (1996)
Highest and Best Use Analysis (1994)
General Demo Appraisal Report Writing (2006)
Uniform Standards for Federal Land Acquisitions (2006)

CERTIFICATIONS & AFFILIATIONS

State-Certified General Appraiser - G00833 (Alabama)
State-Certified General Appraiser - 31276 (Arizona)
State-Certified General Appraiser - AG043383 (California)
State-Certified General Appraiser - CG100026253 (Colorado)
State-Certified General Appraiser - X1-0000402 (Delaware)
State-Certified General Appraiser - RZ0001722 (Florida)
State-Certified General Appraiser - 299798 (Georgia)
State-Certified General Appraiser - CG40600349 (Indiana)
State-Certified General Appraiser - 1201072933 (Michigan)
State-Certified General Appraiser - CG270068R (Nebraska)
State-certified General Appraiser - 42RG00223800 (New Jersey)
State-Certified General Appraiser - 46000048804 (New York)
State-Certified General Appraiser - A6404 (North Carolina)
State-Certified General Appraiser - 2003012188 (Ohio)
State-Certified General Appraiser - GA003428 (Pennsylvania)
State-Certified General Appraiser- CG6709 (South Carolina)
State-Certified General Appraiser - 00003618 (Tennessee)
State-Certified General Appraiser - 1334017 (Texas)
Colleen Blumenthal, MAI, Member, Appraisal Institute
Treasurer — Appraisal Institute, Gulf Coast Florida Chapter (1992)
Panel Member — FL Dept. of Commerce - Div. of Economic Development Tourism Seminar
Licensed Real Estate Salesman — State of Florida (Inactive)

CONFERENCES & SEMINARS

Medicaid/Medicare Seminar, Sarasota, FL, 1994-99, 2000-07
National Investment Conference, Washington, DC & Chicago, IL, 1993,94,96, 1998-08
Young Advisory Council, Washington, DC, 1994,96

SPECIALIZED EXPERTISE & EXPERIENCE

Market demand studies for a variety of seniors housing and healthcare developments throughout the United States.

Appraisal analyses for continuing care retirement communities (CCRCs), seniors housing communities, assisted living/memory care residences, hospitals, healthcare facilities, and medical office buildings located throughout the United States.

Task Force Leader, *State of Seniors Housing, 2006 - 2009*

Co-authorship of *Impact of Interest Rates on Seniors Housing Capitalization Rates* (2004)

Co-authorship of *Investment Trends in the Assisted Living Industry* (1997-8); co-authorship of *Investment Trends in the Senior Housing Industry* (1999, 2002, 2003, 2005, 2006)

Authorship of *Healthcare and Retirement Property Appraisal* Seminar.

Authorship of *Valuation Issues for Healthcare and Retirement Property Assessment* Seminar.

Co-author with ASHA of *Seniors Housing Absorption Trends 2000*.

CORPORATE/INSTITUTIONAL CLIENTS SERVED (PARTIAL LIST)

AEW
Aureus Group
Bank of America
Brookdale Living Communities
CapMark
Collateral Real Estate Capital, LLC
Eriksson Retirement Communities
Fifth-Third Bank
Holiday Retirement
HSH-Nordbank
GE Healthcare Finance
KeyBank
JP Morgan/Chase
Johnson Capital
Lancaster Pollard
Love Funding
Morgan Stanley
Prudential Mortgage Capital Company
Red Mortgage Capital
Sunrise Senior Living
Teachers Insurance & Annuities Fund
Wachovia

DAVID REY SALINAS, ASA, MRICS

EMPLOYMENT

HEALTHTRUST LLC – 2003 to Present
Boston, Massachusetts
Partner (Healthcare Valuation and Consulting)

PRICEWATERHOUSECOOPERS, LLP – 1999 to 2003
Boston, Massachusetts
CCRC Product Leader (Senior Advisory Services, Global Real Estate Valuation Group)

GULF/ATLANTIC VALUATION SERVICES, INC. – 1994 to 1999
Boston, Massachusetts
Regional Vice President (Healthcare & Retirement Valuation, Feasibility Studies)

MMC, INC. (MUNICIPAL MANAGEMENT CONSULTANTS, INC.) – 1987 to 1994
Chelmsford, Massachusetts
Staff Appraiser to Senior Commercial Appraiser (Ad-Valorem Tax Appraisal, Real Estate Valuation)

SELECTIVE MARKETING, INC. – 1985 to 1987
Boston, Massachusetts
Commercial Sales Associate (Commercial Real Estate Sales & Leasing)

EDUCATION

WENTWORTH INSTITUTE OF TECHNOLOGY
Graduate - College of Design & Construction, 1986

APPRAISAL INSTITUTE
General Demonstration Report Writing (2010) – Ft. Lauderdale, FL
Appraising from Blueprints & Specs (2009) – Online
Forecasting Revenue (2008) – Norfolk, VA
Office Building Valuation (2007) – Miami, FL
Analyzing Operating Expenses (2007) – Online, Chicago, IL
Standards of Professional Practice (2008) – Florida International University, Miami, FL
Florida Core Law Update (2006) – Florida Atlantic University, Boca Raton, FL
Pennsylvania Law Update (2005) – Philadelphia, PA
Introduction to Income Capitalization (2005) – Portland, ME
Case Studies in Limited Partnership Valuation (2005) – University of San Diego, CA
Separating Intangible Business Assets (2003) – Tampa, FL
Hotel/Motel Valuation (2003) – Online, Chicago, IL
Appraising Nursing/Congregate Care Facilities (1996) (2003) – Claymont, DE
Comprehensive Appraisal Workshop (2001) – Tampa, FL
Advanced Applications (2000) – Florida Atlantic University, Boca Raton, FL
Economic Real Estate Trends (1999) – Boston, MA
Mock Trial Presentation (1996) – Needham, MA
Narrative Report Writing Seminar (1994) – Norwood, MA
Highest & Best Use Market Analysis (1994) – Norwood, MA
Demonstration Report Writing Seminar (1993) – Norwood, MA
Capitalization Theory & Techniques - Part A (1991) – Tufts University, MA
Capitalization Theory & Techniques - Part B (1991) – Tufts University, MA
Residential Valuation (1990) – Tufts University, MA
Basic Valuation Procedures (1990) – University of San Diego, CA
Principles of Real Estate Appraising (1989) – Dartmouth College, NH

NATIONAL ASSOCIATION OF REALTORS
Commercial Brokerage & Financing (1988)
PRICEWATERHOUSECOOPERS
FAS University (2002) – Disney World, Orlando, FL

CERTIFICATIONS

State-Certified General Appraiser – 31205 (Arizona)
State-Certified General Appraiser – A044449 (California)
State-Certified General Appraiser – RCG.0000896 (Connecticut)
State-Certified General Appraiser – RZ2617 (Florida)
State-Certified General Appraiser – 255867 (Georgia)
State-Certified General Appraiser – CG1533 (Maine)
State-Certified General Appraiser – 2059 (Massachusetts)
State-Certified General Appraiser – 1201073275 (Michigan)
State-Certified General Appraiser – NHCG-217 (New Hampshire)
State-Certified General Appraiser – 42RG00190300 (New Jersey)
State-Certified General Appraiser – 46000039117 (New York)
State-Certified General Appraiser – 2008001298 (Ohio)
State-Certified General Appraiser – GA-003351 (Pennsylvania)
State-Certified General Appraiser – A00826G (Rhode Island)
State-Certified General Appraiser – 00211 (Vermont)

MEMBERSHIPS & AFFILIATIONS

David Rey Salinas, Associate Member, Appraisal Institute
American Society of Appraisers – Member, ASA Designation (Certificate 10404)
Royal Institution of Chartered Surveyors, Member No. 1294125 (MRICS)
AAHSA (American Association of Homes and Services for the Aging) – Member
Appraisal Institute, Boston Chapter: Former Co-Chairman Public Relations Committee
Mass ALFA (Massachusetts Assisted Living Facilities Association) – Member
State of Massachusetts: Licensed Real Estate Salesman (Inactive)

LITIGATION ASSIGNMENTS

Appearance as Expert Witness, Bennington County Superior Court, Bennington, VT – 2009
    State of Vermont v. Equinox, II, LLP, Docket No. 127-3-09 BNCV
Appearance as Expert Witness, United States Bankruptcy Court, Tampa, FL – 2009
    Chestnut Hill Rehab Hospital v. Participant Banks, Case No. 08:08-BK-02150-PMG
Provided Consulting, CCRC Tax Appeal, Reading, PA – 2009
Provided Consulting, CCRC Tax Appeal, Burlington, VT – 2009
Provided Consulting, Entry Fee ILC, Manchester Center, VT – 2009
Provided Consulting, CCRC Tax Appeal, Whiting, NJ – 2009
Prepared Consulting & Appraisal Report, CCRC Tax Appeal, Atlanta, GA – 2008
    Park Springs, LLC v. DeKalb County Assessors, Case No. 05CV9893-1
Provided Consulting, CCRC Tax Appeal, Westchester County, NY – 2004
Provided Consulting, Entry Fee IALC, Duxbury, MA – 1998
Appearance as Expert Witness, Superior Court, Rockingham County, NH – 1993
    Town of Durham v. Property Owner Tax Appellant(s) (Expert for Town, 3 Separate Cases)

SPEAKING ENGAGEMENTS – BANKS

Sovereign – Santander: “Global Market Correction, Healthcare Senior Housing & CCRC Market Trends”, Boston, MA, 2009
Arbor National Mortgage and Law Offices Taylor, Ganson & Perrin, LLP: “CCRCs – Product Overview & Valuation Techniques”, Boston, MA 2001

SENIOR HOUSING CONFERENCES & SEMINARS

NIC (National Investment Center) – Attendee; Washington DC, 1995, 97, 2007, 08, 09
National Medicaid/Medicare Conference – Co-Sponsor; Sarasota, FL 1995-2007
State of Senior Housing Conference – Attendee; New York, NY 1996, 1999, 2001
ASHA (American Seniors Housing Association) – Attendee; Boca Raton, FL 2004
Ziegler Finance + Strategy Conference – Attendee; Chateau 'Elan, GA 2004; Lake George, NY 2008
    La Costa, CA 2009
Ziegler Capital Markets For-Profit CCRC Symposium – Attendee; Bonita Springs, FL 2009
HERBERT J. SIMS' Late Winter Conference – Attendee; TPC Sawgrass, FL 2003; Innisbrook Resort, FL 2004;
    Walt Disney, FL 2006; Lake Las Vegas Resort, NV 2007; La Costa Resort & Spa, CA 2008
AAHSA (American Association of Homes and Services for the Aging) – Attendee; San Antonio, TX 2005;
    San Francisco, CA 2006; Chicago, IL 2009

SELECTED CLIENTS SERVED/INDUSTRY RELATIONSHIPS

Bank of America
Merrill Lynch
PNC Bank
Hong Kong Shanghai Bank Corp (HSBC)
Peoples Bank - Connecticut
GMAC – Commercial Mortgage
Life Care Services Corp (LCS)
Allied Irish Bank (AIB)
The Marshall Group
Erickson Retirement Communities
Mercantile Safe Deposit & Trust
Howard Bank Vermont
Nationwide Health Care Properties – NHCP
KBC Bank Los Angeles
Archdiocese of Boston
Continental Bank
Senior Housing Investment Advisors
Citizens Bank (RBS)
PRN Mortgage
Toronto Dominion (TD Bank North)
Life Care Centers of America
Commerce Bank
Capmark
Leggat McCall
Bank of Ireland
Sky Bank
Radius Senior Housing
Herbert J. Sims Capital
Westport Senior Living
The Freshwater Group
Huntington Bank
Bank of Scotland
Unity Bank
Chevy Chase Bank
Ziegler Healthcare Capital
Affirmative Equities Company
Ponus Capital
AEW Capital
Credit Suisse First Boston (CSFB)
Sovereign Bank
Rockwood Realty Associates
CapitalSource
Collateral Mortgage
KBC Bank New York
Roskamp Management
HSH Nordbank
G & L Realty
Citizens Bank (Ohio)
Looking Glass
Siemens Financial
M & T Bank

CCRC & ENTRANCE-FEE INDEPENDENT & ASSISTED LIVING CAMPUS ENGAGEMENTS

Galleria Woods, Birmingham, AL – NFP, entrance fee rental CCRC, valuation/consulting for sponsor, 206 units (3)

Edgehill, Stamford, CT – Upscale, entrance fee, Type A life care CCRC, valuation/consulting for Hospital System, 287 units (2)

The Fairfax, Fort Belvoir, VA – Entrance fee, life care CCRC, valuation for REIT leaseback position, 487 units

The Quadrangle – Haverford, PA – Entrance fee life care CCRC, valuation for REIT leaseback position, 542 units

Rydal Park, Rydal, PA – Not-for-profit, entrance fee life care CCRC, renovation, 465 units

Bethany Village, Mechanicsburg, PA – Not-for-profit entrance fee rental CCRC, significant expansion, 523 units

Park Regency Village, Chandler, AZ – Owner/Operator; rental CCRC, 186 units

Brandon Wild, Augusta, GA – Not-for-profit life care CCRC, hospital partner part ownership sale negotiation

Buckingham, Houston, TX – NFP entrance fee life care CCRC, third party consultant for IRS submission; 325 units

The Cedars, Chapel Hill, NC – Upscale Proposed condo life care CCRC; consultant to investment banker/equity partner, 336 units

University Park, Sarasota, FL –(land only), Proposed CareMatrix CCRC; (Abandoned)

Pennswood Village, Newtown, PA – Existing life care CCRC; proposed for expansion, 405 units

Riderwood Village, Silver Spring, MD – Erickson Retirement Communities; new CCRC, 2,656 units

Riverwoods, Exeter, NH – Managed by Life Care Services Corp, not-for-profit CCRC; 261 units

Village of Duxbury, MA – Entrance Fee IALF, private owner, coop, tax appeal case

Glenmeadow, Longmeadow, MA – Entrance Fee IALF, private owner, upscale target market

Carleton-Willard Village, Bedford, MA – Not-for-profit CCRC, substantial renovation.

The Highlands, Pittsford, NY – A Greystone operated CCRC, new construction, 317 units

Cedar Crest, Pequannock, NJ – Erickson Retirement Communities CCRC; 1,865 units

Glen Eddy, Niskayuna, NY – Entrance Fee IALF, new construction, bond issuance, letter of credit

Cypress, Charlotte, NC – Cypress Properties CCRC, Sister Project of Cypress of Hilton Head Island

Ferris Hills, Canandaigua, NY – NFP, FFT Health Systems, bond issuance, letter of credit, 132 units.

Goodwin House, Alexandria, VA – Entry Fee, Not-for-profit CCRC, substantial renovation & expansion tower

Tidepointe, Hilton Head, SC – Coop CCRC, Bankruptcy workout, now Hyatt owned/managed

Bentley Village, Naples, FL – A Hyatt community; non-prototype CCRC acquisition, 743 units

Fox Run Village, Novi, MI – Erickson Retirement Communities CCRC, new construction, 1,815 units

Golden Years, Fort Wayne, IN – Not-for-profit CCRC, private owner; 233 units

Blakehurst CCRC, Baltimore (Towson), MD – Life Care Services Corporation CCRC; 227 units (2)

Caren Coop House, Adelphia, MD – Entry Fee ILF, new construction; Coop ownership

Hunt Community, Nashua, NH – not-for-profit owner/operator CCRC, major renovation

Brooksby Village, Peabody, MA – Erickson Retirement Communities CCRC; new project, 1702 units (2)

Applewood, Amherst, MA – private, not-for-profit owner/operator CCRC, off site skilled nursing

Reeds Landing, Springfield, MA – Not-for-profit owner CCRC, managed by Life Care Services Corp. (2)

Coburg Village, Clifton Park, NY – Original entrance Fee IALF, changed to rental.

Beverwyck, Slingerlands, NY – Eddy Healthcare Systems owner/operator; NFP CCRC, 227 units

Winchester Gardens, Maplewood, NJ – CCRC, designed by Frederick Law Olmstead, major rehab

The Glen, Queensbury, NY – IALF, Eddy Healthcare Systems owner/operator; not-for-profit, 124 units

Bermuda Village, Advance, NC – Clubhouse & 24 unit nursing center split out CCRC

Goodwin House West, Falls Church, VA – Entry Fee, Not-for-profit CCRC, 408 units

Laurel Mead, Providence, RI – Upscale CCRC (co-op); now operationally separate IL from AL/SN health center.

Ann’s Choice, Warminster, PA – Navy Warfare Air Base (decommissioned); proposed CCRC, 1,863 units

Whitney Center, Hamden, CT – Not-for-profit CCRC; expansion/renovation, rehab, 258 units

College Harbor, St. Petersburg, FL – Not-for-profit CCRC, Owned by Eckerd College, 174 units (2)

Kingsway Manor, Schenectady, NY – Private owner, ALF carve out for collateral loan on CCRC campus

Glen at Hilard Meadows, Queensbury, NY – IALF, not-for-profit, new construction, bond issuance, LOC

Valley View, Boise, ID – Life Care Services Corp, non-prototype acquisition, rental CCRC

Seasons Retirement Community, Cincinnati, OH – Rental CCRC, acquisition, 340 units

Westside Village, Indianapolis, IN – Life Care Centers of America, part of a portfolio refinance engagement

Hillside, Portland, OR – Sunwest engagement, pending acquisition of troubled asset with Ziegler acting as Receiver

Friendship Haven, Fort Dodge, IA – CCRC, Not-for-profit, Phase I expansion upgrading of circa 1995 campus

Freedom Bay, Portsmouth, RI – (land only), proposed life care & for-sale (condo) combo active adult CCRC, water view, 310 units

Arbor Glen, Somerset, NJ – Existing and stabilized Type B life care CCRC, unique FFS format, 296 units

Grandview Terrace, Sun City West, AZ – Exiting life care CCRC, tri-annual state audit requirement, 466 units

Las Ventanas, Las Vegas, NV – Proposed life care, upscale entry fee CCRC operated by Greystone, IRS NFP submission, 400 units (2)

Newbury Court, Concord, MA – Existing life care, entry fee CCRC proposed for expansion, 318 units

Lake Pointe Woods, Sarasota, FL – Entry Fee IALC, 268 units (R)

Rockridge, Northampton, MA – Existing ALR, proposed for expansion with entry fee IL garden/cottage apts., 103 units

The Overlook, Charlton, MA – Existing life care, entry fee CCRC proposed for expansion, ILC split out, 219 units

New Pond Village, Walpole, MA – Existing Entry Fee operationally separate CCRC, acquisition, condo (lot split IL/AL/SN), 199 units

Harbor’s Edge, Norfolk, VA – Proposed, life care, upscale entry fee CCRC, rejuvenated downtown waterfront district, 246 units (2)

Harbor Ridge, Port Washington, NY – (land only) Proposed life care, high-end entry fee CCRC, water view, 400 units

St. Mary's of the Woods, Avon, OH – Proposed life care CCRC, NFP credit enhanced bond issuance, 159 units

Hill at Whitemarsh, Philadelphia, PA – Upscale Entry Fee, Type A, life care CCRC, NFP credit enhanced bond issuance, 357 units

Orlando Lutheran – Entry fee, Type B CCRC, not-for-profit model, bond reissue/release analysis, 420 units

Heritage at Green Hills, Reading, PA – (land only) Proposed Entry Fee CCRC, Type C, valuation and market study, 632 units (R)(2)

The Osborn, Rye, NY – Type C, entry fee CCRC, litigation support for tax abatement proceedings, 377 units

Carriage Club, Naperville, NY – (land only) Proposed entry fee IALF, valuation and market study, supply/demand analysis, 294 units

Phoebe Berks Village, Wernersville, PA – Type C, Entry Fee CCRC, not-for-profit model, Refinance, 406 units (R)

Phoebe Home & Terrace, Allentown, PA – Type B, Entry Fee CCRC, not-for-profit model, refinance, 538 units (R)

St. Andrews Village, Aurora, CO – Proposed entry fee CCRC (Starwood), Type B, modified fee simple model, 269 units

National Benevolent Association (NBA) – 11 CCRCs; litigation support for U.S. Bankruptcy Court proceedings, appraisal review (R)

Fountains at Sea Bluffs, Dana Point, CA – Entry Fee IALF, discounted healthcare benefits in ALF, fee simple and rental

Fountains at Pacific Regent, La Jolla, CA – Entry Fee CCRC, Type C, fee simple and life estate unit format, 207 units

Fountains at Carlotta, Palm Desert, CA – Entry Fee CCRC, Type C (no healthcare benefits), 269 units

Fountains at Millbrook, Millbrook, NY – Entry Fee IALF, converted to rental, outstanding refundable basis, 171 units

Fountains at Albemarle, Tarboro, NY – Rental CCRC, Type C (no healthcare benefits), rural market, 208 units

Fountains at Logan Square, Philadelphia, PA – Entry Fee CCRC, Type B, converting to rental, outstanding refundables, 477 units (2)

Fountains at Washington Square, Alexandria, VA – Entry Fee CCRC, Type B, significant renovation, 230 units

United Zion Community, Lititz, PA – Entry Fee CCRC, Type C, not-for-profit model, 126 units (R)

Malden Hospital, Malden, MA – Confidential CCRC consulting engagement for Hallmark Health Hospital System

Bell Trace, Bloomington, IN – Existing Entry Fee CCRC, Type C , proposed for expansion, 243 units (R)

Freedom Village, Bradenton, FL – Existing Entry Fee CCRC, Type B, contract-for-sale, 751 units, (R)

RainbowVision, Palm Springs, CA – Vacant Land, Proposed for-sale (condo) IALC with commercial support space, 240 units (R)

Maplewood & Heritage, Bridgeport, WV – Entry Fee CCRC, Type C, transaction support & valuation, contract-for-sale, 199 units

Redstone Presbyterian at Murrysville, PA – Entry Fee IALC, not-for-profit model, refinance bond debt, 134 units (R)

Redstone Presbyterian at Huntingdon, PA – Entry Fee IALC, not-for-profit model, refinance bond debt, 135 units (R)

Redstone Presbyterian at Greensburg, PA, Entry Fee CCRC, Type C, not-for-profit model, refinance bond debt, 201 units (R)

Hill Farm, Annville, PA – Proposed Entry Fee IALC, existing ALR Mansion on site with Panoramic Views, 200 units

Sun Mountain, Las Vegas, NV – Existing Rental CCRC, Type C, , pending acquisition, high acuity vent unit SNF, 357 units

Meadow Ridge, Redding, CT – Upscale Entry Fee CCRC, Type A, Life Care Model, proposed expansion, 416 units (2)

Talmage Terrace, Athens, GA – Entry Fee IALC, life care model for AL services, valuation & consulting, 80 units

Gorham House, Gorham, ME – Rental CCRC, Type C, specialized AL Alzheimer & SN psychiatric wings, 167 units (R)

Clover Manor, Auburn, ME - Rental CCRC, Type C, specialized AL Alzheimer wing, first CCRC in state, 272 units (R)

Grace Ridge, Morganton, NC – Entry Fee CCRC, Type A, disposition consulting/valuation for hospital system, 231 units

Asbury Heights, Mt. Lebanon, PA – Entry Fee CCRC, Type B, refinance coupled with off-campus expansion, 444 units

The Embassy at Asbury Heights, Mt. Lebanon, PA – Entry Fee ILC, off-campus expansion of existing CCRC, 35 units

Sunrise Fox Hill, Bethesda, MD – Condo IALC, former Marriott project, adjacent Burning Tree CC, upscale target market, 323 units,

Attleboro Village, Langhorne, PA – Existing Entry Fee CCRC, Type A, three separate buildings, 416 units

The Heritage, Brentwood, TN – Consulting assignment for equity bond investor, opine on viability of cash flows, 431 units (2)

Knollwood, Washington, DC – Army Distaff CCRC for Retired Career Military Officers, Entry Fee, Type C, expansion, 284 units

Preswick Glen, New Hartford, NY – Proposed Entry Fee ILC, large detached cottage component, 126 units (R)

Wake Robin, Shelburne, VT – Entry Fee CCRC, Type A, only Lifecare campus in state of Vermont, expansion, 295 units

MacKenzie Place, Colorado Springs, CO – Entry fee, for-sale IALC with cottages, proposed construction, 234 units (R)

MacKenzie Place, Fort Collins, CO – Entry fee, for-sale IALC with cottages, proposed construction, 240 units (R)

The Fountains at Logan Square, Philadelphia, PA – Entry Fee, Type B, converting from EF to rental format, 477 units

Lake Seminole Square, Seminole, FL – Entry Fee, Type B, IALC, long term life care provided at off-site SNF, 338 units

Freedom Square, Seminole, FL – Entry Fee CCRC, Type B, leased fee and fee simple valuation, 731 units

University Village, Tampa, FL – Entry Fee CCRC, Type B, managed by Greystone, 676 units (R)

Gleannloch Farms, Spring, TX – Entry Fee CCRC, Type A Lifecare, upscale Greystone development consultant, 216 units

3030 Park, Bridgeport, CT – Former Entry Fee CCRC, consulting/valuation for bankruptcy acquisition, 284 units

Hubbard Hill, Elkhart, IN – Entry Fee CCRC, Type C, not-for-profit refinance, 255 units

La Loma Village, Litchfield Park, AZ – Entry Fee CCRC, Type A Lifecare, Phase II expansion refinance, 225 units

Holly Creek, Centennial, CO – Entry Fee CCRC, Type B, Phase II expansion and bond re-issuance, 262 units

Cypress Cove, Ft. Myers, FL – Entry Fee CCRC, Type A, appraisal and consulting for Phase II expansion, 470 units (R)(2)

Plymouth Harbor, Sarasota, FL – Entry Fee CCRC, Type B, consulting assignment, proposed expansion and repositioning (R)

Park Springs, Stone Mountain, GA – Entry Fee CCRC, Type A, appraisal and consulting for plaintiff litigation, 462 units

East Hill Woods, Southbury, CT – Entry Fee CCRC, Type A, appraisal for equity partner and repositioning, 248 units

Longhorn Village, Austin, TX – Proposed Entry Fee CCRC, Type A, affiliated with University of Texas, appraisal, 310 units

Navesink Harbor, Red Bank, NJ – Entry Fee CCRC, Modified, significant renovation and expansion, 182 units

The Colonnade, Surprise, AZ – Proposed Entry Fee CCRC, Type B, affiliated with sister CCRC for SNF benefits, 358 units

The Covenant at South Hills, Mt. Lebanon, PA – Entry Fee, Type A, valuation for bankruptcy sale, 232 units (R)(3)

Edgewater at Tallyn's Reach, Des Moines, IA – Proposed Entry Fee, Type B, valuation for LOC financing, 239 units

NewBridge on the Charles, Dedham, MA – Proposed Entry Fee, Type C, letter of credit financing, 615 units (R)

Meriter Retirement Campus, Madison, WI – Repositioning of Entry Fee, Type C, new bond issue, CCRC, 317 units.

Kendal on Hudson, Sleepy Hollow, NY – Upscale Entry Fee CCRC, Type A, valuation for permanent financing, 288 units

The Fountains at La Cholla, Tucson, AZ – Entry Fee, Mixed plan IALC, Type C, valuation for financing, 396 units

Whiteland Village, Exton, PA –Entry Fee, Type A, Phase I only IL units, redevelopment of Superfund Site, 936 units

Woodland at New Paltz, Highland, NY – Entry Fee, Type A, valuation for LOC bond issuance, 301units

Sagewood, Phoenix, AZ – Entry Fee, Type A, Lifecare, for-profit model, upscale market, proposed LCS project, 1,128 units

St. Mary's East, Erie, PA – Entry Fee, Type C, not-for-profit sponsor, two asset expansion/upgrade, 232 units

St. Mary's Asbury Ridge, Erie, PA – Entry Fee, Type C, not-for-profit sponsor, two asset expansion/upgrade, 196 units

Heritage Crossing, Edmond, OK – Entry Fee, Type C, former NBA Bankruptcy asset, 233 units

Baycrest Village, North Bend, OR – Entry Fee, Type C, NFP to for-profit acquisition post refinance, 240 units

Longwood at Oakmont, Verona, PA – Entry Fee, Type A, Lifecare, LOC bond issue, expansion project, 439 units (VA)

Crane's Mill, West Caldwell, NJ – Entry Fee, Type A, Lifecare, NFP, for expansion project final phase, 430 units (R)

Seabrook Village, NJ – Entry Fee, Type C, Erickson Retirement Communities, final phase construction revolver, 1,692 units

Mirabella Portland, OR, Entry Fee, Entry Fee, Lifecare, Type B, proposed, high-rise, letter of credit financing, 260 units (R)

Bradford Village, Edmond, OK – Entry Fee, Type C, CCRC, existing not-for-profit, refinance existing debt, 236 Units

Cypress Village, Jacksonville, FL – Entry Fee, Type C, CCRC, converting from Type C to Type A, refinance, 480 units (R)

Monroe Village, Jamesburg, NJ – Entry Fee, Type B, CCRC, existing campus, refinance, 374 units (R)

Meadow Lakes, Hightstown, NJ – Entry Fee, Type B, CCRC, existing campus proposed for expansion, 423 units (R)

Crestwood Manor, Whiting, NJ – Entry Fee, Type B, CCRC, existing campus, refinance, 464 units (R)

Bixby Knolls, Long Beach, CA – Rental, existing campus, CCRC, not-for-profit, refinance 324 units (R)

Gold Country, Placerville, CA – Rental, existing not-for-profit campus, CCRC, refinance 259 units (R)

Bishop's Glen Retirement Center, Holly Hill, FL – Rental, CCRC, existing campus, not-for-profit, refinance 415 units (R)

Mayflower Gardens, Lancaster, CA – Rental, CCRC, existing campus, not-for-profit, refinance 542 units (R)

Courtenay Springs Village, Merritt Island, FL – Rental, CCRC, existing campus, not-for-profit, refinance 263 units (R)

Westminster Health Care Center, Clarksville, IN – Rental, CCRC, existing campus, not-for-profit, refinance 350 units (R)

Lucy Corr Village, Chesterfield, VA – Existing ALSN, proposed for IL entry fee continuum, 365 units (R)

The Tradition of the Palm Beaches, West Palm Beach, FL – Existing rental, not-for-profit CCRC, 424 units (R)

Laurel Lake Retirement Community, Hudson, OH – Type A, Entry Fee, CCRC, confidential engagement terms, 434 units (R)

Paul's Run, Philadelphia, PA – Rental CCRC format, refinance, not-for-profit, 439 units (VA)

Seacoast, Mt. Pleasant, SC – Proposed Entry Fee, IALC, for-profit, 230 units (VA)

Bethel Foundation Community, Woodstock, GA – Proposed Entry Fee CCRC, for-profit, 250 units (VA)

Kendal at Hanover, Hanover, NH, - Entry Fee, Type A, CCRC, not-for-profit, refinance, 306 units (R)

First Community Village, Upper Arlington, OH – Entry Fee, CCRC, not-for-profit, proposed expansion, 411 units (VA)

Wood River Village, Bensalem, PA – Entry Fee, Type A, Lifecare CCRC, confidential engagement terms, 355 units.

Windsor Run, Mathews, NC – Entry Fee, Type C, Erickson Retirement Communities, construction revolver, 1252 units (VA)

North Oaks, Owings Mills, MD – Entry Fee, Type A, Lifecare CCRC, valuation consulting assignment, 232 units (VA)(2)

Peachtree Hills Place, Buckhead, GA – High end, Entry Fee, Type A, Lifecare CCRC, LCS to manage, 310 units (VA)

La Posada, Palm Beach Gardens, FL – Entry Fee CCRC, developed by Westport, managed by Greystone, 294 units (R)

Trillium Woods, Plymouth, MN – Land only, proposed for development with Lifecare CCRC, LCS to develop, 425 units (R)

Devonshire at PGA National, Palm Beach Gardens, FL – Entry Fee, Type A, Lifecare CCRC, transaction, 418 units (R)

Freedom Village, Lake Forest, CA – Entry Fee, Type B CCRC, pending transaction 380 units (R)

The Village, Hemet, CA – Entry Fee, Type B CCRC, pending transaction, 351 units (R)

The Village of Germantown, Shelby, TN – Entry Fee Type A, Lifecare CCRC, valuation to test pending contact for sale, 247 units (R)

La Vida Llena, Albuquerque, NM – Entry Fee Type B, Lifecare CCRC, refinance, 387 units

Providence Point, South Hills, PA – Entry Fee Type B, Lifecare CCRC, finance new construction and bond finance, 403 units (R)

StoneRidge, Mystic, CT – Entry Fee Type A, Lifecare CCRC, internal corporate valuation assignment, 322 units

Timber Ridge at Talus, Issaquah, WA – Entry Fee Type A, Lifecare CCRC, internal corporate valuation assignment, 220 units (R)

Freedom Plaza, Peoria, AZ – Entry Fee Type B, CCRC, leasehold – concluding leased fee analysis, 538 units (R)

Whiteland Village, Exton, PA – Entry Fee CCRC, proposed construction and land loan, 936 units (R)

Mirabella Seatlle, Seattle, WA – Upscale Downtown, Entry Fee Type A, Lifecare CCRC, valuation update, 365 units (VA)

Westminster Village, Terre Haute, IN – Entry Fee Type C CCRC, update valuation for existing loan, 320 units (VA)

Bayview Gardens, Clearwater, FL – valuation and consulting for transitional CCRC campus (R)

Fox Run, Novi, MI – Entry Fee, Type C, Erickson Retirement Communities, construction revolver, 890 units (VA)

Maris Grove, Glen Mills, PA – Entry Fee Type C, Erickson Retirement Communities, construction revolver, 1,089 units (VA)

Ashby Ponds, Ashburn, VA – Entry Fee Type C, Erickson Retirement Communities, construction revolver, 456 units (VA)

Eagles Trace, Houston, TX – Entry Fee Type C, Erickson Retirement Communities, construction revolver, 470 units

Tallgrass Creek, Overland Park, KS – Entry Fee Type C, Erickson Retirement Communities, construction revolver, 227 units (VA)

Equinox Village, Manchester Center, VT – Entry Fee ILC, valuation for lender and consulting for tax appeal, 56 units

Braecroft, East Aurora, NY – Entrance fee, not-for-profit model, IALF, new construction, bond issuance, line-of-credit

(R) Review   (VA) Valuation Assistance   Current to November 2009

ANTHONY G. STABLEIN

EMPLOYMENT

HEALTHTRUST LLC – October 2005 to Present
Sarasota, Florida
Director

CUSHMAN & WAKEFIELD INC – May 2005 to September 2005
Tampa, Florida

EDUCATION

UNIVERSITY OF FLORIDA
Bachelor of Science, 2004
Major: Psychology
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APPRAISAL INSTITUTE
Basic Principles of Appraisal Practice
Basic Procedures of Appraisal Practice
USPAP (Uniform Standards of Professional Appraisal Practice)
General Appraiser Income Approach/Part 1
Advanced Income Capitalization
Advanced Sales Comparison and Cost Approaches

CERTIFICATIONS & AFFILIATIONS

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CONFERENCES & SEMINARS

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HEALTHTRUST LLC – September 2007 to Present
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