

APPRAISAL REPORT

SARATOGA RETIREMENT COMMUNITY
14500 FRUITVALE AVENUE
SARATOGA, CALIFORNIA

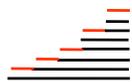
AS OF JANUARY 13, 2016
SLVS FILE NO. 16-01-03

PREPARED FOR

ODD FELLOWS HOME OF CALIFORNIA

PREPARED BY

MICHAEL G. BOEHM, MAI, CRE



Senior Living Valuation Services, Inc.



Senior Living Valuation Services, Inc.

Appraisers & Consultants to the Senior Housing Industry

January 22, 2016

Odd Fellows Home of California
c/o Pacific Retirement Services
One West Main Street, Suite 303
Medford, OR 97501

Attention: Ms. Audrey Stevens

Re: Saratoga Retirement Community
14500 Fruitvale Avenue
Saratoga, California 95070
SLVS File No. 16-01-03

Ms. Stevens:

In accordance with your request, we have conducted the required investigation, gathered the necessary data, and made certain analyses that have enabled us to form an opinion of the market value of the above captioned existing continuing care retirement community. This narrative appraisal report has been prepared to be in compliance with the current requirements of the Uniform Standards of Professional Appraisal Practice and Title XI of FIRREA appraisal requirements. This is an Appraisal Report in a self contained, comprehensive appraisal report format.

The value stated herein is based on our understanding of the site and improvement descriptions as represented to us by the Client and/or the Client's representatives as well as other available sources. It is your responsibility to read this report and inform the appraiser of any errors or omissions you are aware of prior to utilizing it.

Total Going Concern Market Value As Is @ 1/13/16

Based on an inspection of the property and the investigation and analysis undertaken, we have formed the opinion, subject to the assumptions and limiting conditions set forth in this report, that the market value of the effective fee simple total going concern interest in the subject, as is as of January 13, 2016, is:

ONE HUNDRED EIGHTY SEVEN MILLION FIFTY THOUSAND DOLLARS
(\$187,050,000)

Prospective Total Going Concern Market Value @ 11/17

Based on an inspection of the property and the investigation and analysis undertaken, we have formed the opinion, subject to the assumptions and limiting conditions set forth in this report, that as of the completion of construction of the subject's sister Obligated Group Napa campus expansion, projected to be November 1, 2017, that the effective fee simple total going concern interest of the subject will have a prospective market value of:

ONE HUNDRED NINETY FIVE MILLION SEVENTY FIVE THOUSAND DOLLARS
(\$195,075,000)

Prospective Total Going Concern Market Value @ 11/18

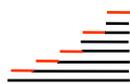
Based on an inspection of the property and the investigation and analysis undertaken, we have formed the opinion, subject to the assumptions and limiting conditions set forth in this report, that as of the effective stabilized full occupancy of the subject's sister Obligated Group Napa campus expansion, projected to be November 1, 201, that the effective fee simple total going concern interest of the subject will have a prospective market value of:

ONE HUNDRED NINETY NINE MILLION SIX HUNDRED FIFTY THOUSAND DOLLARS
(\$199,650,000)

Market Value of Obligated Group Favorable Bond Financing As Is @ 1/13/16

Based on an inspection of the property and the investigation and analysis undertaken, we have formed the opinion, subject to the assumptions and limiting conditions set forth in this report, that the estimated market value of the existing Odd Fellows Home of California Obligated Group Series 2012 favorable bond financing, as of January 13, 2016, is:

SIX MILLION FIVE HUNDRED THOUSAND DOLLARS
(\$6,500,000)



Market Value of Obligated Group Bond Financing At Completion of Construction @ 11/1/17

Based on an inspection of the property and the investigation and analysis undertaken, we have formed the opinion, subject to the assumptions and limiting conditions set forth in this report, that the estimated prospective market value of both the existing and proposed Odd Fellows Home of California Obligated Group Series 2012/Series 2016 favorable bond financings, as of the completion of construction of the subject's sister Obligated Group Napa campus expansion, projected to be November 1, 2017, will be:

FIFTEEN MILLION SEVEN HUNDRED SEVENTY FIVE THOUSAND DOLLARS
(\$15,775,000)

Market Value of Obligated Group Bond Financing At Expansion Full Occupancy @ 11/1/18

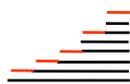
Based on an inspection of the property and the investigation and analysis undertaken, we have formed the opinion, subject to the assumptions and limiting conditions set forth in this report, that the estimated prospective market value of both the existing and proposed Odd Fellows Home of California Obligated Group Series 2012/Series 2016 favorable bond financings, as of the effective full occupancy of the subject's sister Obligated Group Napa campus expansion, projected to be November 1, 2018, will be:

THIRTEEN MILLION THREE HUNDRED TWENTY FIVE THOUSAND DOLLARS
(\$13,325,000)

It is important to note that this Obligated Group favorable financing value applies to both the subject and its sister CCRC facility, Meadows of Napa Valley, and not to the subject alone. Details of the reported valuation conclusions within the context of the Odd Fellows Home of California Obligated Group are provided on the following page.

Based upon experience in the appraisal of entry fee continuing care retirement communities, we would anecdotally characterize the overall ongoing cash flow and occupancy risk of the subject at approximately the 20th percentile of all similar projects (80% more risky, 20% less risky).

The narrative appraisal report that follows sets forth the identification of the property, property rights appraised, assumptions and limiting conditions, pertinent facts about the area and the subject property, comparable data, results of our investigation and analyses and the reasoning leading to the conclusions set forth.

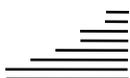


ODD FELLOWS HOME OF CALIFORNIA OBLIGATED GROUP
SUMMARY OF VALUATIONS

	Market Value As Is <u>@ 1/13/16</u> (1)	Market Value At Completion of Construction <u>@ 11/1/17</u> (2)	Market Value At Stabilization <u>@ 11/1/18</u> (3)
Meadows of Napa Valley (Napa, CA) -			
Existing Units - First Generation Entry Fees	\$15,425,000	\$14,450,000	\$13,650,000
Expansion Units - First Generation Entry Fees (92 units)	\$53,575,000	\$63,300,000	N/A
Ongoing Going Concern Cash Flows (4)	\$68,000,000	\$77,175,000	\$81,375,000
Less: Cost to Complete Renovations/Expansion	<u>(\$73,675,000)</u>	<u>N/A</u>	<u>N/A</u>
Total Reported Market Values	\$63,325,000 =====	\$154,925,000 =====	\$95,025,000 =====
Saratoga Retirement Community (Saratoga, CA) -			
Ongoing Going Concern Cash Flows (4)	\$187,050,000 =====	\$195,075,000 =====	\$199,650,000 =====
Total Combined Campus Values Before Favorable Financing	\$250,375,000 =====	\$350,000,000 =====	\$294,675,000 =====
Obligated Group Favorable Financing Values (5) -			
Existing Series 2012 Bond Financing	\$ 6,500,000	\$10,375,000	\$11,275,000
Proposed Series 2016 Bond Financing	<u>N/A</u>	<u>\$ 5,400,000</u>	<u>\$ 2,050,000</u>
Total Favorable Bond Financing Value	\$ 6,500,000 =====	\$15,775,000 =====	\$13,325,000 =====
Total Summed Valuations - Obligated Group	\$256,875,000 =====	\$365,775,000 =====	\$308,000,000 =====

Notes:

- (1) As Is Valuation, at January 13, 2016.
- (2) At completion of construction of proposed Napa campus renovations/expansion, projected at November 1, 2017.
- (3) At full occupancy of proposed Napa campus expansion, projected at November 1, 2018.
- (4) Includes discounted ongoing cash flows for all net unit turnover and net operational cash flows for all components of each campus, at Meadow of Napa Valley: 242 apartments, 60 assisted living/memory care units and 69 nursing beds (371 total campus units/beds); at Saratoga Retirement Community: 143 apartments and villas, 108 assisted living/memory care beds and 94 nursing beds (348 total campus units/beds).
- (5) Discounted value of existing Series 2012 Obligated Group favorable bond financing and proposed Series 2016 Obligated Group bond financing, not allocable to either campus.



Senior Living Valuation Services, Inc.

Aerial Photograph of Subject Campus



Senior Living Valuation Services, Inc.

Ms. Audrey Stevens
January 22, 2016
Page 4

Should you desire a quick reference to the most important information, I direct your attention to the "Introduction", "Executive Summary" and the "Reconciliation and Conclusion" sections of this report. Please feel free to call me at (415) 385-2832 with any questions.

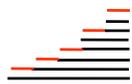
Respectfully submitted,

SENIOR LIVING VALUATION SERVICES, INC.

Michael Boehm

Michael G. Boehm, MAI, CRE
President

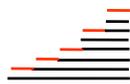
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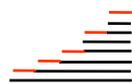
Senior Living Valuation Services, Inc.

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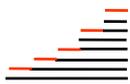


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INTRODUCTION

Property Identification

The subject property, known as Saratoga Retirement Community, currently consists of approximately 37.32 acres of land located at 14500 Fruitvale Avenue in Saratoga, Santa Clara County, California 95070. A detailed legal description of the parcels comprising the subject site is provided in the Addenda of this report.

Saratoga Retirement Community is a currently existing not-for-profit continuing care retirement community (CCRC) that includes 143 total entry fee apartments and cottages, 108 assisted living and memory care units/beds and 94 nursing beds (345 total campus units/beds). The project's 90% refundable plan option entry fees currently range from \$504,000 to \$1,987,000 (\$904,280 average), with monthly fees ranging between \$3,060 to \$6,759 (\$5,320 average); an alternate amortizing to zero refund entry fee plan option is available.

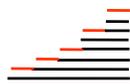
Property Ownership and History

The fee simple title to the subject site and all existing improvements and furnishings comprising the Saratoga Retirement Community is currently held by Odd Fellows Home of California, a California 501(c)(3) not-for-profit corporation. The subject has been managed by Pacific Retirement Services, Inc. of Medford, Oregon since 1999. No portions of the subject have been sold over the past three years.

The subject has a long history as a retirement community dating to 1912 when the Home/Manor Building was opened and operated as a rest home and convalescence center (with attached residential wings). The subject is one of the oldest continually operating retirement communities in California. Major additions to the campus were made in 1958, 1970 and 1979 (the existing California Villas building). Prior to 1995, the subject occupancy was restricted to Odd Fellows members (fraternal organization) but was opened to the general public in 1995.

In 1999, the subject owners undertook a two phased, five year, approximately \$108 million major redevelopment of the subject campus which included the razing of most of the older campus buildings. Phase one of the campus redevelopment included the major renovation and expansion of the existing California Villas building in 2001 and the construction of the new health center building in 2002. The second phase of the campus redevelopment was completed in 2004 and included the renovation of the main building, the construction of two new entry fee apartment buildings, the construction of the campus entry fee cottage units, the fitness center and facilities building.

The subject has been effectively fully occupied over the past few years and has an overall total campus occupancy of approximately 91.9% (317/345) in January, 2016.



The subject and its sister facility, Meadows of Napa Valley (an entry fee CCRC), are currently encumbered by Obligated Group Series 2012 insured tax exempt revenue bonds, and which have a current outstanding principal balance of approximately \$91,935,000. The existing Obligated Group bond debt is proposed to be supplemented (the Series 2012 bonds will remain as is) by new Series 2016 bonds (to fund the subject expansion and renovations), insured through the State of California's Cal Mortgage insurance program. The principal balance of the new Series 2016 bonds (scheduled to be issued on May 1, 2016) is estimated at \$71,429,000. These bonds will be largely paid down (\$62,397,000) by the collection of first generation entry fees from the proposed Napa campus expansion apartments.

Scope of the Assignment

The scope of this assignment is to inspect the subject property, conduct an investigation of market data, and prepare a full narrative appraisal report in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice, Title XI of FIRREA requirements and Cal Mortgage appraisal requirements. All information deemed pertinent to the completion of the appraisal was made available.

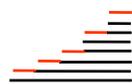
The appraisal was performed so that the analysis, opinions and conclusions are that of a disinterested third party, employing due diligence in the investigation, analyses and conclusions. This appraisal report was developed and prepared to comply with the reporting requirements noted in the "Certification" section of this report.

The investigation associated with this report includes the general economy of the industry, the market area, and the local neighborhood. Research and studies include supply and demand factors, comparable land and property sales, competitive property rents/rates and occupancy. Buyers, sellers, developers, public officials, management at competitive facilities, real estate brokers, and the current management of the property were interviewed concerning these and other associated matters. Specific references are made throughout this report.

Our valuation of the subject is based on an Income Approach (discounted cash flow) analysis only. A Sales Comparison Approach was not used to value the subject due to the lack of comparable arms length, non-duress sales of multiple level rental retirement communities or entry fee, continuing care retirement communities. A Cost Approach was also not used to value the subject due to the unique characteristics of the subject's entry fee pricing option, and difficulties in reliably and precisely estimating depreciation and entrepreneurial profit on the as is and proposed to be expanded campus. Therefore, even though Cost and Sales Comparison Approach value estimates could be derived for the subject, they would be given little weight in a final value determination due to these difficulties.

Client of the Appraisal

Odd Fellow Home of California c/o Pacific Retirement Services



Senior Living Valuation Services, Inc.

Intended Use/User of the Appraisal

It is understood the appraisal shall be used by Odd Fellows Home of California, Cal Mortgage and others for collateral evaluation purposes as part of proposed new bond financing.

Purpose of the Appraisal

The purpose of the appraisal is to estimate the market value of the effective fee simple total going concern interest in the subject as is, at the completion of construction of the subject's sister Obligated Group proposed campus expansion/renovations and at the projected occupancy stabilization/sellout of the subject's sister Obligated Group proposed campus expansion.

Property Inspection

The subject was last inspected on January 13, 2016 by Michael G. Boehm, MAI, CRE, who was accompanied by Ms. Karla Brown, Sales Counselor of Saratoga Retirement Community.

Issuance Date of Report

January 22, 2016

Effective Dates of Value

- 1) As Is at January 13, 2016;
- 2) At the Completion of Construction of the subject's sister Obligated Group proposed expansion and renovations, projected at November 1, 2017;
- 2) At Occupancy Stabilization/Sellout of the subject's sister Obligated Group proposed expansion, projected to be November 1, 2018.

Property Rights Appraised

This appraisal estimates the market value of the effective fee simple total going concern market values of the subject as an existing senior housing business. This effective fee simple total going concern interest is encumbered by various unit refund and access to and discounts from full market rate care component liabilities. Because the interest held by residents (a leasehold interest) has no market value (because their interest cannot be sold), the owner's technical leased fee interest is equal in value to a fee simple interest (or referred to in this report as effective fee simple).

Going Concern Value is defined by the Appraisal Institute as the value created by a proven property operation; considered a separate entity to be valued with an established business. This total going concern value can be allocated to the following components: 1) real estate value; 2) furniture, fixtures and equipment; and 3) business value. These allocations are set forth in a separate section of this report.

Fee Simple is defined by the Appraisal Institute as absolute ownership unencumbered by any other interest or estate subject only to the limitations of eminent domain, escheat, police power and taxation. The interest appraised in this report is referred to as fee simple or more accurately, effective fee simple, because any interest held by residents has no market value.



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Definition of Market Value

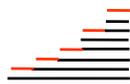
As defined by the Office of the Comptroller of the Currency under 12 CFR, Part 34, Sub-part C-Appraisals, 34.42 Definitions (f), market value is defined as:

"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:

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

Assumptions and Standard Limiting Conditions

1. The legal description furnished to the appraiser is assumed to be correct, and the title is assumed to be marketable.
2. The appraiser assumes no responsibility for legal matters.
3. Report exhibits are only visual aids. All sizes indicated for land and improvements are from indicated sources and assumed to be correct.
4. Unless otherwise noted, it is assumed there are no detrimental easements, encumbrances, encroachments, liens, zoning violations, building code violations, or environmental violations, etc. affecting the subject property. None are known to affect the subject.
5. Information, estimates, and opinions furnished to the appraiser are obtained from sources considered reliable; however, no liability for their accuracy is assumed by the appraiser.
6. It is assumed that there are no hidden or unapparent conditions in the land or improvements that render the property more or less valuable or that would reduce its utility, development potential, marketability. All improvements are assumed to be structurally sound unless otherwise noted. No responsibility is assumed for hidden or undisclosed conditions or for arranging for engineering studies that may be required to discover any defects or uniquely favorable conditions.
7. Responsible ownership and competent management are assumed.



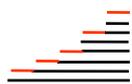
8. Where the discounted cash flow analysis is utilized, it has been prepared on the basis of the information and assumptions stipulated in this appraisal report. The achievement of any financial projections including actuarial projections will be affected by fluctuating economic conditions and is dependent upon the occurrence of other future events that cannot be assured.
9. The appraiser is not required to give testimony or appear in court, or at public hearings, or at any special meeting/hearing with reference to the property appraised by reason of preparation of this report, unless arrangements have been made prior to preparation of this report.
10. Possession of this report does not carry with it the right of publication. It shall be used for its intended purpose only and by the parties to whom it is addressed. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent or approval of the author. This applies particularly to value conclusions, the identity of the appraiser or firm, and any reference to the Appraisal Institute, or MAI designation.
11. Property values are influenced by a large number of external factors. The information contained in the report comprises the pertinent data considered necessary to support the value estimate. We have not knowingly withheld any pertinent facts, but we do not guarantee that we have knowledge of all factors which might influence the value of the subject property. Due to rapid changes in external factors, the value estimate is considered reliable only as of the effective date of the appraisal.
12. The value is estimated under the assumption that there will be no international or domestic political, economic or military actions that will seriously affect property values on a nationwide basis.

Extraordinary Assumptions

The Saratoga Retirement Community entry fee contract is certified with the California Department of Social Services as a continuing care retirement community. The subject's assisted living and memory care units/beds are currently licensed a residential care facility for the elderly with the California Department of Social Services; its existing nursing beds are licensed as a long term care facility with the California Department of Health Services. This appraisal assumes that all components of Saratoga Retirement Community as existing comply with all applicable State regulations regarding the operation and management of such facilities in California.

A current title report was not made available to identify any easements or encumbrances on or affecting the subject. Though no materially adverse easements or encumbrances are known to exist, we recommend a legal review of a current title report to identify all current easements and encumbrances and their potential impact on the subject and its ongoing operation as a senior housing business.

The subject is currently owned by a not-for-profit 501(c)(3) corporation and this report assumes that the most likely buyer of the subject would be another qualifying not-for-profit 501 (c)(3) corporation. A for-profit corporation could (and probably would) buy the subject and create a not-for-profit ownership structure to retain the substantial benefits of the existing and proposed below market rate bond issues and current real estate tax exemption (this has occurred at other projects around the country).



Senior Living Valuation Services, Inc.

The subject currently includes approximately \$54,000,000 in reserves/investments on its balance sheet. Though much higher than required reserves, it is our opinion and it is assumed in this report, that these investments would transfer to a buyer of the subject who would therefore have to pay for them. These reserves are valued through allocated annual interest income as discussed in the Income Approach section of this report.

This report addresses the potential supplemental value created by both the existing and proposed combined Series 2012A/2016 below market rate Odd Fellow Home of California Obligated Group bond financings and which would be assumable to any qualifying (not-for-profit) buyer. It is important to note that this estimated Obligated Group favorable financing value is not allocable to either the subject or its sister Meadows of Napa Valley campus alone, but combined as an Obligated Group. The terms of these financings as discussed and valued in this report include the following:

Obligated Group

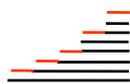
Existing Financing-	Issue Date:	Series 2012A (April, 2012)
	Current Debt Amount:	\$91,935,000
	Remaining Term:	± 26.2 years (to 4/1/2042)
	Assumed Interest Rate:	± 4.0% to 5.0%

Obligated Group

Proposed Financing-	Issue Date:	Series 2016 (May, 2016)
	Initial Debt Amount:	\$71,429,000
	Term:	± 14.9 years (to 3/31/2031)
	Assumed Interest Rate:	± 3.91% (loaded)

These favorable financings are valued through comparison to conventional market rate financing currently being offered in the market for comparable projects. Any deviations in these assumptions could have a significant impact on the financing value conclusions set forth in this report. Caution should be exercised in the evaluation of the favorable financing's contribution to the subject's total reported market value as actual market transactions involving favorable financing are rare and subject to different by potential buyers.

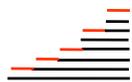
The analysis and estimates of value made in this appraisal report are in part relying on owner/operator representations regarding the current campus occupancy, current rent rolls and fees, entry fee refund liabilities, historical and projected operating income and expenses and information regarding the existing physical improvements (i.e., unit mix, square footages). No units, common areas or the building overall were measured or counted by the appraiser. Though the appraisers are not experts in actuarial science, certain actuarial assumptions regarding the future turnover of subject units and health care utilization are partially based on the actuarial experience at comparable projects. No actuarial report has been prepared by an actuary (making actuarial estimates for unit turnover and health care utilization). Deviations in our projections of entry fee pricing utilization, and future projections of entry fee unit turnover and healthcare utilization could have a significant effect on the value estimates set forth in this appraisal report.



Experience of Appraisal Firm

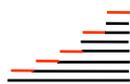
Senior Living Valuation Services, Inc. is a San Francisco based appraisal firm that exclusively specializes in the appraisal and analysis of all forms of senior housing properties. On the following page is a listing of recent continuing care retirement community assignments that have been completed by the firm. Qualifications of Michael G. Boehm, MAI, CRE are included in the Addenda of this report.

DRAFT
Subject to change



CONTINUING CARE RETIREMENT COMMUNITIES

<u>Property</u>	<u>Location</u>	<u>Report Date</u>
Montereau	Tulsa, OK	2015
Epworth Village	Oklahoma City, OK	2015
Forest Hill	Pacific Grove, CA	2015
Lake Park	Oakland, CA	2015
Trinity Terrace	Fort Worth, TX	2014
Lantern Hill	New Providence, NJ	2014
Maris Grove	Glen Mills, PA	2014
Ashby Ponds	Ashburn, VA	2014
Fox Run Village	Novi, MI	2014
Tallgrass Creek	Overland Park, KS	2014
Highland Springs	Dallas, TX	2014
Eagles Trace	Houston, TX	2014
Wind Crest	Highlands Ranch, CO	2014
Cascade Manor	Eugene, OR	2014
Terraces	Phoenix, AZ	2014
Franklin United	Franklin, IN	2014
Grandview Terrace	Sun City West, AZ	2014
Bridgeway	Bensenville, IL	2014
Henry Ford Village	Dearborn, MI	2014
Moorings Park	Naples, FL	2014
Arbor Glen	Bridgewater, NJ	2014
Grace Village	Winona Lake, IN	2014
Chester Village West	Chester, CT	2014
Newcastle Place	Mequon, WI	2014
Monte Cedro	Altadena, CA	2014
River Terrace Estates	Bluffton, IN	2013
Peterson Meadows	Rockford, IL	2013
Hamilton Grove	New Carlisle, IN	2013
Southfield Village	South Bend, IN	2013
Fountainview at Gonda Westside	Los Angeles, CA	2013
Touchmark at Meadow Lake	Boise, ID	2013
Atterdag Village	Solvang, CA	2013
Redstone Highlands	Greensburg, PA	2013
Covenant Village	Plantation, FL	2013
Freedom Village	Holland, MI	2013
Concordia	Oklahoma City, OK	2012
Taylor	Laconia NH	2012
Friends House	Santa Rosa, CA	2012
Windsor Meade	Williamsburg, VA	2012
Eden Hill	New Braunfels, TX	2012
Willow Brook-DR	Delaware, OH	2012
Willow Brook-CV	Delaware, OH	2012
Friendship Village - SH	Upper St. Clair, PA	2012
Walnut Village	Anaheim, CA	2012
Knolls of Oxford	Oxford, OH	2012
Maple Knoll Village	Springdale, OH	2012
Newbridge on the Charles	Dedham, MA	2012
Judson Park	Des Moines, WA	2011
Terraces at Harris Ranch	Boise, ID	2011



EXECUTIVE SUMMARY

Property Name: Saratoga Retirement Community
(a continuing care retirement community/CCRC)

Location: 14500 Fruitvale
Saratoga, California 95070

Assessor's Parcel Numbers: 397-12-012 and 019; 397-40-006 (Santa Clara County)

Property Rights Appraised: Total Effective Fee Simple Going Concern (encumbered)

Dates of Appraised Value: 1) As Is @ January 13, 2016;
2) At Completion of Sister Campus Proposed Expansion/
Renovations, projected at November 1, 2017;
3) At Stabilized Occupancy of Sister Campus Proposed
Expansion, projected at November 1, 2018.

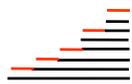
Total Land Area: ± 1,625,522 Square Feet; 37.32 Acres

Zoning: R1-40,000, a low density residential zone, allowing the subject
retirement campus with a conditional use permit.

Improvements: Type: One, two story with basement, Class A Home
Building; one, one to three story, Class B/D
assisted living residence and common areas;
one, one story, Class B/D convalescent hospital
and common areas; two, three story, Class B/D,
apartment buildings with below grade parking
garages; one story, Class D, single/duplex
cottages with attached garages; various support
buildings including a fitness center.

Yr. Built: Home Building- 1912/2004;
California Villas- 1979/2001;
Health Center- 2002;
Apartments/Cottages- 2004.
Average Effective Age- 14 years;
Average Remaining Useful Life- 36 Years.

Mix/Size: 345 total units/beds, including 143 entry fee
apartments (104) and cottages (39), 108 assisted
living (90) and memory care (18) beds and 94
skilled nursing beds, and separated campus
common areas and support buildings; all in
approximately 447,676 square feet of total
campus gross building area.



H & B Use (if vacant): Senior Housing

H & B Use (as improved): As Existing and Operating

Projected Stabilized

Occupancies: 95.0% ILU (135.9/143) in each period;
91.7% AL/MC (99/108) in each period;
85.0% SN (79.9/94) in each period

Projected Entry Fee Unit Turnover

At Actuarial Stabilization: 14 units; 9.8% of 143 (in each period)

Projected Net Income:

Period 1 (2/16 to 10/16)(9 mos.)- \$9,103,022;
Period 2 (11/16 to 10/17)- \$12,512,980;
Period 3 (11/17 to 10/18)- \$12,981,833;
Period 4 (11/18 to 10/19)- \$13,464,161;
Period 11 (11/25 to 10/26)- \$17,295,276

Terminal Capitalization Rate: 7.5%

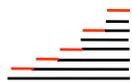
Discount Rate: 9.0%

Total Going Concern Market Value,
As Is @ 1/13/16:

Cost Approach	Not Used
Income Approach	\$187,050,000
Sales Comparison Approach	Not Used
Value Conclusion	\$187,050,000

Total Going Concern Market Value, At
Sister Campus Completion of Expansion,
Projected @ 11/1/17:

Cost Approach	Not Used
Income Approach	\$195,075,000
Sales Comparison Approach	Not Used
Value Conclusion	\$195,075,000



Total Going Concern Market Value,
At Sister Campus Full Occupancy,
Projected @ 11/1/18:

Cost Approach	Not Used
Income Approach	\$199,650,000
Sales Comparison Approach	Not Used
Value Conclusion	\$199,650,000

Valuation of Existing Series 2012

Obligated Group Favorable
Bond Financing:

@ 1/13/16:	\$6,500,000
@ 11/1/17:	\$10,375,000
@ 11/1/18:	\$11,275,000

(not included in above totals and not allocable to the subject alone)

Valuation of Proposed Series 2016

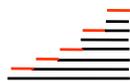
Obligated Group Favorable
Bond Financing:

@ 11/1/17:	\$5,400,000
@ 11/1/18:	\$2,050,000

(not included in above totals and not allocable to the subject alone)

Estimated Marketing &
Exposure Time:

3 months



REGIONAL AND CITY ANALYSIS

The subject property is located east of Fruitvale Avenue in south central Saratoga, Santa Clara County, California. Saratoga is a very high end residential suburb located within the southwest corner of the larger Silicon Valley which is focused around the major city of San Jose. The City is bounded by the cities of San Jose and Cupertino to the north, Campbell and Monte Sereno to the east, Los Gatos to the southeast and coastal mountains to the west and southwest. Saratoga is located about 10 miles southwest of downtown San Jose, about 55 miles southeast of San Francisco and about 55 miles south of Oakland.

Regional Overview

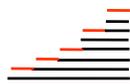
Santa Clara County, also known as the San Jose metropolitan statistical area, is comprised of 15 different cities (including Saratoga) lying at the south end of the San Francisco Bay. Santa Clara County's nickname, Silicon Valley, accurately describes its topography and economic base. The Valley is formed by the convergence of the Pacific Coast mountain ranges and East Bay hills south of San Jose. This bay plain has emerged as an international center in the development of computers, the internet, electronics and defense technology. Santa Clara County comprises about 25% of the total population and is an economic leader of the greater nine county San Francisco Bay Area, the nation's fifth largest with a regional population of about 7.4 million. It is widely known for its concentration of high technology industries.

The focal point of the County is the City of San Jose; California's second largest city and the 11th largest in the United States. Industry growth in the silicon based semi-conductor industry nurtured at Stanford University beginning in the late 1930's, led to concurrent gains in other economic segments such as finance, real estate, construction, services and retail activity. As San Jose has emerged as a center of population and economic growth, major subregional office, industrial and commercial markets have developed. In character, the South Bay has developed in a less concentrated, sprawling pattern similar to the Los Angeles metropolitan area, unlike most major American cities and San Francisco to the north.

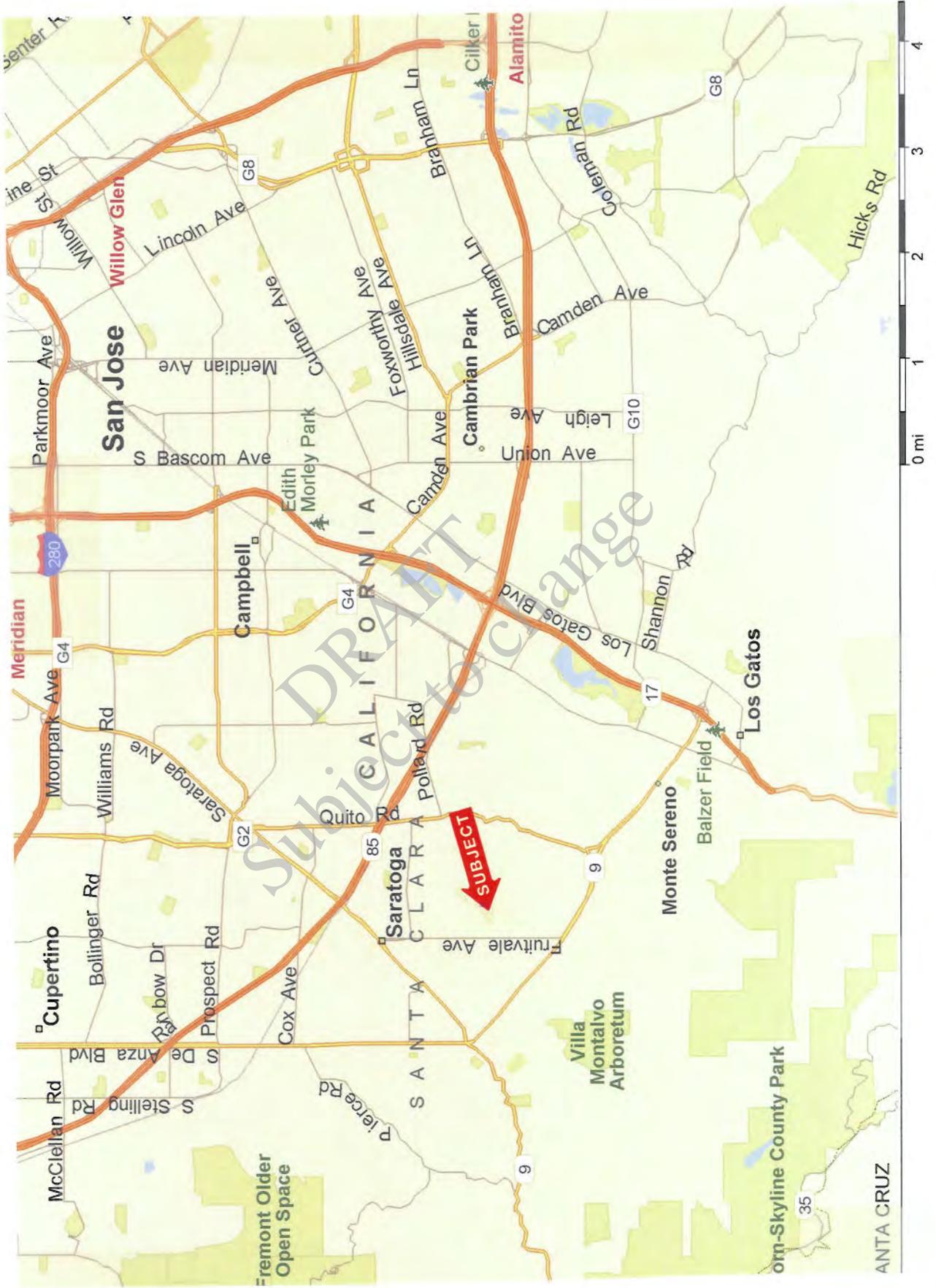
One of the region's major assets is its temperate climate marked by warm summers and moderate winters. Daily average temperatures range from 49 degrees in January to 65 degrees in July. The region is characterized by this temperate climate, an emerging smog problem, rainfall only during the winter months, and occasional fog (though less prevalent than points further north).

City Population and Demographics

Saratoga (population 30,011 in 2014), incorporated in 1956, developed as a lumber town and later as a tony residential suburb at the edge of the larger Silicon Valley. The City's most rapid population growth occurred during the 1950's and 1960's as the larger Silicon Valley was being developed as a major suburban employment and population center. By about 1970, Saratoga was approaching build out and enacted stringent development standards for any new real estate development. Over the past 40 years, only modest infill, low density residential development has been approved and built and the City population has grown slowly. Future population growth is expected to be very modest as the City is built out.



City Location



Population trends for the City and County are illustrated below:

	<u>Saratoga</u>		<u>Santa Clara County</u>	
	<u>Population</u>	<u>Percent Increase</u>	<u>Population</u>	<u>Percent Increase</u>
1970	26,810	-	1,064,714	-
1980	29,261	9.1%	1,295,071	21.6%
1990	28,100	(4.0%)	1,497,577	15.6%
2000	29,843	6.2%	1,682,188	12.3%
2010	29,926	0.3%	1,781,642	5.9%

Source: US Census Bureau

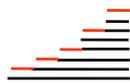
Demographically, as shown in comparative zip code data on the following pages, Saratoga and the subject zip code (95070) have the following characteristics compared to the surrounding region:

- 1) A median age of 47.8 years which is much older than the surrounding region and State as a whole (Statewide 34.3 years; nationally 36.9 years). These statistics reflect the Town's long time aged in place population and the high priced local housing out of the reach of many young families. The City also has a higher percentage of the population above 65 years of age (about 20.3%; Statewide 10.9%; nationally 12.8%);
- 2) A median household income ranking in the 100th percentile Statewide and 100th percentile nationally. Saratoga would be considered above all surrounding communities in median income ranking and among the highest in all of California and in the entire country.

Housing

Housing availability is extremely limited in Saratoga as residents age in their existing homes and very few new single family homes are developed. This is primarily a function of the land area within the City being predominantly built-out with existing homeowners enjoying low interest mortgages and property taxes. Of the City's almost 10,700 dwelling units, almost 94% are single family structures, most built in the 1950's and 1960's. Only about 5% of the City housing stock has been built since 1990. The median home price in Saratoga in early is about \$2,021,500, among the highest in the region and nation and up about 10% to 15% in the past year. Rentals range from about \$2,500 to \$10,000+ per month.

Saratoga could be categorized as antigrowth, with few recent or planned major additions to the housing stock. Some modest single family home redevelopment is occurring (small houses torn down for larger houses). The subject campus redevelopment in the early to mid-2000s was one of the largest development projects in Saratoga in the past 15 years.



Regional Demographic Data by Zip Code

ZIP CODE	POST OFFICE NAME	COUNTY FIPS CODE	POPULATION			2000-2009 ANNUAL RATE		2009 AGE DISTRIBUTION (%)										MEDIAN AGE		
			2000	2009	2014	% Rate	State Centile	0-4	5-9	10-14	15-19	20-24	25-44	45-64	65-84	85+	16+	2009	% 2009 Males	% 2009 Females
94608	EMERYVILLE	001	24731	28546	30373	1.6	77	5.9	5.7	5.4	6.3	7.9	33.2	25.3	8.6	1.7	79.3	35.5	47.7	52.3
94609	OAKLAND	001	20859	21188	21507	0.2	18	5.4	4.8	4.3	5.4	6.4	38.5	23.8	7.5	1.9	82.5	35.0	47.0	53.0
94610	OAKLAND	001	29672	29430	29506	-0.1	5	4.2	3.7	3.8	4.0	7.5	35.2	30.2	9.2	2.2	85.9	39.8	47.6	52.4
94611	OAKLAND	001	36941	37157	37534	0.1	13	4.4	3.8	3.0	3.9	7.9	30.9	24.1	11.8	2.9	82.0	43.8	48.0	52.0
94612	OAKLAND	001	13204	13868	14237	0.5	39	1.7	2.6	1.7	30.2	39.7	16.4	6.0	16.9	5.2	86.8	41.9	51.2	48.9
94613	OAKLAND	001	14115	14200	14330	0.1	13	5.4	4.8	4.8	4.0	4.4	32.4	31.6	10.7	2.0	82.5	41.8	48.4	51.6
94619	OAKLAND	001	26142	26602	27148	0.2	18	6.1	5.9	6.1	7.3	7.2	27.0	28.6	9.8	2.0	77.9	38.3	46.5	53.5
94621	OAKLAND	001	30797	32012	32473	0.4	30	10.1	9.5	8.3	9.3	8.9	28.6	17.6	6.3	1.1	66.4	27.2	49.1	50.9
94702	BERKELEY	001	15353	15575	15771	0.2	18	5.2	4.7	4.7	5.3	7.1	33.8	28.0	9.2	2.0	82.4	38.1	47.7	52.3
94703	BERKELEY	001	19960	20285	20541	0.2	18	5.4	4.6	4.0	4.6	8.6	39.2	24.3	7.6	1.8	83.5	34.4	49.5	50.5
94704	BERKELEY	001	19687	20920	21381	0.7	50	1.4	1.1	1.0	13.6	39.2	28.4	12.0	4.1	1.2	95.1	24.2	54.4	45.6
94705	BERKELEY	001	12045	12122	12231	0.1	13	3.8	3.8	4.1	4.8	8.5	30.6	31.0	11.4	2.1	85.6	41.2	48.9	51.1
94706	ALBANY	001	15757	15935	16126	0.1	13	4.9	4.6	5.1	5.5	7.1	29.7	31.3	9.7	2.1	82.0	40.5	46.8	53.2
94707	BERKELEY	001	12080	12044	12077	0.0	9	4.8	5.5	6.4	5.1	2.9	20.8	35.1	16.5	2.9	79.9	47.6	47.2	52.8
94708	BERKELEY	013	11191	11171	11222	0.0	9	4.2	5.0	5.8	4.2	2.7	22.3	34.5	18.2	3.2	82.4	48.7	48.4	51.6
94709	BERKELEY	001	10269	10443	10545	0.2	18	2.4	1.6	1.5	6.4	17.7	41.7	20.9	6.6	1.3	93.6	31.3	51.0	49.0
94710	BERKELEY	001	8289	8265	8322	0.0	9	8.2	5.9	4.8	5.0	9.7	38.1	21.0	6.1	1.1	78.2	31.6	49.1	50.9
94720	BERKELEY	001	1000	1054	1060	0.6	45	0.1	0.1	0.2	39.4	40.5	16.9	2.8	0.1	0.0	95.3	21.3	61.6	38.4
94801	RICHMOND	013	28996	31217	32079	0.8	54	10.3	9.4	8.1	9.7	8.7	28.5	18.9	6.4	1.0	67.1	27.5	50.2	49.8
94803	EL SOBRANTE	013	26078	26579	26896	0.2	18	5.5	5.5	6.1	6.6	5.6	24.6	31.6	12.4	2.0	78.6	42.1	48.2	51.8
94804	RICHMOND	013	38852	39711	40249	0.2	18	7.7	7.6	7.2	7.4	7.1	28.2	24.1	9.0	1.6	73.0	34.2	47.6	52.4
94805	RICHMOND	013	13732	13930	14038	0.2	18	6.4	6.2	6.4	6.3	5.8	25.8	29.5	10.4	2.1	77.1	39.8	48.0	52.0
94806	SAN PABLO	013	55920	62641	65489	1.2	68	8.0	7.4	7.0	8.0	6.7	29.2	22.0	8.3	1.4	72.9	31.9	49.3	50.7
94801	SAN RAFAEL	041	40152	42133	42918	0.5	39	6.1	5.9	5.7	5.8	6.1	30.8	27.8	10.0	1.8	79.1	38.5	50.8	49.2
94903	SAN RAFAEL	041	28615	29801	30514	0.4	30	4.4	4.7	5.7	5.7	4.6	28.7	22.0	14.3	5.0	81.3	47.7	52.3	
94904	GREENSBRIAR	041	12257	12380	12503	0.1	13	4.5	5.2	6.5	5.7	3.7	17.2	34.2	18.1	5.0	78.9	46.3	53.7	
94920	BELVEDERE TIBURON	041	12157	12281	12417	0.1	13	4.9	5.4	6.8	5.7	3.2	17.5	36.3	17.4	2.7	78.6	48.6	47.6	52.4
94922	BODEGA	097	168	177	181	0.6	45	2.3	2.3	3.4	2.8	2.3	14.7	39.0	31.1	2.3	89.8	59.1	51.4	48.6
94923	BODEGA BAY	097	1749	1793	1816	0.3	23	3.0	3.2	3.8	3.5	2.3	17.7	38.8	26.2	1.8	88.1	56.4	51.6	48.4
94924	BOLINAS	041	1519	1568	1600	0.3	23	3.1	2.8	6.0	5.7	5.7	25.1	36.5	12.9	1.2	83.8	45.5	53.1	46.9
94925	CORTE MADERA	041	9339	9464	9581	0.1	18	6.1	6.4	7.2	5.9	4.3	21.6	34.3	12.3	1.8	76.5	44.0	47.2	52.8
94928	ROHNER PARK	097	41571	42439	42629	0.2	18	6.4	5.7	5.7	6.4	10.0	31.0	24.2	7.2	1.4	78.5	32.3	48.5	51.5
94929	DILLON BEACH	041	322	353	366	1.0	62	2.8	3.4	4.2	4.5	3.1	12.7	47.0	20.1	2.0	87.3	55.6	49.0	51.0
94930	FAIRFAX	041	8554	8579	8660	0.0	9	4.4	4.5	5.2	5.0	5.2	24.0	38.8	11.4	1.5	82.6	45.9	47.8	52.2
94931	COTATI	097	8425	8762	8870	0.4	30	6.3	6.3	6.1	6.5	7.3	31.9	27.1	7.6	1.0	77.4	36.4	49.2	50.8
94933	FOREST KNOLLS	041	913	975	1004	0.7	50	5.5	5.5	6.2	5.9	6.1	21.6	41.0	7.4	0.7	79.1	44.3	49.4	50.6
94937	INVERNESS	041	1378	1438	1476	0.5	39	4.2	4.5	4.7	4.2	3.5	19.6	40.5	15.5	3.3	83.9	50.3	48.3	51.7
94938	LAGUNITAS	041	378	406	418	0.8	54	3.7	3.7	4.2	6.2	7.4	22.7	40.9	10.6	0.7	84.2	46.1	47.0	53.0
94939	LARKSPUR	041	6980	6989	7008	0.0	9	4.7	5.1	6.1	4.3	3.4	22.7	37.5	14.1	2.0	81.2	46.8	46.8	53.2
94940	MARSHALL	041	122	126	129	0.3	23	4.8	6.3	6.3	5.6	4.0	24.6	34.9	11.9	1.6	79.4	43.9	55.6	44.4
94941	MILL VALLEY	041	29416	29859	30278	0.2	18	4.8	5.3	6.1	5.3	4.1	21.8	37.1	13.2	2.3	80.3	46.4	47.0	53.0
94945	NOVATO	041	16407	17406	17934	0.6	45	5.3	5.1	5.8	6.4	6.2	23.7	33.3	12.6	1.6	79.6	43.2	49.1	50.9
94946	NICASIO	041	1014	1051	1076	0.4	30	4.9	5.6	5.9	6.7	5.6	22.6	36.4	10.8	1.4	79.4	44.1	52.0	48.0
94947	NOVATO	041	24738	25341	25822	0.3	23	5.5	5.4	6.0	6.1	5.8	24.2	31.7	12.7	2.7	79.0	42.9	47.9	52.1
94948	NOVATO	041	13402	16468	17814	2.3	86	6.4	5.3	5.3	5.2	4.6	28.7	22.0	14.3	2.4	79.7	48.6	51.4	
94951	PENNGROVE	097	3979	4022	4063	0.1	13	4.6	4.7	5.1	5.5	4.7	25.4	34.4	13.9	1.8	82.0	48.7	51.3	
94952	PETALUMA	041	3979	4022	4063	0.1	13	5.6	5.5	5.9	6.5	6.4	26.1	31.4	10.5	2.1	79.1	40.7	49.8	50.2
94954	PETALUMA	041	32217	32667	32912	0.2	18	6.8	7.0	7.4	7.3	5.4	25.9	28.9	9.5	1.8	74.2	38.5	48.8	51.2
94956	POINT REYES STATION	097	1359	1415	1450	0.4	30	4.5	4.5	4.7	5.0	6.0	22.8	35.3	14.8	2.4	83.0	46.7	46.7	53.3
94960	SAN ANSELMO	041	16361	16530	16706	0.1	13	5.1	5.6	6.7	6.5	4.8	20.2	37.5	11.6	2.0	77.9	45.6	47.7	52.3
94963	SAN GERONIMO	041	752	800	824	0.7	50	3.4	3.4	4.0	6.0	7.0	23.0	41.0	11.3	1.0	85.0	46.7	47.6	52.4
94964	SAN QUENTIN	041	6437	6014	6011	-0.7	1	0.1	0.2	0.2	1.4	10.6	69.0	17.3	0.9	0.2	99.4	36.1	97.6	2.4
94965	SAUSALITO	041	10875	10871	10934	0.0	9	4.0	2.6	2.5	2.8	4.0	33.3	38.7	10.8	1.5	89.2	45.4	48.7	51.3
94970	STINSON BEACH	041	772	790	809	0.2	18	3.8	3.7	4.6	5.3	4.7	20.5	38.1	17.3	2.0	84.3	49.7	49.2	50.8
94971	TOMALES	041	287	295	301	0.3	23	3.4	4.1	4.7	5.1	5.4	24.7	37.6	13.2	1.7	84.4	46.9	49.5	50.5
94972	VALLEY FORD	097	128	136	140	0.7	50	3.7	3.7	4.4	6.6	6.6	22.8	37.5	13.2	1.5	83.1	46.5	50.7	49.3
94973	WOODACRE	041	1635	1709	1754	0.5	39	3.9	3.9	4.6	6.1	6.3	21.3	40.6	11.9	1.3	83.5	47.3	47.2	52.8
95002	ALVISO	085	2068	2100	2137	0.2	18	8.6	8.6	8.3	10.0	7.3	30.2	20.1	6.3	0.6	68.8	29.2	52.4	47.6
95003	APTOS	087	23470	23037	22851	-0.2	4	4.6	4.7	5.3	5.4	5.1	24.9	34.6	13.2	2.3	82.0	45.0	48.4	51.6
95004	AROMAS	053	4204	4305	4315	0.3	23	5.2	5.6	6.4	7.5	5.7	24.7	33.4	10.4	1.1	78.3	41.4	50.0	50.0
95005	BEN LOMOND	087	7441	7385	7363	-0.1	5	4.9	4.8	5.4	5.9	6.7	27.9	35.8	7.7	0.9	81.3	41.3	50.3	49.7
95006	BOULDER CREEK	087	9549	9525	9521	0.0	9	4.9	4.7	5.4	6.1	6.3	26.1	38.4	7.2	0.7	81.2	42.6	50.8	49.2
95008	CAMPBELL	085	44680	45884	46958	0.3	23	6.2	5.7	5.6	5.6	7.1	31.9	27.3	9.0	1.5	79.1	37.8	49.9	50.1
95010	CAPITOLA	067	5398	9252	9176	-0.2	4	4.5	3.8	4.1	5.2	6.2	29.5	29.9	11.8	2.9	84.4	48.1	51.9	
95012	CASTROVILLE	053	9025	9367	9453	0.4	30	6.3	6.3	6.0	6.4	8.9	27.8	20.7	7.1	0.9	69.3	28.8	50.8	49.2
95																				

Regional Demographic Data by Zip Code

ZIP CODE	2009 Per Capita Income	2009 HH Income Base	2009 HOUSEHOLD INCOME DISTRIBUTION (%)					MEDIAN HOUSEHOLD INCOME				2009 HOME VALUE DISTRIBUTION (%)					2009 Median Home Value	
			Less than \$25,000	\$25,000 to \$49,999	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or More	2009	2014	2009 National Centile	2009 State Centile	2009 Home Value Base	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$174,999	\$175,000 to \$399,999		\$400,000 or More
94608 EMERYVILLE	29449	12721	27.0	25.8	28.2	11.8	7.2	46754	49398	53	36	4434	1.2	0.6	12.1	69.0	17.2	256026
94609 OAKLAND	30438	26.4	24.4	28.1	14.2	7.0	49009	51680	59	41	2733	1.4	0.3	4.0	43.9	50.4	401774	
94610 OAKLAND	51558	15504	13.5	19.9	35.5	14.9	16.2	68967	72677	86	70	5293	0.9	0.4	5.6	25.7	67.5	557449
94611 OAKLAND	67873	17343	10.1	13.6	25.1	17.2	34.0	102712	108011	97	92	10181	0.5	0.2	1.9	11.0	86.4	717340
94612 OAKLAND	23321	7964	47.7	27.7	17.6	5.0	2.0	26732	28060	4	4	627	5.3	0.6	12.8	56.6	24.7	283242
94613 OAKLAND	36991	41	0.0	63.4	36.6	0.0	0.0	46295	46295	52	35	9	0.0	0.0	0.0	66.7	33.3	350000
94618 OAKLAND	71114	8546	8.3	11.3	25.2	21.2	34.1	110281	115449	98	93	3995	0.0	0.1	0.4	6.9	92.6	748193
94619 OAKLAND	35434	9667	13.5	19.2	31.7	20.0	15.7	74747	79268	89	75	6013	1.9	0.3	2.9	47.6	47.1	387008
94621 OAKLAND	13253	8766	35.6	26.2	27.9	5.5	2.9	37190	39756	24	17	3812	1.4	1.1	24.0	69.9	3.7	211701
94702 BERKELEY	31721	7068	23.3	22.9	31.0	15.5	7.3	54479	58379	70	51	3357	0.6	0.2	3.3	46.5	49.4	397530
94703 BERKELEY	34604	8971	20.0	21.6	31.9	15.2	11.4	60319	63849	78	59	3512	0.4	0.0	2.0	30.9	66.6	465471
94704 BERKELEY	23632	8616	48.9	21.0	17.8	5.8	5.5	25059	26439	3	3	1033	0.0	1.5	2.5	21.3	74.4	368487
94705 BERKELEY	69285	5475	13.8	12.7	22.4	17.3	33.7	101963	106302	97	92	3021	0.2	0.0	0.5	9.7	89.6	793122
94706 ALBANY	41167	6921	11.1	17.2	33.3	24.3	14.1	79723	84758	92	80	3741	0.9	0.2	1.6	32.3	64.8	464942
94707 BERKELEY	75102	5041	4.6	8.4	21.0	20.4	45.1	136073	140716	99	97	4182	0.3	0.5	0.3	4.7	94.1	730580
94708 BERKELEY	77429	4878	5.7	7.5	20.6	20.8	45.3	87639	142798	99	98	3934	0.0	0.1	0.2	6.0	93.7	734130
94709 BERKELEY	42819	5154	26.5	20.0	25.3	14.7	13.5	57363	62442	74	55	1234	0.6	0.0	1.0	20.1	78.3	604278
94710 BERKELEY	24314	3282	25.8	25.0	32.5	10.0	4.7	46233	49245	52	35	1105	0.6	0.5	1.6	49.3	47.9	390562
94720 BERKELEY	17450	111	60.4	26.1	7.2	3.6	2.7	13594	13488	1	1	2	0.0	0.0	0.0	50.0	50.0	700000
94801 RICHMOND	16485	9144	33.2	24.7	28.4	10.1	3.5	41383	43949	37	24	3804	4.2	5.8	25.4	45.6	19.1	205201
94803 EL SOBRANTE	32616	9534	11.7	18.2	34.3	24.5	11.3	77414	81322	91	78	6714	1.3	0.3	4.9	55.6	37.8	351986
94804 RICHMOND	23644	14293	23.3	24.8	33.6	13.1	5.3	52123	54860	66	46	6788	0.8	0.5	1.2	74.0	12.5	248168
94805 RICHMOND	28170	5205	13.2	23.3	40.2	16.4	6.9	62224	64389	80	62	3416	0.5	0.4	5.8	70.0	23.3	285201
94806 SAN PABLO	20275	19500	21.4	24.7	35.6	14.4	3.8	53870	55618	69	49	10540	4.8	1.1	13.2	75.4	5.5	230212
94901 SAN RAFAEL	44410	15590	15.0	19.5	24.9	18.5	22.1	71161	72293	87	72	7856	0.4	0.1	0.4	7.3	91.8	759694
94903 SAN RAFAEL	48032	12279	10.4	14.4	27.4	25.9	21.9	92465	98773	95	88	8429	0.2	1.3	2.2	10.7	85.6	631662
94904 GREENBRAE	78391	5593	8.4	14.2	23.5	18.7	35.2	106746	113776	98	93	1510	0.9	0.4	0.3	4.4	94.0	964177
94920 BELVEDERE TIBURON	95275	5377	9.0	7.4	17.3	17.7	48.7	42995	159118	100	98	3554	0.0	0.1	0.3	1.7	97.8	1000001
94922 BODEGA	42877	62	4.8	11.3	41.9	22.6	19.4	78373	84375	91	79	46	0.0	0.0	0.0	4.3	95.7	894444
94923 BODEGA BAY	48629	856	11.6	16.5	39.3	18.2	14.5	70863	73046	87	72	617	0.6	0.6	1.3	12.8	84.6	638699
94924 BOLINAS	38290	521	15.1	21.1	30.3	17.2	16.3	65292	65760	84	66	381	0.5	0.3	1.3	8.7	89.2	711106
94925 CORTE MADERA	60416	3897	7.6	10.0	27.7	22.4	32.3	106426	111509	97	92	2705	0.6	0.2	0.5	2.7	96.0	617325
94926 ROHNERT PARK	25398	15402	14.2	20.5	38.6	19.5	7.1	52124	53112	68	46	141	10.6	0.7	0.0	14.2	74.5	586864
94928 DILLON BEACH	41215	172	4.7	41.3	24.4	18.7	14.0	88855	81260	92	80	2425	0.2	0.0	0.1	8.1	91.5	638658
94930 FAIRFAX	46770	3805	11.7	14.3	33.4	23.2	17.0	78855	81260	92	80	2425	0.2	0.0	0.1	8.1	91.5	638658
94931 COTATI	31965	3546	11.5	24.3	38.8	19.1	6.4	65716	68565	84	67	2189	3.1	1.8	9.6	56.6	28.8	318078
94933 FOREST KNOLLS	36588	403	17.8	19.4	27.3	18.6	16.1	68174	69241	84	67	268	0.0	0.0	0.0	18.3	81.7	573370
94937 INVERNESS	38486	618	17.0	24.9	22.5	23.5	12.1	58936	62326	76	57	375	0.3	0.0	0.0	8.3	91.5	713926
94938 LAGUNITAS	45242	171	18.7	17.0	23.4	24.6	16.4	72223	75000	88	73	117	0.0	0.0	0.0	0.0	94.0	693627
94939 MARKS SPUR	74509	3442	10.0	10.3	29.6	19.9	30.2	100779	103948	97	91	1903	2.9	1.2	0.8	3.3	91.7	861913
94940 MARSH VALLEY	39765	60	28.3	21.7	23.3	15.0	11.7	50000	56352	61	43	29	3.4	0.0	0.0	0.0	96.6	968750
94941 MILL SHALLEY	75811	13224	8.8	11.0	22.0	18.6	39.6	117533	128898	98	95	8585	0.1	0.0	0.1	2.2	97.7	896380
94945 NOVATO	44817	6741	10.2	15.9	27.7	23.7	22.5	88586	92831	95	86	4682	1.0	0.2	0.2	9.7	88.9	619076
94946 NUCASIO	57951	329	10.9	10.9	29.5	20.7	28.0	97004	105229	96	90	209	0.5	0.5	0.0	1.9	97.1	940574
94947 NOVATO	42896	9580	8.5	13.8	31.3	26.3	20.2	89993	94516	95	87	6608	0.3	0.1	0.1	16.9	82.8	583278
94949 NOVATO	48860	6835	9.5	17.2	29.4	21.5	22.4	80257	80599	92	81	4620	0.9	7.2	9.9	6.9	73.2	593788
94951 PENNGROVE	37463	1578	9.6	24.4	30.9	18.9	16.1	72966	77458	88	74	1109	3.9	1.5	2.3	12.8	79.4	635511
94952 PETALUMA	40037	12731	11.7	17.4	33.9	22.2	14.8	75732	79354	80	76	7643	0.7	0.2	1.1	25.0	73.0	535787
94954 PETALUMA	38420	13120	8.6	13.3	32.5	30.2	15.5	89998	91595	95	87	9838	3.4	2.5	1.4	39.9	52.8	412173
94956 PONTA REYES STATION	43038	614	12.5	23.6	30.1	17.4	16.3	65034	67281	83	66	384	0.3	0.0	0.0	2.9	96.8	727642
94960 SAN ANSELMO	58074	6685	9.7	13.1	24.0	25.9	29.2	104309	110255	95	82	479	0.0	0.0	0.0	0.0	97.6	825680
94963 SAN Geronimo	40191	310	17.1	19.4	22.6	26.5	14.5	72272	74015	88	73	222	0.9	0.9	0.5	5.4	92.3	672500
94964 SAN QUENTIN	21623	81	4.4	3.5	51.8	12.1	28.1	77412	78756	91	78	15	13.3	13.3	0.0	0.0	73.3	604167
94965 SAUSALITO	96139	5898	11.0	12.4	20.7	20.6	35.4	110398	118591	98	95	2738	2.3	0.3	0.6	6.9	89.8	809865
94970 STINSON BEACH	78339	380	14.1	11.3	13.3	24.6	36.7	102327	129502	98	95	232	0.0	0.0	0.4	3.4	96.1	1000000
94971 TOMALES	30501	111	18.9	25.2	31.5	10.8	13.5	58082	61020	73	54	66	6.1	0.0	4.5	16.7	72.7	539474
94972 VALLEY FORD	57432	51	7.8	7.8	25.5	29.4	29.4	117647	121791	98	95	38	0.0	0.0	0.0	13.2	86.8	704545
94973 WOODACRE	43226	672	11.3	21.1	25.3	26.5	15.8	74770	79382	89	75	518	0.0	0.0	0.4	6.2	93.4	642210
95002 ALVISO	20870	495	6.3	22.4	39.8	17.4	14.1	73206	73367	88	74	266	1.5	3.0	8.3	50.0	37.2	360920
95003 APTOS	49763	9977	9.3	13.2	30.4	24.5	22.6	93607	97376	96	88	7062	1.0	0.6	1.7	10.0	86.6	657866
95004 AROMAS	31569																	

Employment and Economic Development

Saratoga is almost exclusively a residential community and has few commercial or industrial land uses (even retail land uses are limited). Central Saratoga, just west of the subject, consists of a few quaint, specialty boutique shops and the City has a weak tax base. The City's major employers include governmental agencies/schools, West Valley Community College, the subject and a few wineries. Most local residents commute to other locations in the Silicon Valley for employment.

The larger Silicon Valley ranks fifth in the nation for manufacturing production, led by the high-technology sector which has gained Silicon Valley worldwide recognition. The manufacturing base, characterized by the growth of existing companies and a high level of start-ups, is supported by a complex infrastructure of suppliers, service firms, educational institutions, research and development facilities and venture financing. This industrial base is centered in the computer, internet, electronics and defense technology industries. Local unemployment rates are currently about 3.8%, well below the national average. Although the region is susceptible to a cyclical long term economy (currently up), the larger Silicon Valley has agglomerated economies that will not be easily overcome.

Transportation

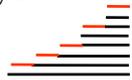
Saratoga's geographic location at the edge of the Silicon Valley, limits transportation options, although the extension of Highway 85 through the northernmost portion of the City and linking Interstate 280 and Highway 101, has alleviated a growing traffic congestion problem. Highway 17 in nearby Los Gatos provides north to south transportation to the East Bay to the north and Santa Cruz to the south. Major commercial thoroughfares in Saratoga include the north/south Saratoga/Sunnyvale Road, Fruitvale and Quito and the east/west Saratoga, Saratoga/Los Gatos (Route 9/subject) and Allendale. Route 9 extends westward into the coastal mountains through Saratoga.

Saratoga residents enjoy local Santa Clara County District bus transportation, and in nearby San Jose, the Santa Clara County light rail system, regional Cal-Train commuter train service, and national Greyhound and Amtrak service. Most major airlines to significant destinations are available at San Francisco International Airport approximately 45 miles to the northwest or at the San Jose International Airport, located about 12 miles to the northeast in northern San Jose.

Community Data

Saratoga's location along the base of the Santa Cruz Mountains allows easy access to major hiking and camping amenities including Mt. Hamilton, several open space mountain preserves, Castle Rock State Park, Vasona Lake and Park (in Los Gatos), Hakone Gardens and the Villa Montalvo Arboretum. The City's town center though damaged by the 1989 Loma Prieta earthquake, is widely recognized for its quaint small specialty shops. Saratoga is also home to West Valley Community College, a YMCA, community center, theater, a historical museum and the annual Celebrate Saratoga festival.

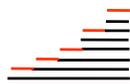
Though no acute hospitals are located in Saratoga, local residents have access to the 182 bed Community Hospital located along Pollard Road (about 2.5 miles east of the subject) in Los Gatos. Saratoga is located in HSA 7, HFPA 431 with a total of 35 skilled nursing facilities and 3,496 long term care beds (including the subject's 94 beds). As discussed in detail in the Market Analysis section of this report, the subject includes one of two nursing homes located in Saratoga and is the only major congregate rental or entry fee CCRC located in Saratoga.



Conclusions

The long term outlook for Saratoga is positive as the City tries to maintain its enviable reputation as one of the most exclusive residential suburbs in the region and nation, located along scenic mountain foothills, away from the congestion of most of the Silicon Valley. Future development and growth in the City will be extremely limited as the City is built out and restricts new real estate development. The City is one of the most desirable and affluent in the region and cannot offer new affordable (or market rate) housing to potential new residents. The City will be focused on maintaining the Town's high, almost rural quality of life and excellent school system. Overall, the City's regional location, affluence, reputation, education, aging in place of its population, extremely high demand for housing and an extensive regional health care network, suggest that demand for the subject property should be strong into the foreseeable future. Saratoga is considered one of the most prestigious addresses in the South Bay; this is one of the subject's most potent competitive advantages.

DRAFT
Subject to change



NEIGHBORHOOD DESCRIPTION

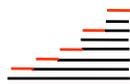
The subject is located in the south central portion of the city of Saratoga in a larger low density residential neighborhood just south of West Valley College. The neighborhood and subject site have the gently rolling foothill topography of much of southern and western Saratoga. The subject is located about 880 feet east of Fruitvale Avenue, a major north/south thoroughfare in Saratoga. The subject neighborhood boundaries can be defined as that area east of Fruitvale, south of Allendale, west of Quito Road and north of Route 9, Saratoga Los Gatos Road. Like much of Saratoga, the subject neighborhood is built out with established lower density land uses. The subject and West Valley College are the dominant neighborhood land uses. The overall reputation of the neighborhood is well above average (as is all of Saratoga).

The subject development was built before surrounding land uses and over the years has been surrounded on all sides by lower density, executive single family homes, including 25 half acre lot homes located immediately south of the subject and built in the early 1990's. To the immediate east of the subject lies the 154 unit, low income Fellowship Plaza apartment development which is owned by the California Odd Fellows Foundation, an affiliated company to the subject ownership (not appraised in this report). This apartment complex lies on a 10.48 acre site. The overall character of the immediate neighborhood is low density residential.

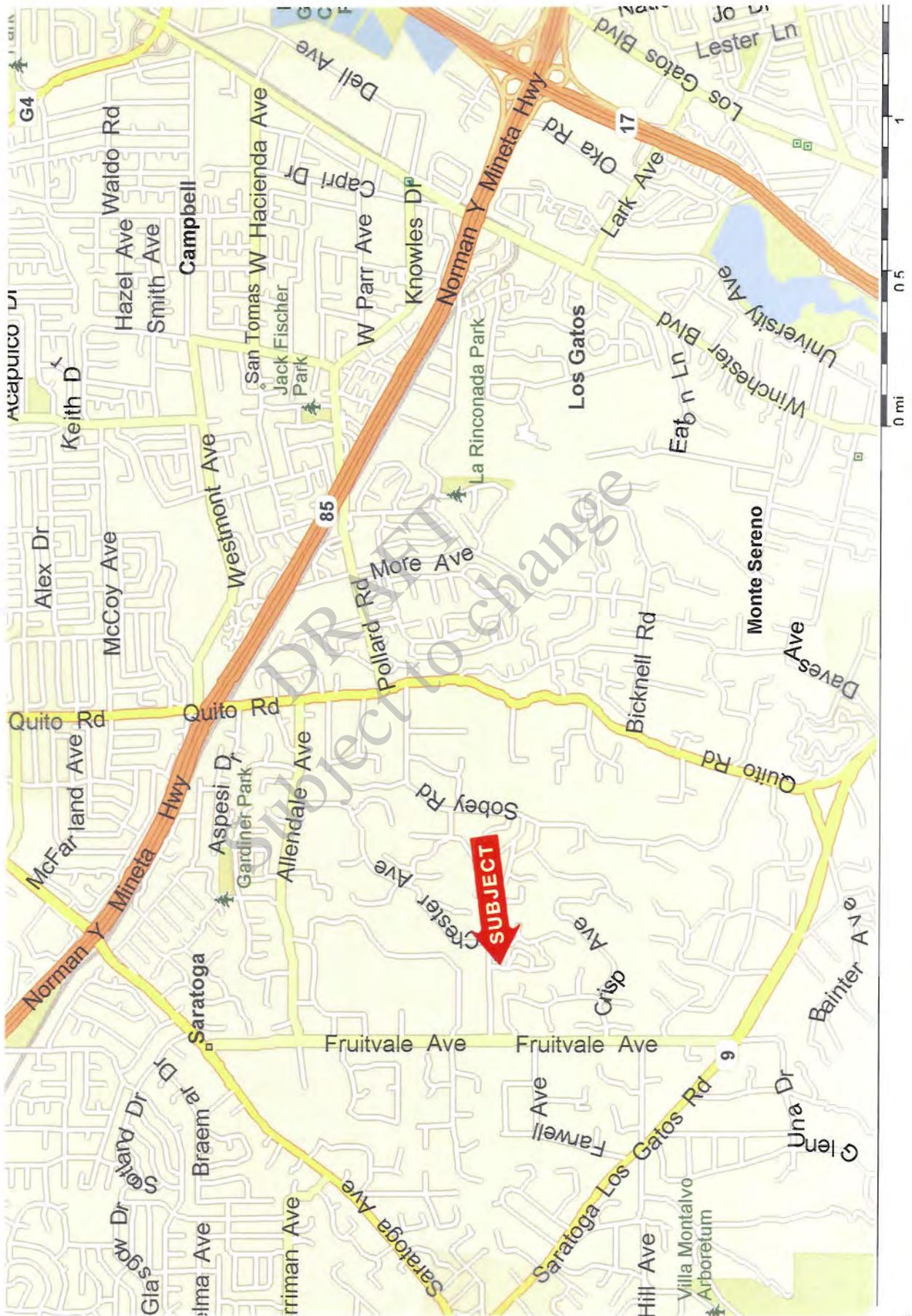
The subject is located one block south of the West Valley Community College campus and about one half mile south of the Saratoga town hall and community center. Central Saratoga is located about one mile to the west. Highway 85 is located about one mile to the north; Highway 17 is located about three miles to the east. Vasona Lake County Park is located about two miles to the southeast. Community Hospital of Los Gatos/Saratoga is located about two miles to the east.

Overall, the subject is located in an interior, high end residential neighborhood off a major thoroughfare and surrounded by residential housing on all sides. The subject is a denser land use than its surrounding neighbors, but the large size of the site and its hilly topography mutes the impact of the subject on its low density neighbors. The subject enjoys fair access to retail, recreational and acute care amenities and regional freeways, with the community college and community center being the only significant amenities located within easy walking distance to the subject. Overall, the subject is adequately situated for a major, multiple level senior housing project.

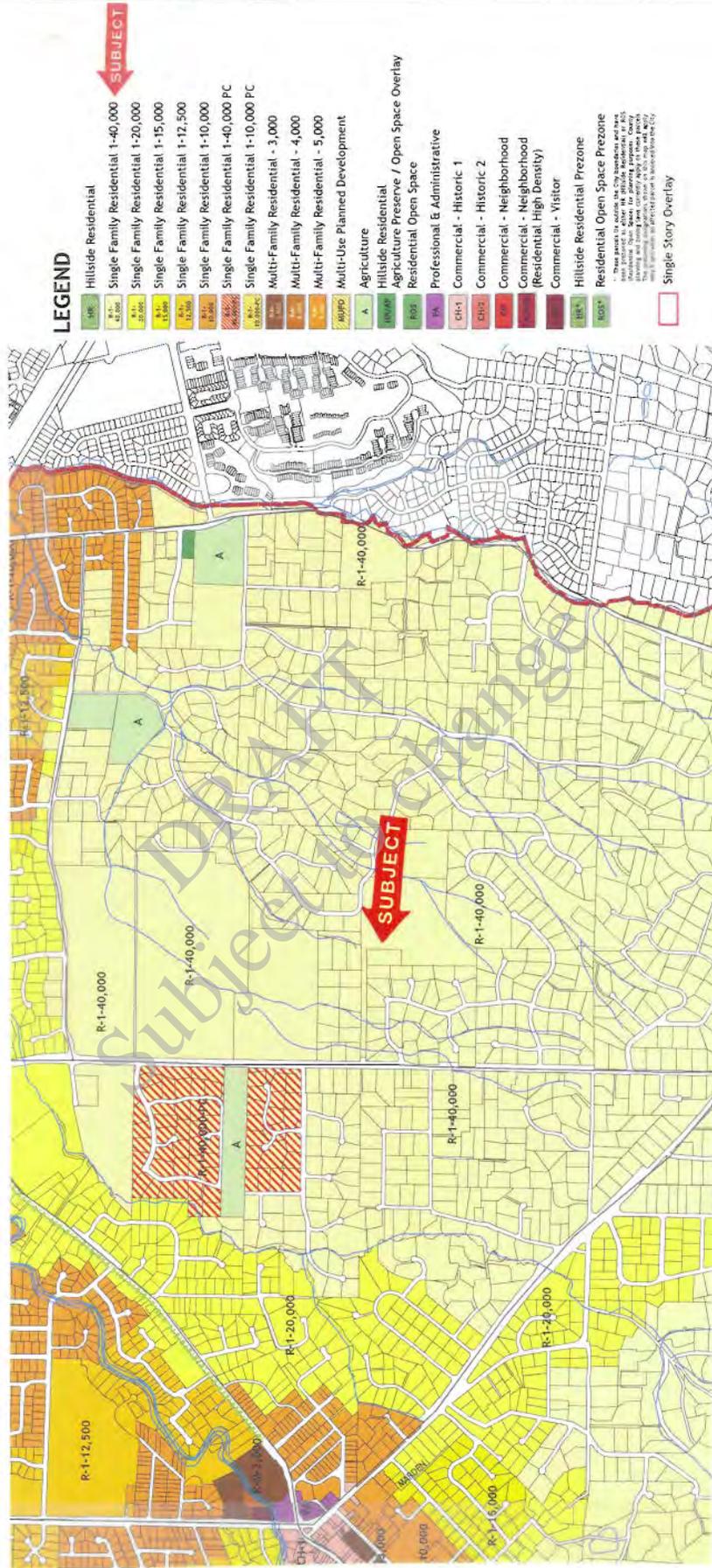
On the following page, we have evaluated the subject site's appropriateness for senior housing using an industry checklist. As shown, the subject site has a ranking of "85" which ranks as an excellent site, with no significant negative features. The subject's neighborhood location is among the best of any senior housing project in the nation.



Neighborhood Location



Neighborhood Zoning Map



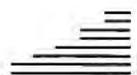
NEIGHBORHOOD PHOTOGRAPHS



View South along Fruitvale,
Subject to Left



View North along Fruitvale,
Subject to Right



Senior Living Valuation Services, Inc.

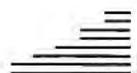
NEIGHBORHOOD PHOTOGRAPHS



San Marcos Road, View East,
Subject to Right



View West,
Subject to Left



Senior Living Valuation Services, Inc.

Site Evaluation Checklist

1. Site services available:

Gas Yes X (3)
 Electricity Yes X (3)
 Water Yes X (3)
 Sewer Yes X (3)
 Telephone Yes X (3)

No (0)
 No (0)
 No (0)
 No (0)
 No (0)

10. Religious facility proximity:

0-5 blocks
 1/2-1 mile
 1-5 miles
 5-10 miles

X (5)
 (3)
 (1)
 (0)

2. Vehicular access to site:

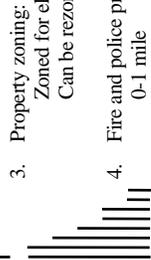
From quiet residential street
 From secondary commercial street
 From busy primary artery

 (5)
X (3)
 (1)

11. Convenience shopping proximity: bank, drugstore, cleaners, deli, etc.:

0-5 blocks
 1/2-1 mile
 1-5 miles
 5-10 miles

X (5)
 (3)
 (1)
 (0)



Senior Living Valuation Services, Inc.

3. Property zoning:
 Zoned for elderly housing
 Can be rezoned for elderly housing

X (5)
 (3)

12. Parks and recreation facility proximity:

0-5 blocks
 1/2-1 mile
 1-5 miles
 5-10 miles

 (5)
X (3)
 (1)
 (0)

4. Fire and police protection proximity:

0-1 mile
 1-5 miles
 5-10 miles
 Does not exist

X (5)
 (3)
 (1)
 (0)

13. Major shopping mall proximity:

0-5 miles
 5-10 miles
 10-20 miles

X (5)
 (3)
 (1)

5. Emergency health care proximity:

0-1 mile
 1-5 miles
 5-10 miles
 Does not exist

 (5)
X (3)
 (1)
 (0)

14. Public transportation access point:

At site
 2 blocks
 5 blocks
 Does not exist

X (5)
 (3)
 (1)
 (0)

6. Full service hospital proximity:

0-1 mile
 1-5 miles
 5-10 miles
 Greater than 10 miles

 (5)
X (3)
 (1)
 (0)

15. Surrounding property value:

Comparable
 Lower
 Higher

X (5)
 (3)
 (1)

7. Participation of medical facility in project:

No X (0)

16. Project design and compatibility with surrounding neighborhood
 (Example: Highrise in neighborhood of single-family bungalows not compatible):

Yes X (5)
 No (0)

8. Degree of neighborhood safety and security:

Very safe
 Average
 Security required

X (5)
 (3)
 (1)

17. Completion of market study and demographic analysis of site:

Yes X (5)
 No (0)

9. Cultural facility proximity: theater, library, museum, etc.

0-5 blocks
 1/2-1 mile
 1-5 miles
 5-10 miles

X (5)
 (3)
 (1)
 (0)

18. Nearest similar facility:

5-10 miles
 1-5 miles
 0-1 mile

 (5)
X (3)
 (1)

Scoring: Maximum Score = 100 points
 85 to 100 Excellent Should appeal to wide market.
 70 to 85 Good site Depending on negatives, may have slightly limited market range.
 55 to 70 Average site Need to carefully evaluate negatives. May have limited marketability.
 0 to 55 Below average May be more risks than necessary. Get several additional opinions.

Total = 85

SITE DESCRIPTION

LOCATION: The subject property is situated on the south side of San Marcos Road (a private roadway), about 880 feet east of Fruitvale in south central Saratoga. Despite this setback, the subject has a formal street address of 14500 Fruitvale Avenue, Saratoga, Santa Clara, California 95070. The site can also be identified as Santa Clara County assessor's parcel numbers 397-12-012 and 019 and 397-40-006 and 397-12-018. Parcels 397-12-016 and 397-40-010 (low income apartments) which are owned by entities affiliated with the subject ownership, are not considered as part of the subject site and are not included or valued in this appraisal report. An assessor's parcel map is presented on the following page.

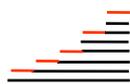
PHYSICAL CHARACTERISTICS: The subject site has a highly irregular shape, bounded by single family homes to the west, north and south and by an affiliated low income apartment complex to the east. The northern boundary of the site includes approximately 1,025 feet of frontage along San Marcos Road, a private roadway. The total square footage of the subject site is approximately 1,625,522 square feet or 37.32 acres.

The subject site has a hilly, variable topography, generally sloping downward to the northwest and northeast. The highest elevations of the site are located at its southwest corner; its lowest elevations are located in its northeast corner. Total site elevation changes are about 80 feet. The Home Building lies above the grade of San Marcos Road; the California Villas and nursing home buildings lie below the grade of San Marcos Road.

The subject site lies in a Flood Zone X (an area of minimal flooding per FEMA Map Number 06085C 0219H, dated 5/18/09). Flood insurance is not required and drainage on the site appears adequate. Though a site environmental review or soils report was not available for the subject site, no obvious toxic or hazardous or environmental conditions were noted on the site during our inspection. The site is not located in an Alquist-Priolo special earthquake zone although it does have the same overall risk of earthquakes as much of the South Bay, which is significant. The subject is located within about five miles of the notorious San Andreas fault.

SITE IMPROVEMENTS: The subject site is currently improved with the 345 unit/bed continuing care retirement community known as Saratoga Retirement Community. The site includes the 2.5 story, central Home Building; the 2 to 3 story California Villas (assisted living/memory care) building; the one story health center; two connected, three story apartment buildings with below grade garages and various single and duplex, one story cottages with attached garages. The site is accessed from the north and San Marcos Road. The site includes several patches of dense tree groves and its southern portions are largely undeveloped. Additional detail about the existing improvements is provided in the Description of Improvements section of this report.

The subject site is fully served with all underground utilities including storm and sanitary sewer and water line (Saratoga) and natural gas and electricity (Pacific Gas & Electric). Fire, ambulance, paramedic and police services are provided by Saratoga.



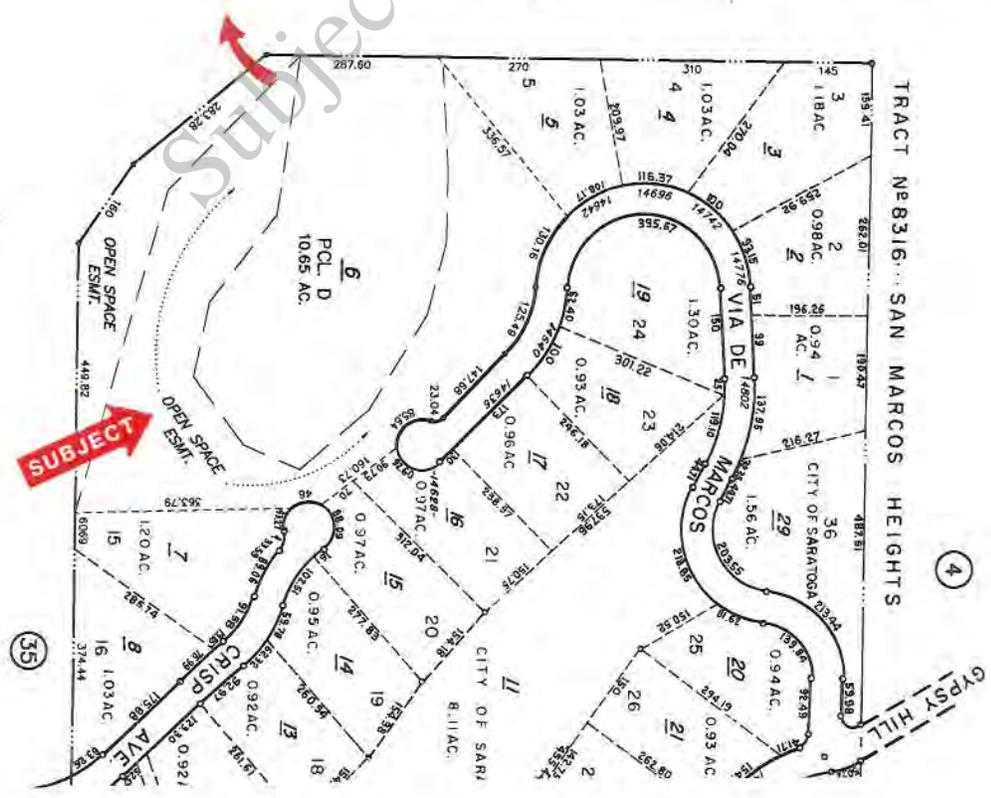
Assessor's Parcel Map

S O R SANTA CLARA COUNTY, CALIFORNIA

BOOK 397	PAGE 12
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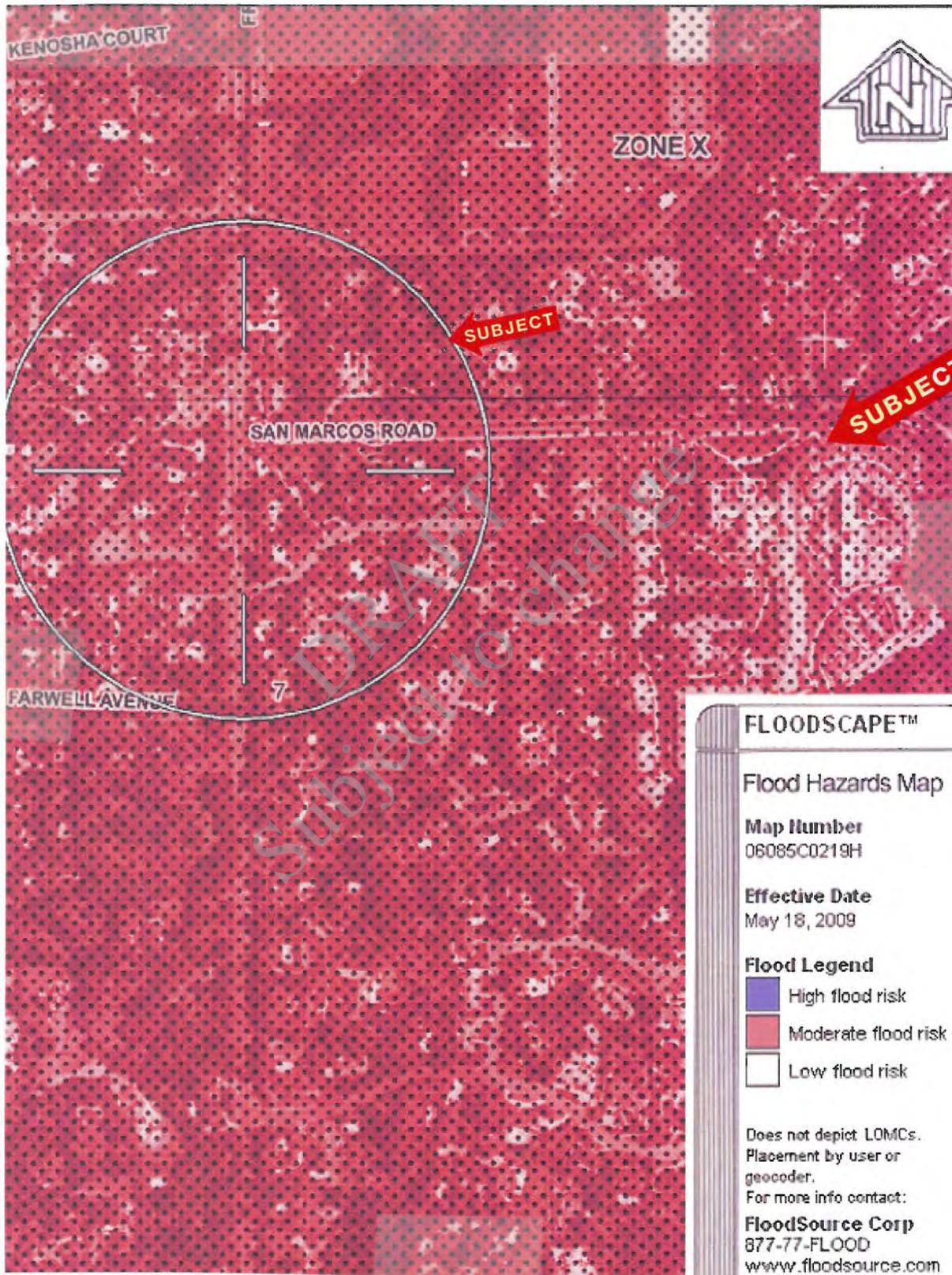
P. M. 591-M-21

NE 1/4 SEC. 7 T. 8 S. R. 1 W. M. D. M. FUTURE CHESTER AV.



Senior Living Valuation Services, Inc.

Flood Map



ACCESS AND EXPOSURE: The subject site is accessed only from San Marcos Road from the northwest. San Marcos Road extends from the subject about 880 feet west to Fruitvale Avenue. Interior site driveways meander around all major buildings and into the cottage neighborhoods. San Marcos is a fully improved and paved, 60 foot wide, east/west private roadway. Fruitvale Avenue is a fully improved, major north/south thoroughfare in Saratoga. Highway 85 is located about one mile to the north; Highway 17 lies about three miles to the east. Route 9 which extends eastward from the coastal mountains into the southern Silicon Valley, is located about one half mile to the south and west.

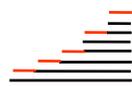
Subject visibility and exposure is severely limited to the immediate neighborhood due to its interior residential neighborhood location. The subject buildings are not visible from Fruitvale Avenue although distinctive signage marks the San Marcos entry. Many portions of the subject site and within buildings enjoy sweeping valley and mountain views.

EASEMENTS AND ENCUMBRANCES: A current title report was not made available to identify and easements or encumbrances impacting the subject. The site is known to be impacted by typical utility access easements and also street access easements and agreements between the Grand Lodge of the IOOF and the Odd Fellows Foundation, which are related parties. None of these easements or encumbrances appears to materially impact the subject site or its continued operation as a senior housing business. No other material easements and encumbrances are known to exist although we recommend legal review of a current title report.

The subject and its sister facility, Meadows of Napa Valley (an entry fee CCRC), are currently encumbered by Obligated Group Series 2012 insured tax exempt revenue bonds, and which have a current outstanding principal balance of approximately \$91,935,000. The existing Obligated Group bond debt is proposed to be supplemented (the Series 2012 bonds will remain as is) by new Series 2016 bonds (to fund the subject expansion and renovations), insured through the State of California's Cal Mortgage insurance program. The principal balance of the new Series 2016 bonds (scheduled to be issued on May 1, 2016) is estimated at \$71,429,000. These bonds will be largely paid down (\$62,397,000) by the collection of first generation entry fees from the proposed Napa campus expansion apartments.

ZONING: The subject property is zoned R-1 40,000, a low density residential zoning classification (Saratoga). Permitted uses under this zoning district include lower density residential housing including large lot single family homes. A review of the subject property indicates that the subject as existing appears to be a legal, non-conforming land use (about 9.2 campus units/beds per acre, a higher density than allowed in an R-1 40,000 zone). It has been operating on the site since 1912, well before Saratoga was incorporated. The subject's major campus redevelopment was approved in the late 1990s with a conditional use permit.

The Saratoga Retirement Community entry fee contract is certified with the California Department of Social Services as a continuing care retirement community. The subject's existing assisted living and memory care units/beds are currently licensed a residential care facility for the elderly with the California Department of Social Services; its existing nursing beds are licensed as a long term care facility with the California Department of Health Services.

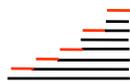


TAXES AND ASSESSMENTS: Since passage of Proposition 13, or the Jarvis-Gann Initiative, in 1978, real property in California and San Diego County is assessed at its 1976 value, trended upward at a maximum rate of 2% annually, unless there is a transfer of ownership or new construction. When either of these occur, the property is reassessed at full market value. Furthermore, Proposition 13 limits annual taxes to 1%, plus a small amount for bonded indebtedness, of the assessed value.

The subject is currently assessed at a total of \$101,820,548 (2015/2016) although it is exempt from ad valorem real estate taxes as it is owned and operated by a not-for-profit corporation. The subject is responsible for direct assessments of \$111,173.48 which have been paid as due. If the subject were to be taxed as a for-profit entity, its annual real estate taxes could approach \$1,700,000 (if it were to be taxed at its full market value). Because the most likely buyer of the subject is another not-for-profit, it is likely to retain its real estate exemption if it were to be sold to the most likely buyer.

EXCESS/SURPLUS LAND: None, the subject is built out to its developable boundaries.

DRAFT
Subject to change



DESCRIPTION OF IMPROVEMENTS

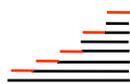
The discussion of the existing improvements addressed below was accumulated through a discussion with the subject's owner/operator, our site inspection and a review of selected site and floor plans. Some architectural drawings were made available. A site plan and as is subject photographs are provided on the following pages.

GENERAL TYPE: Saratoga Retirement Community is an integrated 345 total unit/bed retirement campus that consists of five major building components:

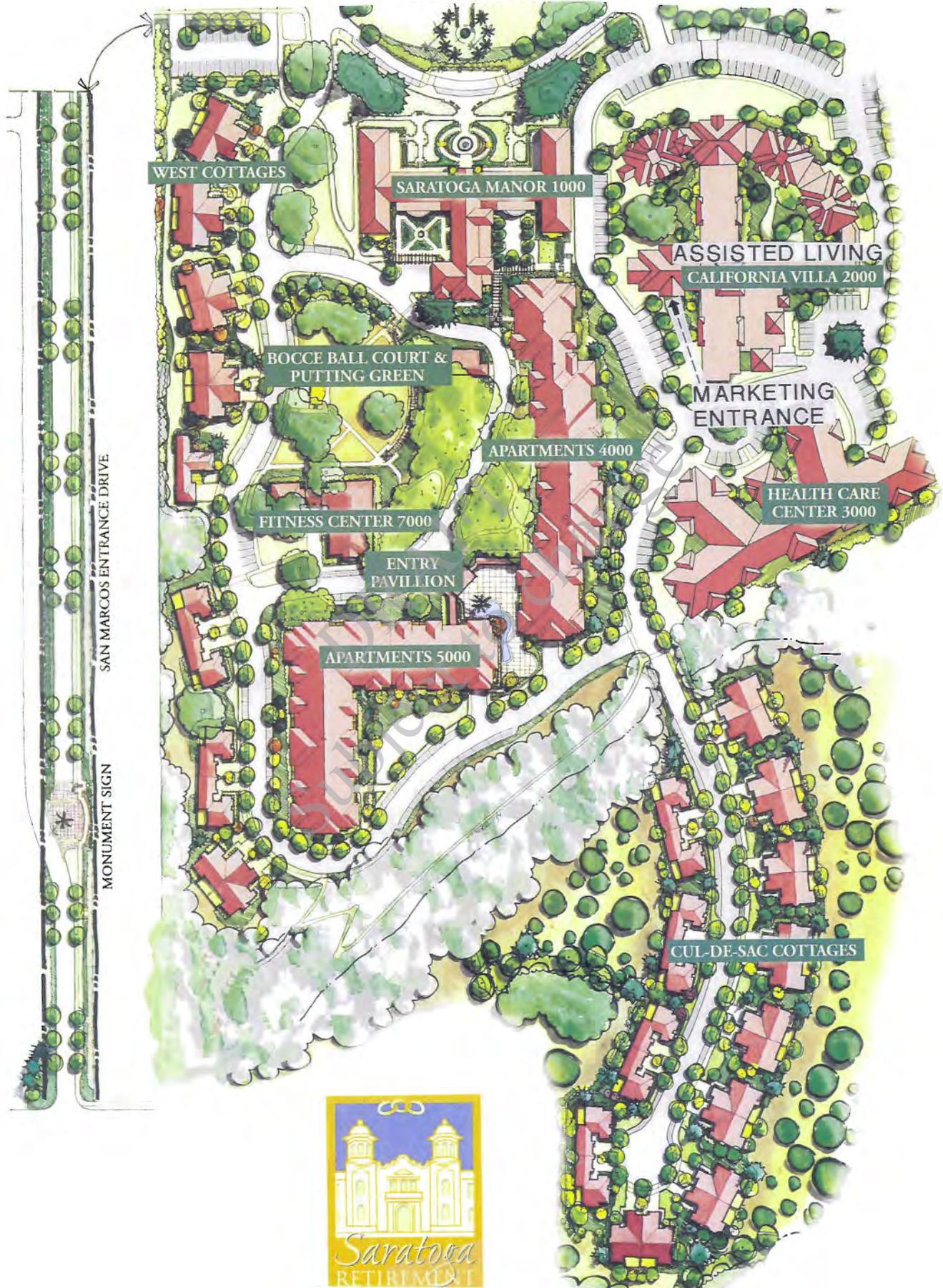
- 1) a two to 2.5 story with basement, Class A, Home Building. This building was extensively renovated in 2004 and includes most of the campus major common areas, some entry fee apartments and administrative spaces;
- 2) a freestanding one to three story, Class C/D, assisted living/memory care building, sometimes referred to as the California Villas Building, it was extensively renovated in 2001. This building includes 108 total assisted living (90) and memory care (18) units/beds and separated common areas. Little of the former California Villas building is evident, this building's renovation was substantial;
- 3) a freestanding one story, Class D, convalescent hospital with 94 nursing beds in about 52 total rooms with self contained common areas;
- 4) two, three story with below grade parking garages, Class C/D, congregate apartment buildings (East and West buildings); the East Building connects to the Home Building;
- 5) several clustered, Class D, one story with attached garages, single and duplex cottage structures (39 total units).

The site also includes various miscellaneous one story structures including two single family homes, a fitness center building and a maintenance building. The buildings are surrounded by landscaped perimeters, grassy expanses and extensive tree groves and are accessed from paved driveways which surround the buildings. Site access is from San Marcos Road which extends from the northwest corner of the site to the Fruitvale Avenue site entry.

AGE/CONDITION: The subject has a long history as a retirement community dating to 1912 when the Home/Manor Building was opened and operated as a rest home and convalescence center (with attached residential wings). The subject is one of the oldest continually operating retirement communities in California. Major additions to the campus were made in 1958, 1970 and 1979 (the existing California Villas building).



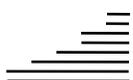
Site Plan



Senior Living Valuation Services, Inc.

SARATOGA RETIREMENT COMMUNITY
ENTRY FEE UNIT MIX DETAIL

<u>Unit Type/Name</u>	<u>No. of Units</u>	<u>Unit Square Footage</u>	<u>Total Square Footage</u>
<u>ILU Apartments</u>			
1 BR A1, A2	4	722	2,888
1 BR B1, B2	14	801	11,214
1 BR B3	2	906	1,812
1 BR 1	1	760	760
1 BR 2A	1	1,040	1,040
1 BR 2B	1	998	998
1 BR 3	<u>1</u>	<u>946</u>	<u>946</u>
Subtotal – 1BR	24	819 (avg.)	19,658
2 BR C1, C2	12	1,145	13,740
2 BR C3, C4	36	1,148	41,328
2 BR D1, D2	15	1,398	20,970
2 BR D3	1	1,563	1,563
2 BR E	2	1,320	2,640
2 BR F1, F2	4	1,358	5,432
2 BR 4	1	1,145	1,145
2 BR 5	1	1,156	1,156
2 BR 6	1	1,228	1,228
2 BR 7A	1	1,358	1,358
2 BR 7B	1	1,354	1,354
2 BR 7C	1	1,374	1,374
2 BR 8	1	1,362	1,362
2 BR 9A	1	1,539	1,539
2 BR 9B	1	1,474	1,474
2 BR 9C	<u>1</u>	<u>1,482</u>	<u>1,482</u>
Subtotal – 2BR	80	1,239 (avg.)	99,145
Subtotal – Apartments	104 ==	1,142 (avg.) == =	118,803 = = = =
<u>Cottages/Homes</u>			
2BR Cottages – 1	12	1,420	17,040
2BR Cottages – 2	26	1,615	41,990
House	<u>1</u>	<u>1,835</u>	<u>1,835</u>
	39	1,561 (avg.)	60,865
	=	= = =	= = = =
Totals – All Entry Fee Units	143 ==	1,256 (avg.) = = =	179,668 = = = =

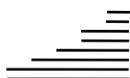


**SARATOGA RETIREMENT COMMUNITY
CARE COMPONENT UNIT MIX/UNIT SIZES**

<u>Unit Plan</u>	<u>No. of Units</u>	<u>Estimated Unit Sq. Ft.</u>	<u>Estimated Total Sq. Ft.</u>
California Villas Building			
Assisted Living/Memory Care Units-			
Double Occupancy Suite	6/9	340-396	2,208
2BR Suite	16	540-660	9,600
3BR Suite	6	750	4,500
Studio Unit	59	380-460	28,828
1BR Unit	12	350-530	5,280
2BR Unit	<u>6</u>	<u>620-750</u>	<u>4,110</u>
 Total California Villas- AL/MC Units/Beds	 105/108 =====	 519 ==	 54,526 ===
 Health Center-			
Private	10/10 Beds	288	2,880
Semiprivate	<u>42/84 Beds</u>	<u>396</u>	<u>16,632</u>
 Total Health Center- SN Beds	 52/94 Beds =====	 375 ==	 19,512 ===

DRAFT
Subject to change

Source: Project owner/operator, all square footages are approximations, no building components or units were measured (or counted) by appraiser.

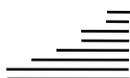


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SARATOGA RETIREMENT COMMUNITY
GROSS BUILDING AREA DETAIL BY BUILDING

<u>Unit Plan</u>	<u>No. of Units</u>	<u>Estimated Average Unit Sq. Ft.</u>	<u>Estimated Total Sq. Ft.</u>
<u>GBA Summary By Building</u>			
Total Rentable Areas - Apartments			118,902
Total Common Areas/Circulation			<u>69,998</u>
Gross Building Area – Apartment & Manor Buildings			188,900
Gross Building Area – Parking Garage			43,406
Gross Building Area - Cottages			60,960
Gross Building Area – Entry Pavilion			3,655
Gross Building Area – Fitness Center			6,305
California Villas Building			
Assisted Living/Memory Care Units-			
Total Rentable Area	108	519 (avg.)	54,526
Common Areas/Circulation			49,874
Penthouse			<u>900</u>
Total California Villas AL/MC – Gross Building Area			105,300
Health Center-			
Total Rentable Area	52 (94 Beds)	375 (avg.)	19,500
Common Areas/Circulation			<u>19,650</u>
Total Health Center – Gross Building Area			39,150
Total All Buildings – Campus Gross Building Area			447,676
			=====

Source: Project owner/operator, all square footages are approximations, no units or building components were measured.



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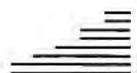
SUBJECT PHOTOGRAPHS



Saratoga Manor



Manor Building Entry



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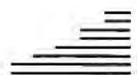
SUBJECT PHOTOGRAPHS



Manor Reception Lobby



Manor Lounge/Corridor



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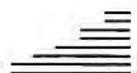
SUBJECT PHOTOGRAPHS



Manor Common Area Dining Room



Manor Common Area Meeting Room

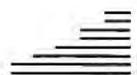


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SUBJECT PHOTOGRAPHS



Typical Manor Apartment Interiors



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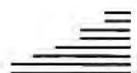
SUBJECT PHOTOGRAPHS



Manor Building Veranda



Manor Rear (south) Building Face

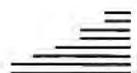


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SUBJECT PHOTOGRAPHS



Typical Apartment Building Exteriors



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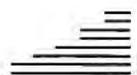
SUBJECT PHOTOGRAPHS



Apartment Building Entry Lounge



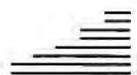
Typical Apartment Interior Corridor



SUBJECT PHOTOGRAPHS



Typical Apartment Interiors



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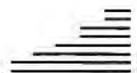
SUBJECT PHOTOGRAPHS



Apartment Garage Entry



Apartment Parking Garage



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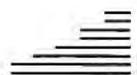
SUBJECT PHOTOGRAPHS



Assisted/Memory Care Building



Health Center Building

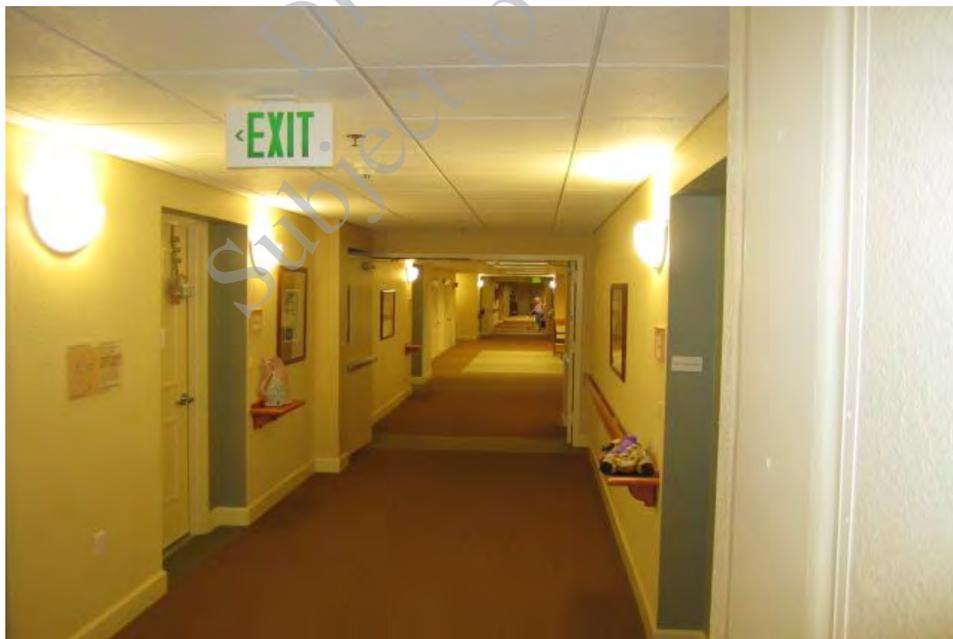


Senior Living Valuation Services, Inc.

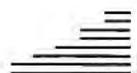
SUBJECT PHOTOGRAPHS



Health Center Dining Room



Health Center Corridor



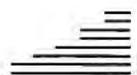
SUBJECT PHOTOGRAPHS



Nurses Station



Typical Nursing Room Interior



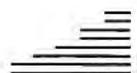
SUBJECT PHOTOGRAPHS



Assisted Living Entry Reception



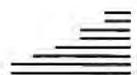
AL/ALZ Dining Room



SUBJECT PHOTOGRAPHS



Typical Assisted Living Room Interior

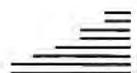


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SUBJECT PHOTOGRAPHS



Typical Cottage Exteriors



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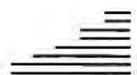
SUBJECT PHOTOGRAPHS



Typical Cottage Interior



Cottage Garage



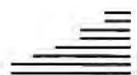
SUBJECT PHOTOGRAPHS



Fitness Center Building



Fitness Center Pool



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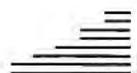
SUBJECT PHOTOGRAPHS



Interior Site Landscaping/Walkway



Garden Area



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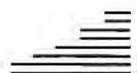
SUBJECT PHOTOGRAPHS



Typical Site Perimeters



Eastern Portion of Site



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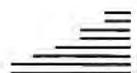
SUBJECT PHOTOGRAPHS



Campus Main Entry



Northwest Parking Lot



In 1999, the subject owners undertook a two phased, five year, approximately \$108 million major redevelopment of the subject campus which included the razing of most of the older campus buildings. Phase one of the campus redevelopment included the major renovation and expansion of the existing California Villas building in 2001 and the construction of the new health center building in 2002. The second phase of the campus redevelopment was completed in 2004 and included the renovation of the main building, the construction of two new entry fee apartment buildings, the construction of the campus entry fee cottage units, the fitness center and facilities building.

The condition of the subject improvements is good to excellent with no material deferred maintenance. The estimated overall average effective age of the subject improvements is about 14 years. A total economic life if about 50 years, suggests a remaining average remaining economic life of about 36 years.

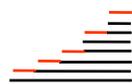
UNIT MIX/SIZES/COMPONENT BUILDING AREAS: The subject's existing unit/bed mix, unit/room sizes and gross building areas are summarized on the following pages. The subject includes 143 total entry fee apartments (104) and cottages (39), 108 total assisted living (90) and memory care units/beds (18) and 94 skilled nursing beds, all within approximately 447,676 square feet of total campus gross building area.

STRUCTURAL AND EXTERIORS: The existing building improvements are one to three structures constructed on individual slab concrete foundations, with reinforced concrete/steel and/or wood frames and walls with painted stucco siding with extensive wood trim. Reinforced concrete retaining walls are evident at grade changes and form the parking garages below the apartment buildings. Building roofs are pitched with clay tile roofs (portions of the California Villas building and the health center include flat built up composition roofs). The Home Building has a partial below grade basement. The 1912 built, Home Building dominates the character of the site and is a historic building with a Portuguese mission style architecture.

The Home Building is an I-shaped, two story building with a protruding south wing that rests on a small crest above the grade of the San Marcos entry driveway to the north. The main entry is marked by a concrete stairway up to an arched entry under two distinctive cupolas. The entry level includes an extensive patio deck; the building includes large arched windows and doorways.

The California Villas building is a one to three story, tiered T-shaped building, with a curving north wing. This building is oriented to the west, it is not connected to the Home Building or nursing building. The health center is a W-shaped building with five major wings extending out of a building core and marked by a main entry porte cochere. This building is situated immediately south of the California Villas building.

The apartment buildings are three story structures; the East Building is a long rectangular building extending (and connected) to the south of the Home Building. The West Building is L-shaped and connected to the East Building by an entry pavilion. The cottages are irregularly shaped single and duplex structures with attached garages. The cottages are situated in the western and southern portions of the site on sloping ridges.



Interior walls are generally painted gypsum board or concrete with wall covering and wood rails below a painted ceiling, acoustical tile and some exposed wood beams and high ceilings in Home Building, with inlaid fluorescent and hanging incandescent lighting and some ceiling fans. The care center buildings include wood corridor handrails. All buildings (including cottages) include fully automatic sprinklers (exposed piping in Home Building), fire extinguishers, corridor fire doors and smoke alarms. Unit interiors are generally carpeted except for some common interiors and unit baths (vinyl and ceramic flooring in unit bathrooms). The Home Building includes mostly vinyl and some stone tile and wood flooring.

MECHANICAL: All buildings include adequate lighting, plumbing and bathroom fixtures. HVAC consists of a common area forced air heating and air conditioning system in each building (large boiler/furnace in Home Building) and individual unit, wall mounted, heating units allowing individual unit control (not individually metered). The units do not include air conditioning. The California Villas building includes three, two to three story hydraulic elevators; the Home Building includes one, three story elevator. Each apartment building will include a four story, hydraulic elevator and stairwells.

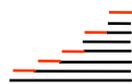
INTERIORS: Based on the existing building floor and unit plans (as shown on the following pages), the subject's improvements appear functional for assisted living/memory care and skilled nursing uses. The subject includes 108 total assisted living (90) and memory care (18) units/beds and 94 skilled nursing beds in 52 patient rooms.

The California Villas building includes 65 studio units (340 to 460 square feet), 28 one bedroom/suite units (350 to 660 square feet) and 12 two bedroom units (620 to 750 square feet). The assisted living units open to a main living area (generally) and include full bathroom (sink, vanity, walk-in shower, water closet), small closets and kitchenettes with refrigerator, countertop and sink (no burners). The units do not include patios/balconies although the configuration of most units is irregular, allowing small protruding bays. Units can be furnished by the owners although residents are encouraged to bring their own furnishings.

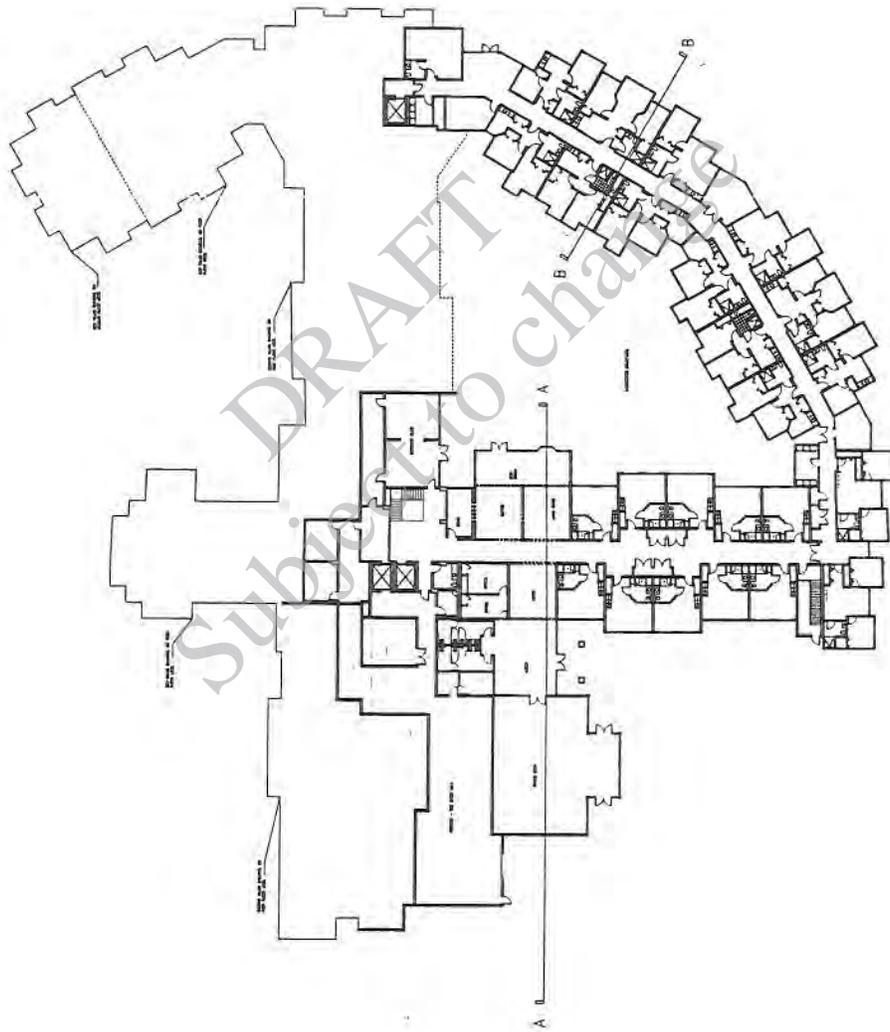
The California Villas building includes its own common areas including ground floor offices, living rooms, corridor lounges, common area dining room, a second dining room, commercial kitchen, country store, exercise room and a penthouse unit. The 18 memory care units/beds are located within a secured wing with their own segregated common areas.

The subject's nursing building includes 10 total one bed private rooms (10 beds) and 42, two bed semiprivate rooms (84 beds). The subject's total bed count is therefore be 94 beds in 52 total patient rooms. Each nursing room contains a private, handicap accessible bathroom with sink and water closet. Each patient room also contains a hospital bed, privacy curtains, small bureaus and individual, built in wall units and small closets. The subject has a more residential than institutional appearance, not uncommon in more recently built nursing homes, and different from most older nursing homes.

The common areas of the nursing building are focused in the central core wing and include four resident patient wings with common area tub/shower rooms, two nurses station, lounges, administrative offices, activity room, staff and storage rooms, laundry, therapy room, sitting rooms and common area dining room.



Villas Building (Ground Floor)



GROUND FLOOR PLAN

R2.1 OCCUPANCY
CONSTRUCTION - TYPE 5, 1 HOUR



HOK
Hardison
Komatsu
Ivelich
& Tucker
ARCHITECTURE
PLANNING
INTERIORS
400 Second Street
San Francisco
California 94107
415-341-0011

ODD FELLOWS
HOME OF
CALIFORNIA, INC.
SUNNYVALE, CA

JOB NO. 2304
DESIGNER
DATE
DRAWN BY
JOB COORDINATOR
DATE

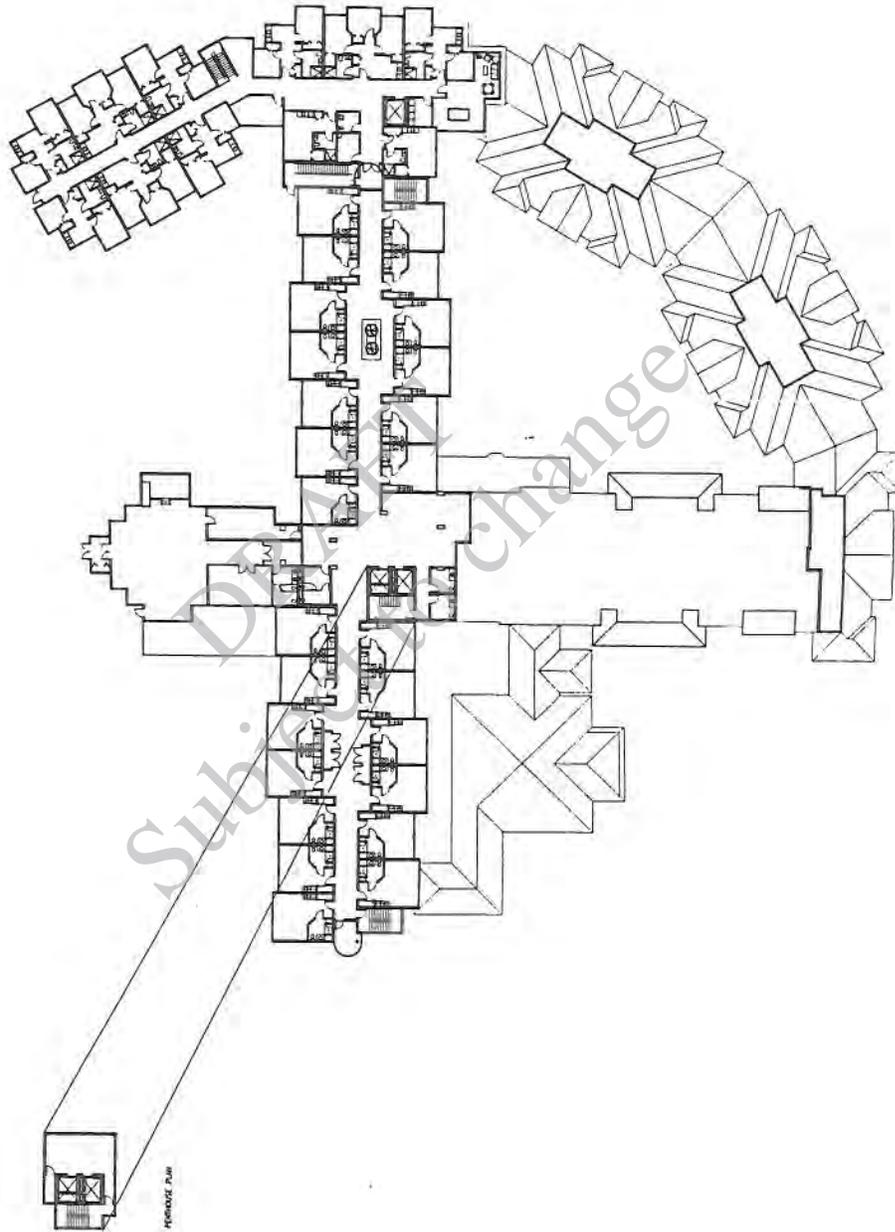
DATE: 11/14/07
VILLAS BUILDING
GROUND FLOOR

SCALE: 1/8"=1'-0"
A2.21



Senior Living Valuation Services, Inc.

Villas Building (Second Floor and Penthouse)



SECOND FLOOR PLAN
R2.1 OCCUPANCY
CONSTRUCTION - TYPE 5, 1 HOUR

HOK
Hudson
Kornatsu
Ivelich
& Tucker
ARCHITECTURE
PLANNING
INTERIORS
605 Second Street
San Francisco
California 94107
415-741-0811

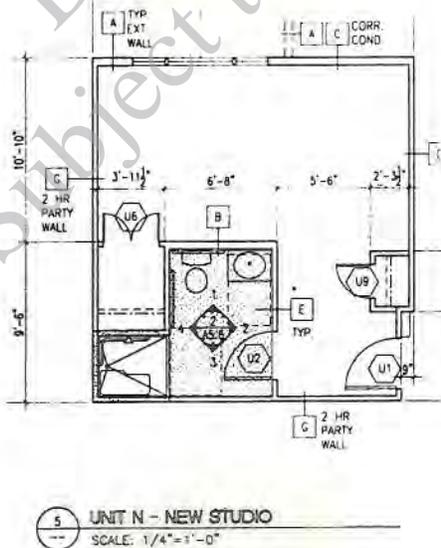
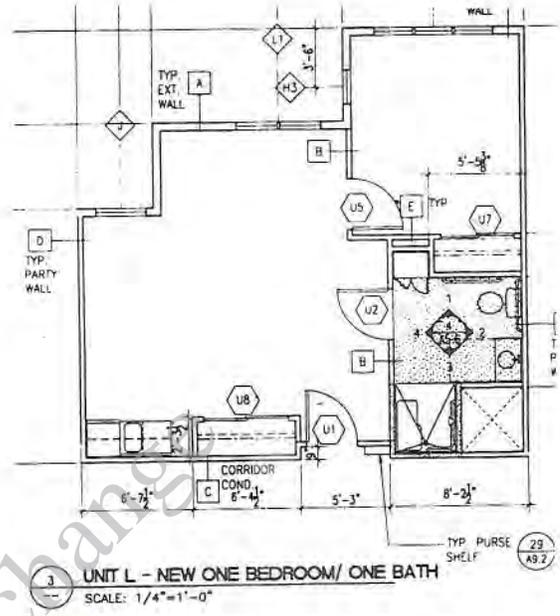
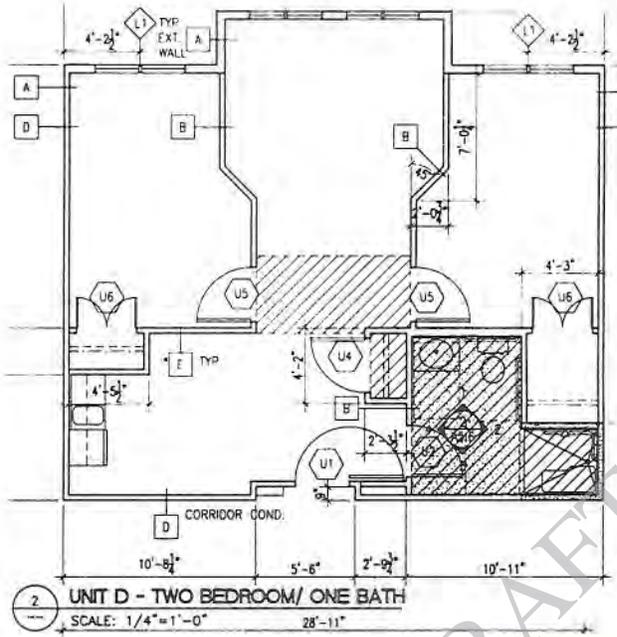
ODD FELLOWS
HOME OF
CALIFORNIA, INC.
SAN DIEGO, CA

job no. 2014
project name
job location
job number
date

drawing title
VILLAS BUILDING
SECOND FLOOR
AND PENTHOUSE

sheet number
A2.2.3

Representative Unit Plans (California Villas Building)



Skilled Nursing Facility (Floor and Roof Plan)

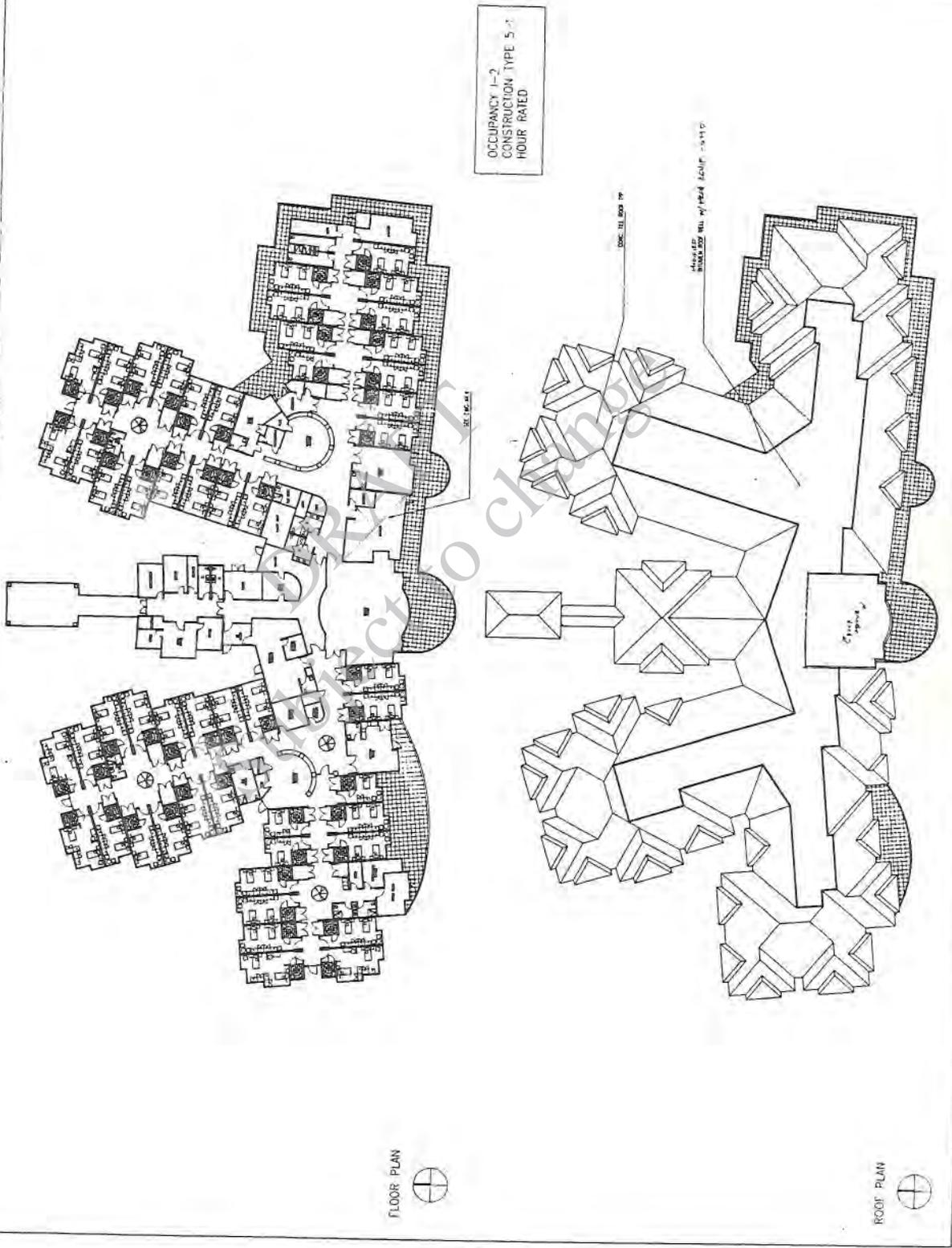
HOK
TKBT
 Hardison
 Komatsu
 Ivelich
 & Tucker
 ARCHITECTURE
 INTERIORS
 400 South Main
 Suite 200
 Anaheim, CA 92701
 415-541-0811

**ODD FELLOWS
 HOME OF
 CALIFORNIA, INC.**
 SANBROOK, CA

DATE: 11/11/11
 DRAWN BY: [unclear]
 CHECKED BY: [unclear]
 PROJECT NO.: [unclear]
 SHEET NO.: [unclear]

ISSUED FOR:
 SKILLED NURSING
 FACILITY
 FLOOR PLAN
 ROOF PLAN
 SCALE: 1/8"=1'-0"

A2.41



The common areas of the campus are focused in the Home Building which includes the project's administrative spaces and offices, common area dining room, auditorium, lounges/living rooms, crafts room, exercise room, beauty salon, commercial kitchen and laundry and various mechanical and storage spaces.

Based on the floor and unit plans (key unit plans are shown on the following pages), the subject's apartments and cottages appears functional for their independent target market. The subject includes 143 total entry fee apartment units (104 apartments, 39 cottages). The apartment unit mix includes 24 (23%) one bedroom, one to 1.5 bath units of 722 to 1,040 square feet and 80 (77%) two bedroom, two bath units of 1,145 to 1,563 square feet. The average unit size of all apartment units is a large 1,142 square feet. The cottage units include 39 two bedroom, two bath units of 1,420 to 1,835 square feet; the average size of the cottage units is about 1,561 square feet (one of the "cottages" is an existing single family home).

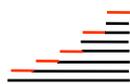
All residential apartment unit interiors include full kitchens with dishwashers and bathrooms/powder rooms, walk-in closets, HVAC closet and exterior balcony decks/patios accessed via glass in wood frame doors. The apartment units are mostly rectangular shaped (some units include angled walls), with 18 unit configurations. All apartment units will be fully sprinklered. Customized options are available to all residents.

All cottage unit interiors include full kitchens with dishwashers and bathrooms/powder room, walk-in closets, HVAC closet, den, washer/dryer units and exterior patios accessed via glass in wood frame doors. All cottage units include large attached garages (600 to 768 square feet). All cottage units are fully sprinklered. Customized options are available to all residents; the overall quality of interior detailing and finishes are well above average.

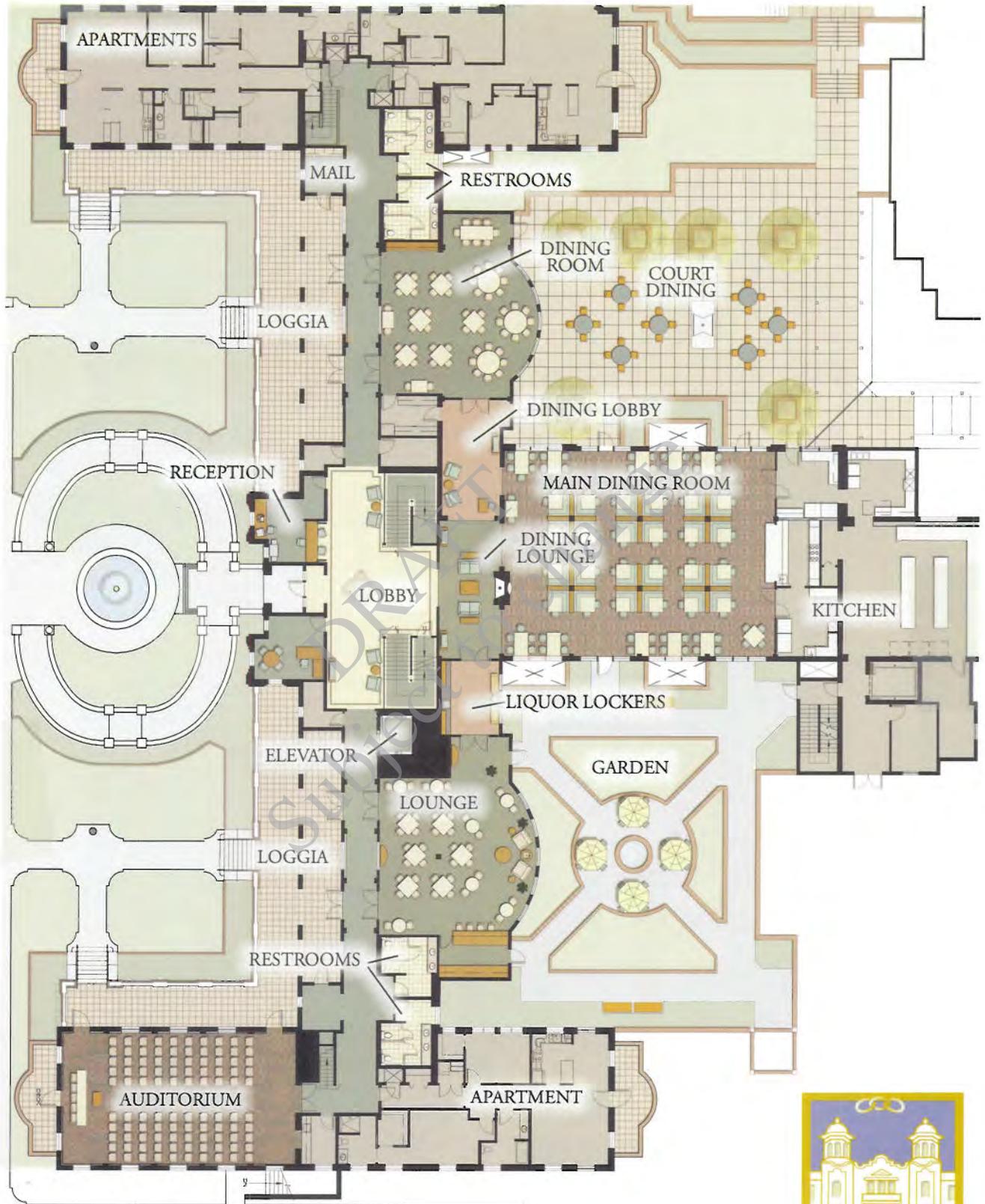
LANDSCAPING AND PARKING: The subject parking areas include major building perimeter open paved spaces in several small lots with space for approximately 172 cars (26 at Home Building; 109 at California Villas building, including 42 with carports; 37 at the health center). The below grade apartment parking garages include 105 total spaces (about 1.0/unit); each cottage includes an attached two car garage. All parking areas are accessed via internal site driveways which extend around all major buildings; the site is accessed from San Marcos Road (a private roadway) which extends eastward from Fruitvale Avenue. Parking is adequate as many residents (in the care center) do not drive.

Site landscaping is attractive and marked by extensive site and building perimeter trees, ground cover and shrubs. A major portion of site landscaping is several very impressive and mature trees (mostly evergreens, palms and oaks), including some dense tree groves on portions of the larger site. The majority of the northern portion of the site surrounding the major buildings is marked by major grassy expanses. Other distinctive features of site landscaping include a koi pond, picnic area and a bandshell. The existing buildings include attached exterior, paved patios/verandas, many of which allow sweeping valley and mountain views. The main entry to the subject from Fruitvale on to San Marcos is marked by a distinctive arched entryway.

The subject site is augmented by an entry pavilion and fitness center with exercise center and indoor pool.



Floor Plan – Ground Level Manor Building



Main Building – Ground Level



Senior Living Valuation Services, Inc.

Representative Apartment Unit Plans

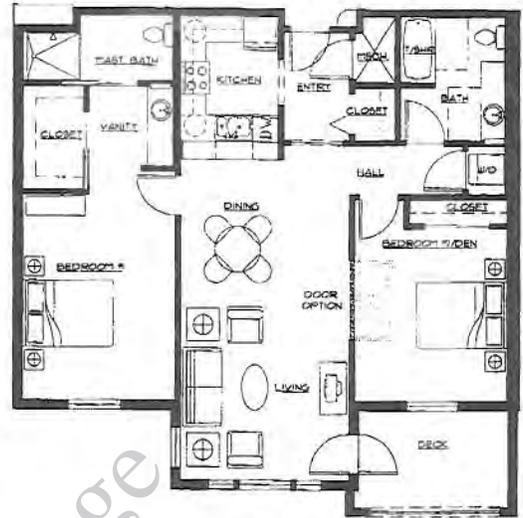


UNIT "B"

801 SQ. FT.

SCALE 1/8" = 1'-0"

87 SQ. FT. DECK
APT. 2 "B" CORNER 51 SQ. FT. DECK

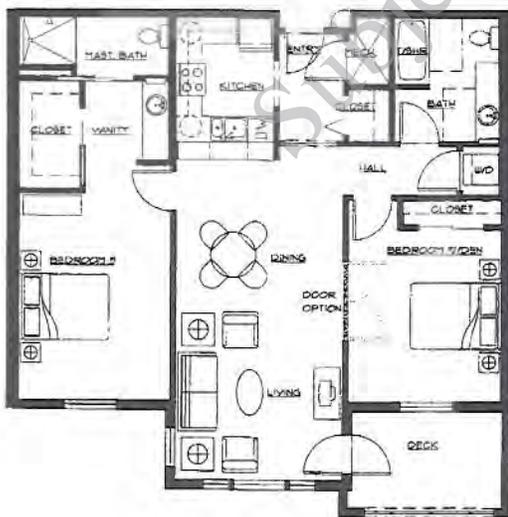


UNIT TYPE "C"

1,142 SQ. FT.

SCALE 1/8" = 1'-0"

87 SQ. FT. DECK

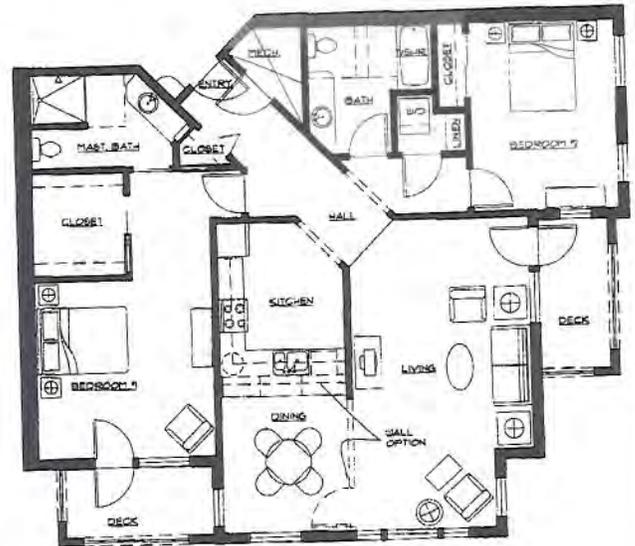


UNIT TYPE "C+"

1,148 SQ. FT.

SCALE 1/8" = 1'-0"

87 SQ. FT. DECK

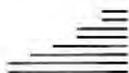


UNIT TYPE "D"

1,388 SQ. FT.

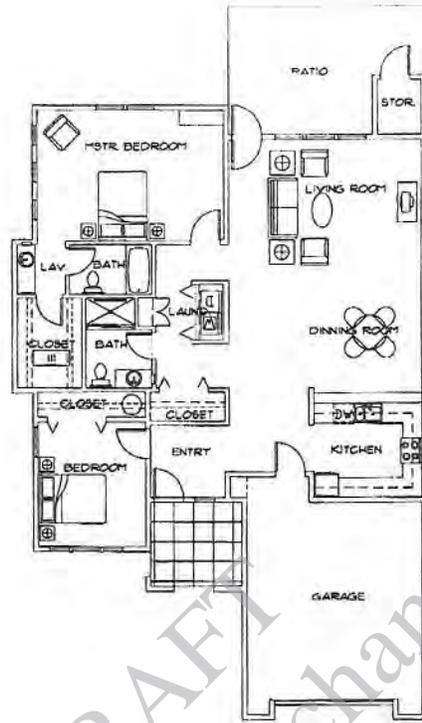
SCALE 1/8" = 1'-0"

121 SQ. FT. DECK

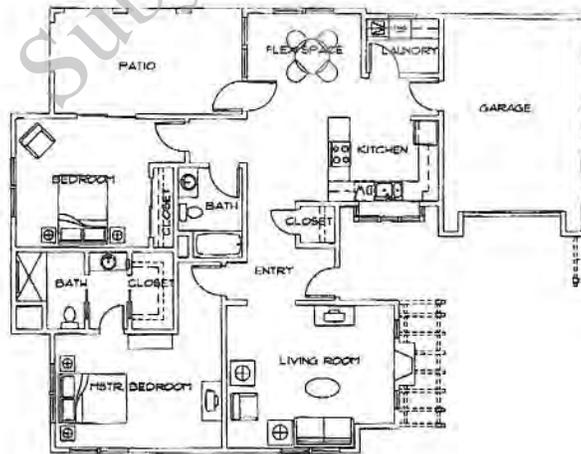


Senior Living Valuation Services, Inc.

Representative Cottage Unit Plans



COTTAGE #1 - FLOOR PLAN
SCALE: 3/32" = 1'-0"

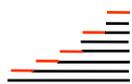


COTTAGE #2 - FLOOR PLAN
SCALE: 3/32" = 1'-0"

CONCLUSIONS: Overall, the functional utility of existing floor and unit plans and common areas, landscaping and parking areas of the total community are competitive, functional and are well above average within the local and regional senior housing market. The subject's units are large with a majority two bedroom apartment unit mix and no small units. Campus common areas are typical of high end retirement campuses. The subject overall has a small number of entry fee units (only 143) and large care components. The subject's ratio of assisted living/memory care units/beds to entry fee units (76%- 108/143) is well above CCRC industry averages (about 10% to 15% would be more common). The subject's ratio of nursing beds to entry fee units (66%- 94/143) is also well above CCRC industry averages (about 15% to 20% would be more common).

The subject's multiple building layout allows segregation of residents of differing frailty/dependence, although the buildings lie on various site slopes and different grades. The subject's historic, interesting and attractive Home Building is unique for a senior housing project and helps give the subject a distinctive identity, different from most modern senior housing projects. We would anecdotally categorize the quality of the existing physical plant at about the 95th percentile of all similar senior projects (5% above, 95% below). The subject has been well maintained and reflects its approximate 14 year old average effective age.

DRAFT
Subject to change



MARKET ANALYSIS

Introduction

The elderly are by far the fastest growing population segment, whether expressed in percentage increase or actual number of persons. Although not as well documented statistically, the elderly have more money than ever before because of social security, pension programs, savings and the substantial increase in the market value of their residences. Most of them are active and in reasonably good health. This increased health and life expectancy lends them to seek life enriching activities through an independent lifestyle that provides assistance when needed.

Industry Overview

The housing industry for the elderly can be classified by the three major types of buyers: the active elderly (go-gos), intermediate (slow-gos) and the person who needs constant care (no-gos). Active retirees want recreational amenities with the housing they buy. They want a golf course, tennis courts, swimming pool, walking and bicycle path, saunas and spas. They want to be near good places to eat and to be able to enjoy a wide range of cultural activities and travel opportunities.

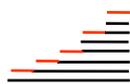
Intermediate retirees want a congregate-type of lifestyle that allows them independence yet gives them the opportunity to take part in quiet activities such as arts and crafts. Retirees in this intermediate classification also will look for transportation to shopping, banking or medical offices, some mild form of recreational activities, such as swimming and golf, plus the opportunity to socialize in a common dining room or lounge area.

Retirees who need constant care are concerned with medical assistance. They will look for facilities that offer services and conveniences that will make their lives more comfortable. Also, they will want a medical center where they can go when their health fails. The needs of these retirees can be met in a skilled nursing facility or an assisted living facility (residential care). The subject is targeted at all three types of seniors.

From a real estate and financial perspective, housing for the elderly is complex to analyze as they usually represent a combination of other businesses. The major types of homes for the elderly include:

Congregate Housing (ACLF, sheltered or enriched housing): Specially planned, designed and managed multi-unit rental housing typically with self contained apartments. Supportive services such as meals, housekeeping, transportation, social and recreational activities are usually provided. In California, as is the case in most States, these facilities are not licensed.

Assisted Living (ALF, personal care or residential care): Group living arrangements that provide staff supervised meals, housekeeping and personal care (assistance with bathing and medication) and private or shared sleeping rooms. These facilities are generally licensed and must meet designated operating standards including minimum staff requirements. In California, these facilities must be licensed by the California Department of Social Services, and are formally known as residential care facilities for the elderly (assisted living). The State of California does not allow



for Medicaid waiver reimbursement for qualifying assisted living projects. Memory care is considered as a specialized form of assisted living care, under the same residential care facility for the elderly licensure.

Care Facilities (SNF, skilled nursing or intermediate care) skilled nursing and intermediate care facilities (commonly known as nursing homes) are both operated under the guidance of a licensed administrator with licensed nurses and aides providing around the clock nursing care, generally one step below that offered at an acute care hospital. In California, these facilities must be licensed with the California Department of Health Services. A certificate need is not required for a new facility or bed additions.

Life Care Complex (CCRC, life care community, continuing care, campus complex): A housing development planned, designed and operated to provide a full range of accommodations and services for older adults, including independent living, congregate housing and medical care. Residents may move from one level to another as their needs change. Life care complexes typically charge a buy-in fee (sometimes refundable) in addition to a monthly maintenance fee for services.

Age Restricted Housing: Developments that offer home ownership and/or rental units for older persons. Support services often are available for a fee.

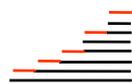
An additional overview of the different senior housing property types and their characteristics is provided on the following page.

Subject Description

Saratoga Retirement Community is an existing, not-for-profit, continuing care retirement community (CCRC) with 143 entry fee apartments and cottages, 80 assisted living units, 18 memory care beds and 94 skilled nursing beds. The subject is a Type “B” (limited health care discounts) continuing care retirement community (CCRC).

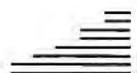
A CCRC is an organization established to provide housing and services, including health care, to people of retirement age. At a minimum, the community meets each of the following criteria:

- 1) It has independent living units and health care facilities, such as congregate living, personal care and intermediate and/or skilled nursing care, or provides for such care;
- 2) It offers a contract that lasts for more than one year and guarantees shelter and various health care services; and
- 3) Its fees for health care utilization are typically (but not always) less than the full cost of such services and have been partly prepaid by the residents through the entry fees.



COMPARATIVE SENIOR HOUSING PROPERTY TYPE CHARACTERISTICS

<u>Feature</u>	<u>Age Restricted Apartments (IL)</u>	<u>Congregate Living Units (ACLF)</u>	<u>Assisted Living Units (ALF)</u>	<u>Alzheimer/Dementia Units (ALZ)</u>	<u>Skilled Nursing Beds (SNF)</u>
Average Age	65-80+	75-85+	80-90+	70-90+	80+
Resident Function Level	Independent, Most Drive	Mostly Independent, Some Drive	Physically or Cognitively Frail, Few Drive	Significant Cognitive Impairment, None Drive	Significant Physical Impairment, None Drive
Purchase Decision Maker	Senior	Senior	Adult Child	Adult Child, Doctor	Adult Child, Doctor
Third Party Payment Source	None (sometimes Section-8)	None	Limited (SSI, Medicaid)	Limited	Extensive (Medicaid, Medicare)
Living Arrangements	Material Number of Couples	Some Couples	Mostly Female, Living Alone	Mostly Female, Living Alone	Mostly Female, Living Alone
Buyer Motivation	100% Housing & Security	50% Services 50% Housing & Security	67% Services 33% Housing	75% Services 25% Housing	75% Services 25% Housing
Services Offered	Recreation	Meals, Housekeeping, Recreation	Meals, Housekeeping, Recreation, Living Assistance	Meals, Housekeeping, Recreation, Living Assistance	Meals, Housekeeping, Recreation, Health Care
Average Monthly Rent	\$500-\$2,000	\$1,500-\$4,000	\$2,000-\$6,000	\$2,500-\$8,000	\$3,000-\$9,000
Average Annual Operating Expense/Unit	\$5,000/	\$30,000/	\$40,000/	\$45,000/	\$73,000/
Operating Margin Before Debt Service	40%-70%	25%-45%	20%-35%	20%-35%	5%-20%
Licensed by State	No	No	Yes	Yes	Yes



A CCRC complex such as the subject is a combination of a) an apartment project; b) a hotel offering meals, housekeeping, and transportation; c) a medical facility offering less intensive medical care than that offered by a hospital, and d) a social club or recreational center offering activities. Newer entry fee communities usually contain a greater number of larger units to accommodate the more active elderly and are developed and sometimes operated for profit, have higher total expenses and operating costs than other senior facilities, and to date, have been rarely sold after fully occupied. Of approximately 1,300 true entry fee projects around the country (about 100 in California), about 80% are owned by not-for-profit operators and 20% by for-profit operators. There are currently about 30 to 40 entry fee communities under development around the country in 2016.

In California, CCRC's (actually the contracts) must be certified with the Department of Social Services, Continuing Care Section. This certification is necessary for all projects offering residents a continuing care contract. The basis of the contract is the receipt of an endowment/entry fee from a potential resident conditioned upon an agreement to furnish housing and lifecare (residents do not usually buy real estate, but right of occupancy and healthcare). State licensing requires that at least 50% of the contracts be subscribed by residents before licensing (evidenced by a minimum 10% down payment), specific deposit subscription and escrow fund requirements, reporting and disclosure requirements and minimum reserve fund accounts.

Saratoga Retirement Community is certified with the California Department of Social Services as a continuing care retirement community. The subject's 80 assisted living and 18 memory care units/beds are currently licensed as residential care facility for the elderly with the California Department of Social Services. The subject's 94 skilled nursing beds are currently licensed with the California Department of Health Services. As of January, 2016, the subject had an overall campus occupancy of approximately 92% (317/345). A summary of subject amenities is provided on the following page; detailed pricing sheets are provided in the Addenda.

Under the existing Saratoga Retirement Community continuing care agreement, the subject accepts as residents of the independent living units persons at least 62 years of age who are able to function independently at the time of admission, and who have sufficient financial resources to pay the entrance fee, monthly service fees and other expenses associated with independent living. Under the terms of the residence agreement, the resident agrees to pay an initial entrance fee and a monthly service fee which entitle the resident to occupy an independent living apartment or cottage unit for a lifetime, subject to certain conditions outlined in the agreement. Residents receive a refund (after a probationary period) under two proposed plan options, summarized below:

1) **90% Refundable Plan**- a 90% refund of their entry fee paid (not the resale fee, the entry fee paid when they moved in) upon death, voluntary withdrawal or permanent transfer to care units/beds. The entry fee under this plan option is higher, with the resident receiving one meal per day and weekly housekeeping and linen service. Under this plan option, residents are also guaranteed access to the campus care components (AL/MC/SN) and receive a modest discount (about 12%/18%) from full market care unit market assisted living/memory care/nursing rents/rates;

2) **Amortizing to Zero Refundable Plan**- a declining refund is made based on the length of stay in the apartment units. The amount of the refund amortizes downward to a zero refund after 60 months (five years). Therefore, after 60 months of occupancy, no refund would be made. The entry fees under the amortizing to zero refund plan option are lower than under the 90% refundable plan option (about 49% lower on average). The monthly fees and health care benefit are the same.



Senior Living Valuation Services, Inc.

Subject Amenities

Fees, continued

apartment or cottage of your choice—or, if the need arises, in an Assisted Living apartment, an Alzheimer's Care apartment, or the Health Care Center.

Q: Is there a refund of fees at any time?

A: Once you assume occupancy of your apartment or cottage, both the Traditional and 90% Returnable plans provide for a 90-day trial period (the "Cancellation Period") during which you may leave the community at your discretion and receive, upon written notice, a refund of all fees minus a reasonable processing fee and fees for the value of services rendered during occupancy. Your Application Processing Fee will not be refunded.

If you choose the Traditional plan, following the trial period you will be eligible for a partial refund based on a 36-month pro-rated formula; after 36 months, no Entrance Fee refund is available.

If you choose the 90% Returnable plan, you shall be entitled to a repayment equal to 90% of your Entrance Fee, provided the conditions outlined in D.X.D.3 of your *Residence and Care Agreement* have been met.

Q: What features are included in my apartment or cottage?

A: Saratoga Retirement Community offers a variety of comfortable, well-designed apartments and cottages. Each residential living accommodation features:

- Wall-to-wall carpeting
- Vinyl flooring
- Window treatments/miniblinds
- Complete kitchen with range, refrigerator, microwave oven, dishwasher, garbage disposal, and washer/dryer hookups

Features, continued

- Telephone hookups
- High-speed Internet access in each apartment and cottage (for an additional fee)
- Individually controlled heat and air conditioning
- Basic cable television access
- Smoke detector and sprinkler system (no sprinklers in the cottages)
- 24-hour wireless emergency response system
- Water, sewer, and trash service

Q: What amenities are available at SRC?

A: In addition to the apartment and cottage residences, Saratoga Retirement Community offers the following:

- Activity and Game Room
- Auditorium
- Arts and Crafts Studio
- Fitness Center
- Indoor Swimming Pool and Spa
- Computer Learning Center
- Library
- Woodworking Shop
- Dining Room
- Café Coffee Shop
- Outdoor Dining Patio
- Club Lounge with liquor lockers, refrigerator, and ice machine
- Private Wine Tasting Room
- Greeting Services
- Walking Trails
- Resident Gardens

(continued)

Services, continued

- Weekly flat linen laundry service
- Housekeeping services every other week (weekly housekeeping in Assisted Living and Alzheimer's Care)
- 24-hour wireless emergency response systems in all apartments and cottages.
- Planned social, recreational, educational, cultural, and spiritual programs
- Educational seminars that explore different aspects of physical, emotional, and spiritual wholeness
- Routine health screenings
- Exercise classes
- Basic cable TV service
- Evening security
- Scheduled transportation
- Access to all SRC campus facilities
- General maintenance and repair of all apartments, cottages, buildings, and common areas
- General upkeep of grounds
- Water, sewer, and trash service

Q: May I furnish and decorate my own apartment or cottage?

A: Absolutely! We encourage residents to individualize their homes. When you move in, you'll have the opportunity to customize your apartment with your choice of paint, carpeting, and vinyl flooring. Should you desire to do so, you will also have the opportunity to upgrade your choice of flooring, carpeting, counter tops, and other interior design appointments. You supply your own furniture and decorate to your taste.

(continued on back)



Of the current resident base, about 50% of all residents have chosen the traditional amortizing to zero refund plan option and 50% the 90% refundable plan option. Entrance fees under the 90% refundable plan option entry fees currently range from \$504,000 to \$1,987,000 (\$904,280 average; \$460,580 average under the traditional plan), with monthly fees ranging between \$3,060 to \$6,759 (\$5,320 average).

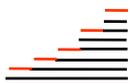
Services provided to residents at no additional cost include one meal per day (plus continental breakfast), weekly housekeeping and laundry linen/towel service, building and grounds maintenance, custodial service, scheduled transportation service, all utilities except telephone and cable television, special diet and tray service when approved by a physician, planned activities, parking, use of all common and activity areas and programs, an emergency call system, wellness programming, storage, legal guaranteed access to the care center and facility security. The entry fee residence agreement also entitles residents guaranteed access to health care at approximately 12% to 18% discounts from full market assisted living/memory care/skilled nursing full market rents/rates, respectively. Monthly service fees are subject to increase at the discretion of the owner upon 30 days notice to the residents.

Residents are required to maintain Medicare coverage (Parts A and B), if eligible, or comparable coverage, and one supplemental health insurance policy. If a resident becomes unable to care for himself or herself with range of the services provided in the independent living units (apartments or cottages) as determined by management in conjunction with the resident's family and personal physician, the resident is to be assigned to the health center beds. Residents requiring health care receive priority over non-residents for admission to the health care center (assisted, memory care or skilled care) and receive such care at slight discounts from market rents/rates. If a resident is permanently assigned to a care bed/unit, the resident's apartment/cottage will become available for occupancy by another resident. If at some point in the future the resident recovers sufficiently to return to the independent living units, an apartment/cottage will be made available for the resident's use, depending upon availability.

Market Area Definition

Our experience in analyzing senior housing indicates that these facilities have a total target market area of approximately 20 to 30 miles from the site. This area represents a reasonable driving distance for relatives and friends and reflects the fact that most elderly do not move great distances when choosing the elderly housing option. A primary market area is generally defined as an area from which a facility will draw about 70% of its residents. The other 30% of residents would typically be relocated to the area by their adult children who live within or near the primary market area. Perhaps more important than a strict definition of market area based on distance, is the overall character of the development's environment, whether it be urban, suburban, or small town/rural.

In our opinion, the primary market area for the subject probably extends about 7 miles outward from the subject site in all directions. This would include large portions of the South Bay, including all of Saratoga, Monte Sereno, Los Gatos, Campbell, Cupertino and portions of Sunnyvale, Santa Clara and San Jose. This definition of market area is consistent with the current residents' prior addresses. This definition of market area is reasonable, consistent with other local entry fee CCRC's (market areas are typically larger for entry fee projects than rental projects) and reflects the local population density.



Primary Market Area (7 Mile Ring)



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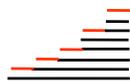
Competitive Facility Supply

During the course of our appraisal, we identified those existing and proposed projects which would allow us to assess the market value, market attractiveness and overall competitive market environment of the subject's components. Our survey is broken down into three major categories of facilities:

- 1) **Regional Entry Fee Facilities** - All licensed entry fee retirement facilities located in Santa Clara County. Most of these projects are somewhat comparable to the subject and compete with the subject's entry fee units;
- 2) **Market Area Rental Senior Housing Facilities** - All larger, high end congregate rental projects (ACLF's, ALF's and MC's) impacting the subject's immediate market area. These projects marginally impact the subject's entry fee units and compete more directly with the subject's assisted living and memory care units;
- 3) **Market Area Long Term Care Facilities** - All licensed nursing facilities impacting the subject's market area. Like local rental projects, these projects compete with the subject's skilled nursing beds.

Regional Entry Fee Facilities - The survey on the following pages list the licensed entry fee CCRC's facilities in Santa Clara County (up to about 20 miles). Photographs of these most comparable facilities are provided in the Addenda of this report. As shown, there is only one entry fee community located directly within the subject's seven mile primary market area (and only two within 12 miles).

Like most markets around the country which include mostly not-for-profit projects (about 80%), only three of the 10 surveyed CCRC projects are for profit projects (Nos. 7, 8 and 9). All of the projects are fully operational and effectively fully occupied; the average reported occupancy of the nine regional entry fee CCRC's surveyed is about 95.8%. Only two of the surveyed projects offer villa type units (Nos. 1 and 2) like the subject. Most (but not all) projects offer a full continuum of housing and care on site. Unlike the subject, only some (5 out of 9) regional CCRC projects offer multiple entry fee plan options; two projects offer an equity interest in their units, Nos. 2 and 7. Only two of the listed projects have been built in the last 15 years (Nos. 4 and 8), making the 2004 redeveloped subject campus among the newest CCRC's in the South Bay. The entry fee projects surveyed can be summarized as follows:



**SARATOGA RETIREMENT COMMUNITY
REGIONAL ENTRY FEE FACILITIES**

No.	Name/Location	Yr. Built/ Miles from Subject	Total ILU	Unit/Beds SNF ALU	ILU Unit Type	ILU Unit Sizes	Entry Fee		Monthly Fee		Reported Occupancy
							Entry Fee	Entry Fee/ S.F.	Monthly Fee	Monthly Fee/SF	
1.	The Terraces 800 Blossom Hill Road Los Gatos (408) 356-1006	1992/6.4	175	59 33	Alcove	623	\$175,453	\$282	\$3,235	\$5.19	94%
					1BR	782-788	\$253,455-\$268,785	\$324-\$341	\$3,685	\$4.68-\$4.71	
					2BR	1,070-1,229	\$367,162-\$411,997	\$335-\$343	\$4,362-\$4,587	\$3.73-\$4.08	
					Patio Home	1,312	\$477,944	\$364	\$6,310	\$4.81	
2.	The Forum at Rancho San Antonio 23500 Cristo Rey Drive Cupertino (650) 265-2637	1991/8.8	319	48 34	Alcove	623	(amortizable) \$426,638	\$685	Same		94%
					1BR	782-788	\$582,642-\$613,302	\$745-\$778			
					2BR	1,070-1,229	\$810,056-\$899,726	\$732-\$757			
					Patio Home	1,312	\$1,031,610 (% refundable)	\$786			
3.	Terraces - Los Altos 373 Pine Lane Los Altos (650) 948-8291	1951-97- 2015/ 2016 12.5	24 (+81)	30 46	Studio	270-433	\$131,600-\$184,500	\$426-\$487	\$2,635-\$3,073	\$7.10-\$9.76	94%
					1BR	650	\$291,660-\$335,710	\$443-\$449	\$4,892-\$5,328	\$7.03-\$7.53	
					2BR	970	\$399,160-\$556,160	\$412-\$573	\$5,542-\$5,978	\$5.71-\$6.16	
					Studio	270-433	(amortizable) \$176,700-\$282,500	\$652-\$654	Same		
4.	Moldaw 899 East Charleston Palo Alto (650) 433-3600	2009/15	171	0 7	1BR	700-900	\$566,685-\$783,510	\$810-\$871	\$3,284-\$3,915	\$4.35-\$4.69	90%
					2BR	1,090-1,150	\$934,080-\$949,363	\$826-\$857	\$4,555-\$4,847	\$4.18-\$4.21	
					3BR	1,600	\$1,369,515	\$856	\$6,783	\$4.24	
							(+\$20,000) (% refundable)		(+\$972)		



SARATOGA RETIREMENT COMMUNITY
REGIONAL ENTRY FEE FACILITIES
(continued)

No.	Name/Location	Yr. Built/ Miles from Subject	Total ILU	Unit/Bed SNF	ALU	ILU Unit Type	ILU Unit Sizes	Entry Fee		Monthly Fee		Reported Occupancy
								Entry Fee	Entry Fee/ S.F.	Monthly Fee	Monthly Fee/SF	
5.	Channing House 850 Webster Palo Alto (650) 327-0950	1964/18	187	21	48	Studio/Alcove 1BR 2BR	390-520 670-815 970	\$159,000-\$304,000 \$325,000-\$649,000 \$1,222,200-\$1,575,000 (amortizable)	\$408-\$585 \$485-\$796 \$1,260-\$1,624	\$8.21-\$8.48 \$6.64-\$7.99 \$8.87-\$10.26	95%	
						Studio/Alcove 1BR 2BR	390-520 670-815 970	\$286,000-\$547,200 \$585,000-\$1,060,200 \$1,222,200-\$1,575,000 (% refundable)	\$733-\$1,052 \$873-\$1,301 \$1,260-\$1,624	Same		
6.	The Sequoias 501 Portola Road Portola Valley (650) 851-1501	1961/19	224	48	20	Studio 1BR 2BR	440-560 700 900	\$85,000 \$228,600 \$396,800-\$663,600 (+\$24,000) (amortizable)	\$195 \$408 \$567-\$737	\$3,241 \$4,066 \$5,664-\$6,480	99%	
						Studio 1BR 2BR	440-560 700 900	\$149,800 \$400,100 \$694,400-\$1,171,600 (+\$30,000) (% refundable)	\$340 \$714 \$992-\$1,302	Same		
7.	The Hamilton 555 Byron Street Palo Alto (650) 463-1400	1997/19	36	0	0	2BR 3BR	1,354-1,548 1,589-2,574	\$1,200,000-\$1,250,000 \$1,488,000-\$1,981,000 (condominium)	\$807-\$886 \$770-\$936	\$4,211 \$4,315-\$5,200	100%	
8.	Vi-Palo Alto 620 Sandhill Road Palo Alto (650) 838-0300	2005/19	388	38	62	1BR 2BR 3BR	826-1,092 1,245-2,121 4,212	\$589,400-\$945,700 \$987,000-\$2,301,200 \$3,469,000-\$4,055,700 (+\$37,500) (non-refundable)	\$714-\$866 \$793-\$1,085 \$824-\$963	\$4,220-\$5,220 \$5,690-\$7,610 \$9,550 (+\$2,040)	96%	
						1BR 2BR 3BR	826-1,092 1,245-2,121 4,212	\$785,800-\$1,260,900 \$1,316,000-\$3,068,300 \$4,851,800-\$5,672,300 (+\$37,500) (% refundable)	\$951-\$1,155 \$1,058-\$1,447 \$1,347-\$1,152	Same		



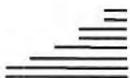
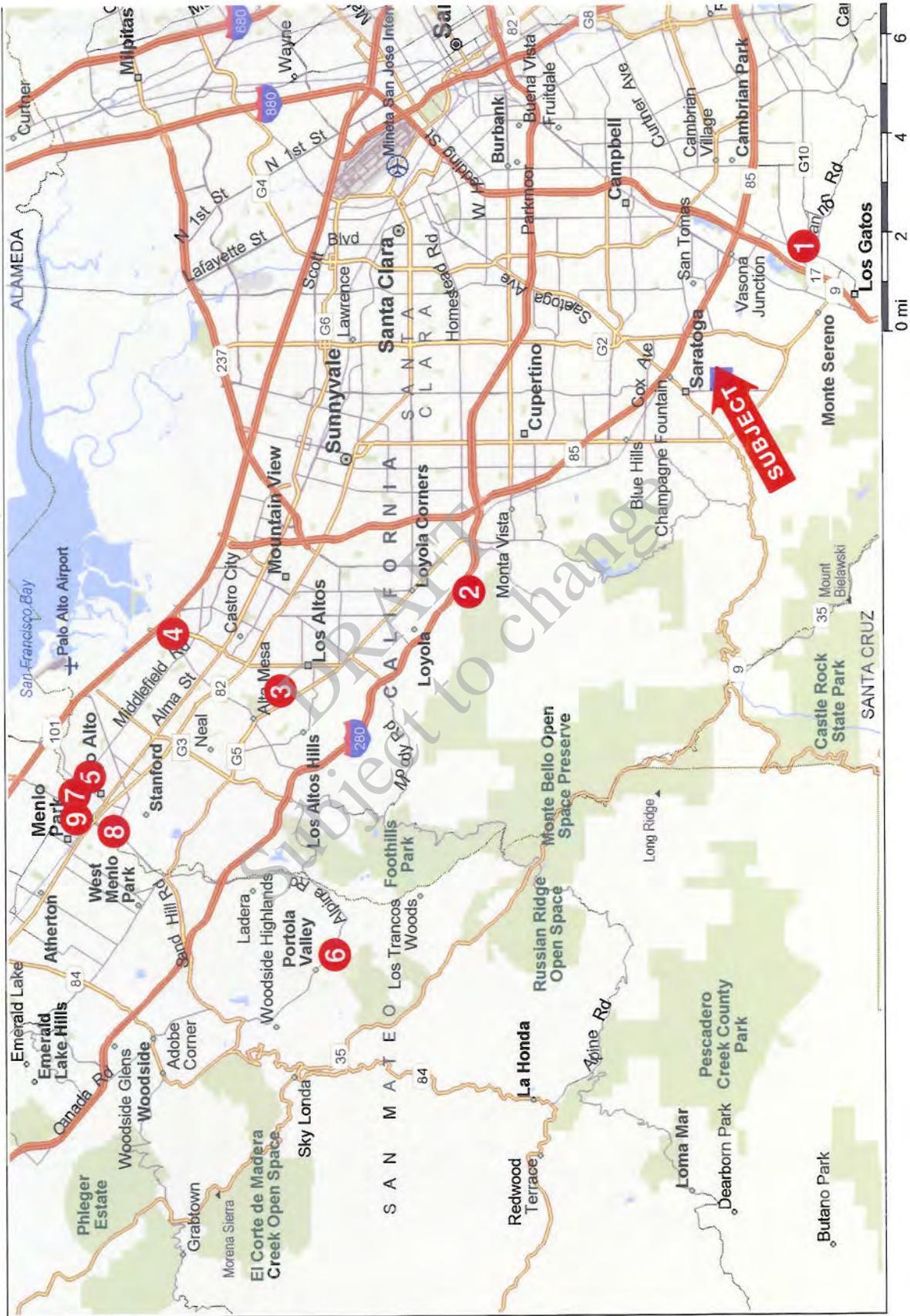
**SARATOGA RETIREMENT COMMUNITY
REGIONAL ENTRY FEE FACILITIES**
(continued)

No.	Name/Location	Yr. Built/ Miles from Subject	Total ILU	Unit/Bed		ILU Unit Type	ILU Unit Sizes	Entry Fee		Entry Fee/ S.F.	Monthly Fee		Reported Occupancy
				SNF	ALU			Entry Fee	Entry Fee		Monthly Fee	Monthly Fee/ Fee/SF	
9.	Webster House 401 Webster Palo Alto (650) 327-4333	1985/19	42	0	4	1BR 2BR	656-1,089 946-1,192	\$410,000-\$540,150 \$975,000 (+\$30,000) (% refundable)	\$496-\$625 \$818-\$1,031	\$4,342-\$4,680 \$5,237 (+\$1,298)	\$4.30-\$6.62 \$4.39-\$5.57	100%	
S.	Saratoga Retirement 14500 Fruitvale Avenue Saratoga (408) 741-7100	1912/2002/ 2004/46	143	94	108	1BR 2BR 2BR Cottage 1BR 2BR 2BR Cottage	722-1,040 1,145-1,563 1,420-1,835 722-1,040 1,145-1,563 1,420-1,835	\$257,000-\$363,000 \$408,000-\$558,000 \$568,000-\$709,000 (amortizable) \$504,000-\$719,000 \$784,000-\$1,130,000 \$1,134,000-\$1,987,000 (% refundable)	\$349-\$357 \$349-\$364 \$381-\$400 \$684-\$706 \$599-\$740 \$767-\$810	\$3,060-\$4,459 \$4,954-\$6,759 \$6,025-\$7,457 Same	\$4.24-\$4.30 \$4.24-\$5.09 Same	92%	



Senior Living Valuation Services, Inc.

Regional CCRC Facilities

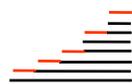


Senior Living Valuation Services, Inc.

<u>No.</u>	<u>Project</u>	<u>Physical Plant Comparability to Subject</u>	<u>Amenities Package Comparability to Subject</u>	<u>General Comments</u>
1.	Terraces-Los Gatos	Comparable	Comparable	Better quality project; key competitor to subject
2.	Rancho San Antonio	Comparable	Comparable	High end project; cooperative structure; similar physical plant to subject
3.	Terraces-Los Altos	Inferior	Comparable	Older, smaller project; undergoing major campus redevelopment
4.	Moldaw	Comparable	Comparable	New and modern; struggled since opening; Jewish senior target market
5.	Channing House	Inferior	Comparable	Solid, middle tier project; high rise
6.	Sequoias	Inferior	Comparable	Solid, middle market project; semi-rural location
7.	Hamilton	Superior	Inferior	Small, condo structure; huge units; no AL/SNF
8.	Vi	Superior	Comparable	Very high end; highest entry fees in country
9.	Webster House	Comparable	Inferior	Small project; no on site AL/SNF

The subject physical plant can match the quality of almost any regional CCRC although Vi in Palo Alto (which has the entry fees of any CCRC in the country) and the small Hamilton condominium project feature large units and a very high overall quality, superior to even the high end subject. Those campuses most similar to the subject are discussed in detail below.

Comparable No. 1 (Terraces/Northern California Presbyterian Homes) is a high quality, not-for-profit CCRC located about 6.4 miles southeast of the subject in Los Gatos. This facility opened in 1992; it includes 175 entry fee apartments and cottages (only a few cottages), 33 assisted living beds and 59 nursing beds. This facility offers larger units of an overall quality and living environment similar to the subject. This project is located near retail amenities but its overall neighborhood location is inferior to the subject (and Los Gatos is not considered to be as high end as Saratoga). Nevertheless, this 94% occupied project is the subject's most significant competitor. It also offers multiple entry fee plan options like the subject.



Comparable No. 2 (Forum at Rancho San Antonio/Marriott from Forum) is located about nine miles northwest of the subject in Cupertino. This high end, 1991 built, for-profit project includes 319 entry fee apartments and cottages, 47 nursing beds and 34 assisted living units. This project's units are somewhat larger and more similar to the subject; it includes a high quality health center. Of the listed entry fee CCRC's, this project probably has the most similar physical plant and neighborhood location to the subject. However, it has a cooperative entry fee structure (seniors own equity shares in the corporation which owns the buildings) which is a substantial difference with the subject's entry fee structures. Nevertheless, this project competes with the subject; it is reportedly 94% occupied.

Comparable No. 4 (Moldaw Family Residences/Taube Koret) is the newest CCRC in the South Bay, having opened in 2009. This not-for-profit campus is located in Palo Alto about 15 miles northwest of the subject. It is part of the larger Taube Koret Jewish Community Center and has a specialized Jewish senior target market. The retirement community includes 171 apartments and 7 assisted living units (no nursing beds). The project has struggled since opening but is currently reportedly about 90% occupied.

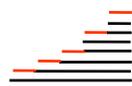
The other surveyed projects are less similar, older and/or located greater distances from the subject and will have no material competitive impact on the subject. The financial programs/options of all entry fee projects are summarized on the following page. Entry and monthly fees at these projects are directly compared to the subject in the Income Approach section of this report. Only a few projects offer multiple plan options like the subject.

On a following page, we have ranked the surveyed CCRC projects on various locational and quality characteristics. Though the ranking is subjective, it is consistent. As shown, the subject ranks toward the upper end of the projects surveyed.

Market Area Rental Senior Housing Facilities (ACLF/AL/MC) - On a following page, we have surveyed the congregate senior rental projects (congregate, assisted, memory care) impacting the subject's immediate market area (an approximate seven mile radius). The overall lack of entry fees and CCRC licensing guaranteeing access to on site health care, makes these projects only peripherally competitive or comparable to the subject's entry fee units, if at all. However, these projects compete with the subject's 108 assisted living and memory care units. None of the market area projects offers the subject's continuum of housing and care on site and none is located adjacent to a nursing home or within a large campus style site; none are located in Saratoga. All are for-profits. The projects as a group could be characterized as being average in overall quality and older (an exception includes the 2002 built No. 7/Belmont Village in San Jose).

Of the surveyed projects, the subject's California Villas assisted living and memory care units would be most similar to the higher tier assisted living projects with a more varied unit mix. This would only include Comparable No. 7 (Belmont Village/137 AL/MC units/6.5 miles northeast of subject) which is the most similar of the rental projects to the subject assisted living/memory care components.

The other projects surveyed have more significant differences and have no material competitive impact on the subject. Comparable No. 6 (Mission Villa) is a good quality, smaller 24 unit/48 bed, 100% memory care project that competes with the subject's modest number (only 18) of memory care beds. The overall occupancy of all local congregate/assisted living rental projects surveyed is a high 97.1%.



SARATOGA RETIREMENT COMMUNITY
REGIONAL ENTRY FEE FACILITIES-FEE REFUNDABILITY

<u>No.</u>	<u>Facility</u>	<u>Average 1 BR Entry Fee</u>	<u>Fee Refundable After 8 Years (1)</u>	<u>% Refundable</u>	<u>Notes:</u>
1.	The Terraces	\$ 597,972	\$ 478,378	80%	Entrance fee amortizes to zero refund after 66.7 months; 50% and 80% refundable options available.
2.	The Forum at Rancho San Antonio	±\$ 801,040	±\$ 801,040	±100%	Cooperative sale price plus or minus appreciation.
3.	Terraces - Los Altos	\$ 464,200	\$ 371,360	80%	Entrance fee amortizes to zero refund after 44 months; 50% and 80% refundable options available.
4.	Moldaw Family Residence	\$ 675,098	\$ 607,588	90%	Entrance fee 90% refundable (market rate apartments).
5.	Channing House	\$ 822,600	\$ 658,080	80%	Entrance fee 80% refundable; non-refundable option plan also available.
6.	The Sequoias	\$ 400,100	\$ 360,090	90%	Entrance fee amortizable to zero after 36 months; 90% refundable plan available.
7.	The Hamilton	\$1,225,000 (2BR)	\$1,194,375 (2BR)	±97.5%	Condominium sale price plus or minus appreciation, less 2.5% fee to the Palo Alto senior center.
8.	Vi-Palo Alto	\$1,023,350	\$ 716,345	70%	Entrance fee 70% refundable; non-refundable plan also available.
9.	Webster House	\$ 475,075	\$ 332,553	70%	Membership fee 70% refundable.
S.	Saratoga Retirement	\$ 855,450	\$ 769,905	90%	Entrance fee 90% refundable; amortizable to zero refund option available.

NOTES:

(1) Estimated average life expectancy at entry.



**SARATOGA RETIREMENT COMMUNITY
COMPARATIVE EVALUATION OF MARKET AREA FACILITIES**

Comp No. Name	Locational Characteristics					Quality Characteristics						
	Access	Trans- portation	Recreation	Personal Services	Health Services	Total	Project Construction	Project Design	Amenities	Neighborhood	Total	
Subject	3	3	3	3	3	15	5	5	5	5	20	35
1. The Terraces	3	3	3	4	3	16	5	4	5	3	17	33
2. The Forum at RSA	3	3	4	3	3	16	4	4	5	4	17	33
3. Terraces Los Altos	3	3	3	3	3	15	3	3	5	4	15	30
4. Moldaw Family Residence	4	3	3	4	3	17	5	4	4	3	16	33
5. Channing House	3	3	3	4	3	16	3	3	5	5	16	32
6. The Sequoias	3	3	4	3	3	16	3	3	5	4	15	31
7. The Hamilton	3	3	3	4	3	16	5	4	3	4	16	32
8. Classic Residence by Hyatt	3	3	5	5	5	21	5	5	5	4	19	40
9. Webster House	3	3	3	4	3	16	4	4	4	3	15	31

Quality Grid

- 5 - Excellent
- 4 - Good
- 3 - Average
- 2 - Below Average



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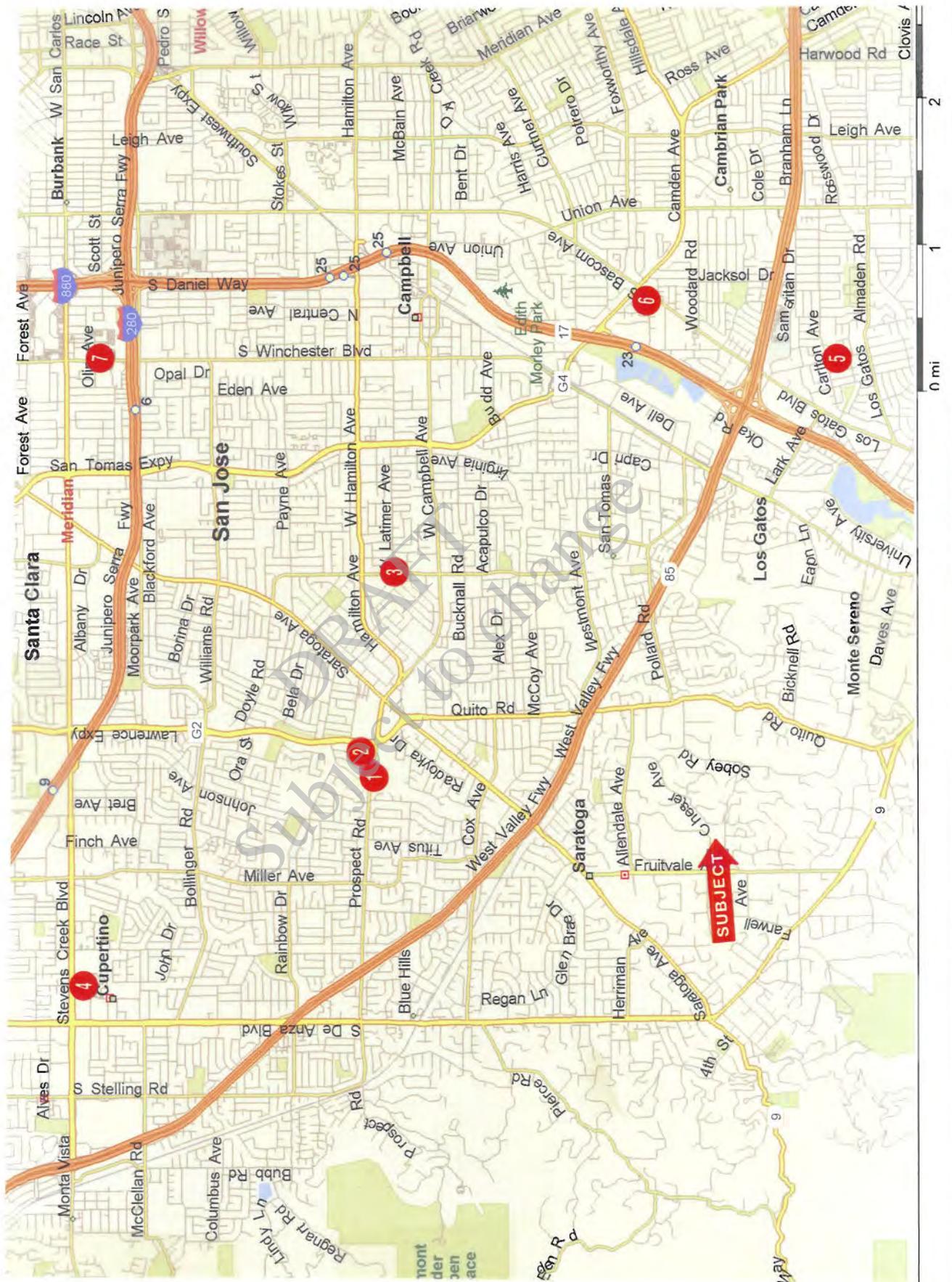
**SARATOGA RETIREMENT COMMUNITY
CENSUS OF MARKET AREA ACLF/AL RENTAL FACILITIES**

No.	Name/Location	Age/ Miles From Subject	Total Units/ ALA/Z Beds	Unit Type	Size- S.F.	Congregate (ACLF) Units		Assisted Living (AL) Units			Total Reported Occupancy
						Monthly Rent	Rental/ S.F.	Private	Semi- Private	Alz	
1.	Villa Fontana 5555 Prospect Road San Jose (408) 255-5555	1974/ 3.1	81/71/10	Studio	320- 465 575	\$3,100	\$6.67- \$9.69 \$13.09	\$3,550- \$3,900 \$4,050- \$4,400	-	N/A	100%
2.	Westgate Villa 5424 Mayme Avenue San Jose (408) 366-6510	1972/ 3.2	32/60/0	Studio	336	Not Available		\$7,980	\$3,990	N/A	97%
3.	Campbell Village 290 N. San Tomas Aquino Campbell (408) 378-2535	1977/ 3.9	70/90/0	Studio IBR	225- 250 475 (est.)	\$2,695- \$2,895 \$3,500	\$11.98- \$13.58 \$7.37- \$8.42	\$2,695- \$3,395 \$3,500- \$4,000	-	N/A	97%
4.	Chateau Cupertino 10150 Torre Avenue Cupertino (408) 446-4300	1988/ 5.3	169/0/0	Studio IBR 2BR	400 500- 625 750 1,000	\$2,525- \$3,295 \$2,775- \$2,775 \$3,735 (+\$750)	\$5.27- \$6.31 \$5.55- \$5.55 \$3.74- \$4.98	Not Available	Not Available	N/A	92%
5.	Cedar Creek Alzheimer's & Dementia Center 15245 National Avenue Los Gatos (408) 356-5636	1996/ 5.4	29/0/58	Studio	-	Not Available		Not Available	Not Available	\$12,972 (P) \$6,486 (SP) (all inclusive)	99%
6.	Mission Villa 3333 S. Bascom San Jose (408) 559-8301	1998/ 5.6	24/0/48	Studio	-	Not Available		Not Available	Not Available	\$12,000 (P) \$5,900 (SP) (all inclusive)	98%
7.	Belmont Village 440 S. Winchester Blvd. San Jose (408) 984-4767	2002/ 6.5	137/125/12	Studio IBR	263 405 510- 600	Not Available		\$4,925- \$6,145 \$6,650- \$8,170	\$3,500- \$4,720	\$7,570- \$7,675 (P) \$9,700- \$10,505 (SP)	97%



Senior Living Valuation Services, Inc.

Market Area Senior Rental Facilities



Senior Living Valuation Services, Inc.

Proposed Senior Housing Projects- From local jurisdictions and the California Department of Social Services, there are no proposed senior communities within or near the subject primary area that could have a material competitive impact on the subject. However, CCRC No. 3 (Terraces-Los Altos) is currently undergoing a major campus redevelopment that includes the construction of (81) modern, high end entry fee units. Located about 12.5 miles northwest of the subject in a residential neighborhood of Los Altos, this redevelopment bears monitoring as it peripherally competitively impact the subject (muted by distance).

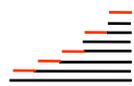
Market Area Demand

To measure the theoretical size of the subject primary market area demand, we have analyzed demographic statistics extrapolated from the 2010 census for 2015 and 2020 by a national demographic service. These demographic statistics, illustrating households by age and income, are shown on a following page for the subject's seven mile primary market area. These demographic statistics are used to calculate market saturation rate necessary to help analyze the market environment of the subject property. Specifically, this analysis:

- 1) Determines the number of age (75+) and income (\$35,000+) qualifying senior households within the market area (7 mile primary market area). These parameters establish the difference scenarios for calculating the market saturation rates;
- 2) Calculates the total number of existing competitive units impacting the subject's market area through overlapping market areas (estimated at 408 CCRC units and 1,200 estimated rental units, or 1,608 units in total, without the subject);
- 3) Analyzes the market environment of the subject property given the calculated market saturation rates.

Our market saturation rate analysis (15.0% local market saturation rate before the subject) as illustrated on the following page suggests an only moderately competitive local senior housing market environment when considering all major senior housing projects, which is consistent with the high occupancies at the market area projects. It is important to keep in mind that saturation rate analysis is only a tool used to measure the overall level of saturation in any one market area. It cannot take into account the specific characteristics of one development. For example, a project with superior construction or location (like the subject), amenities package, or marketing plan could be successful even in a highly saturated market. This analysis is only presented to measure the degree to which the subject's primary market area is overbuilt. Overall, it can be concluded that the subject is operating in an environment with a full range of senior housing options, serving a very large sized, concentrated and more affluent local senior household target market (average supply/high demand).

On a following page, we have placed the subject market area's saturation of senior housing units within a continuum of senior housing saturation rates in other markets. As shown, the subject market area ranks well below the median and average of the saturation rates listed in the continuum, a positive local market indicator.



**SARATOGA RETIREMENT COMMUNITY
MARKET SATURATION ANALYSIS**

	#HH (2)	Saturation Rates (1) (4)		Subject Only (251 Units) (5)
		Without Subject- (1,608 Units) (3)	With Subject- (1,859 Units)	
Primary Market Area- 7 Mile Radius				
<u>2015 Estimate</u>				
75+, \$35,000 Inc.	12,438	12.9%	15.0%	2.0%
<u>2020 Projection</u>				
75+, \$35,000 Inc.	14,084	11.4%	13.2%	1.8%

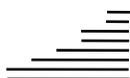
Notes:

- (1) Market saturation rates represent the (entry fee and rental) percentage of total market demand which is necessary to absorb a) existing units not including the subject or b) existing units including the subject.
- (2) Number of income and age qualifying households within primary market area (7 mile radius) per Nielsen.
- (3) Number of competitive units estimated at 408 CCRC units (75% of No. 1 and 50% of Nos. 2 to 3) and approximately 1,200 estimated rental units.

(4) <u>Saturation Level</u>	<u>Evaluation of Overall Market Environment</u>
0 - 10%	Lightly Competitive
10 - 20%	Moderately Competitive
20 - 30%	Heavily Competitive
30%+	Extremely Competitive

- (5) Evaluation of penetration rates:

These penetration rates represent the total market percentage which the subject alone must capture to absorb its units. Penetration rates below 2% are generally regarded as positive for a project; 2% to 5% neutral, and over 5% are considered more difficult (but not impossible) to achieve/sustain.



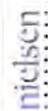
Primary Market Area Demographic Data – 2015 Projection (7 Mile Ring)

Pop-Facts: Household Income by Age of Householder 2015

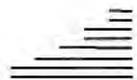
Radius 2: 14500 FRUITVALE AVE, SARATOGA, CA 95070-6165, 0.00 - 7.00 Miles, Total

2015 Estimate Age/Income	Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65 - 74	Age 75 - 84	Age 85+
Household Totals	4,795	24,647	39,626	47,536	38,028	22,090	14,198	7,552
% of Total Households	2.42%	12.42%	19.97%	23.95%	19.16%	11.13%	7.15%	3.81%
Income Less than \$15,000	1,270	1,240	1,111	2,393	2,520	1,238	1,625	1,501
% Across Age Ranges	9.85%	9.61%	8.61%	18.55%	19.54%	9.60%	12.60%	11.64%
% Within Age Range	26.49%	5.03%	2.80%	5.03%	6.63%	5.60%	11.45%	19.88%
Income \$15,000 - \$24,999	384	1,132	991	1,539	1,604	1,502	2,054	1,527
% Across Age Ranges	3.58%	10.55%	9.23%	14.34%	14.94%	13.99%	19.14%	14.23%
% Within Age Range	8.01%	4.59%	2.50%	3.24%	4.22%	6.80%	14.47%	20.22%
Income \$25,000 - \$34,999	343	1,297	1,206	1,890	1,844	1,580	1,502	1,013
% Across Age Ranges	3.19%	12.05%	11.20%	17.56%	17.13%	14.68%	14.79%	9.41%
% Within Age Range	7.15%	5.26%	3.04%	3.98%	4.85%	7.15%	11.21%	13.41%
Income \$35,000 - \$49,999	808	2,566	2,548	2,770	2,619	2,771	2,270	1,046
% Across Age Ranges	4.64%	14.75%	14.65%	15.92%	15.05%	15.93%	13.05%	6.01%
% Within Age Range	16.85%	10.41%	6.43%	5.83%	6.89%	12.54%	15.99%	13.85%
Income \$50,000 - \$74,999	851	3,569	4,034	4,417	3,811	3,913	2,226	931
% Across Age Ranges	3.58%	15.03%	16.98%	18.60%	16.04%	16.47%	9.37%	3.92%
% Within Age Range	17.75%	14.48%	10.18%	9.29%	10.02%	17.71%	15.68%	12.33%
Income \$75,000 - \$99,999	409	3,419	4,434	5,139	4,124	2,636	1,287	456
% Across Age Ranges	1.87%	15.61%	20.24%	23.46%	18.83%	12.03%	5.88%	2.08%
% Within Age Range	8.53%	13.87%	11.19%	10.81%	10.84%	11.93%	9.06%	6.04%
Income \$100,000 - \$124,999	248	3,142	5,074	5,363	3,885	2,297	835	447
% Across Age Ranges	1.16%	14.76%	23.83%	25.19%	18.25%	10.79%	3.92%	2.10%
% Within Age Range	5.17%	12.75%	12.80%	11.28%	10.22%	10.40%	5.88%	5.92%
Income \$125,000 - \$149,999	226	2,172	3,784	4,379	3,329	1,626	674	300
% Across Age Ranges	1.37%	13.17%	22.95%	26.56%	20.19%	9.86%	4.09%	1.82%
% Within Age Range	4.71%	8.81%	9.55%	9.21%	8.75%	7.36%	4.75%	3.97%
Income \$150,000 - \$199,999	135	2,702	6,451	6,371	4,557	2,036	813	181
% Across Age Ranges	0.58%	11.62%	27.75%	27.41%	19.60%	8.76%	3.50%	0.78%
% Within Age Range	2.82%	10.96%	16.28%	13.40%	11.98%	9.22%	5.73%	2.40%
Income \$200,000 or more	121	3,408	9,993	13,275	9,735	2,491	822	150
% Across Age Ranges	0.30%	8.52%	24.99%	33.19%	24.34%	6.23%	2.06%	0.38%
% Within Age Range	2.52%	13.83%	25.22%	27.93%	25.60%	11.28%	5.79%	1.99%
Median Household Income	\$42,438	\$93,419	\$127,744	\$126,470	\$116,036	\$75,396	\$47,077	\$32,380

Prepared On: Fri Jan 15, 2016



Prepared For: SARATOGA RETIREMENT COMMUNITY



Senior Living Valuation Services, Inc.

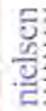
Primary Market Area Demographic Data – 2020 Projection (7 Mile Ring)

Pop-Facts: Household Income by Age of Householder 2015

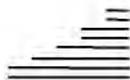
Radius 2: 14500 FRUITVALE AVE, SARATOGA, CA 95070-6165, 0.00 - 7.00 Miles, Total

2020 Projection	Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65 - 74	Age 75 - 84	Age 85+
Household Totals	5,434	21,758	37,979	47,615	44,907	27,956	15,814	7,626
% of Total Households	2.60%	10.41%	18.16%	22.77%	21.48%	13.37%	7.56%	3.65%
Income Less than \$15,000	1,353	902	900	1,990	2,520	1,386	1,629	1,383
% Across Age Ranges	11.22%	7.48%	7.46%	16.50%	20.89%	11.49%	13.50%	11.46%
% Within Age Range	24.90%	4.15%	2.37%	4.18%	5.61%	4.96%	10.30%	18.14%
Income \$15,000 - \$24,999	429	816	817	1,257	1,593	1,704	2,154	1,502
% Across Age Ranges	4.18%	7.94%	7.95%	12.24%	15.51%	16.59%	20.97%	14.62%
% Within Age Range	7.89%	3.75%	2.15%	2.64%	3.55%	6.10%	13.62%	19.70%
Income \$25,000 - \$34,999	401	997	1,018	1,609	1,871	1,831	1,675	1,013
% Across Age Ranges	3.84%	9.55%	9.76%	15.61%	17.93%	17.55%	16.05%	9.71%
% Within Age Range	7.38%	4.58%	2.68%	3.42%	4.17%	6.55%	10.59%	13.28%
Income \$35,000 - \$49,999	871	1,974	2,196	2,405	2,688	3,230	2,434	1,045
% Across Age Ranges	5.17%	11.72%	13.04%	14.28%	15.96%	19.18%	14.45%	6.20%
% Within Age Range	16.03%	9.07%	5.78%	5.05%	5.99%	11.55%	15.39%	13.70%
Income \$50,000 - \$74,999	974	2,858	3,540	4,011	4,130	4,736	2,440	960
% Across Age Ranges	4.12%	12.09%	14.97%	16.96%	17.46%	20.03%	10.32%	4.06%
% Within Age Range	17.92%	13.14%	9.32%	8.42%	9.20%	16.94%	15.43%	12.59%
Income \$75,000 - \$99,999	484	2,853	3,949	4,709	4,542	3,244	1,455	473
% Across Age Ranges	2.23%	13.14%	18.19%	21.69%	20.92%	14.94%	6.70%	2.18%
% Within Age Range	8.91%	13.11%	10.40%	9.89%	10.11%	11.60%	9.20%	6.20%
Income \$100,000 - \$124,999	274	2,692	4,493	4,969	4,304	2,867	945	476
% Across Age Ranges	1.30%	12.81%	21.37%	23.64%	20.48%	13.64%	4.50%	2.26%
% Within Age Range	5.04%	12.37%	11.83%	10.44%	9.58%	10.26%	5.98%	6.24%
Income \$125,000 - \$149,999	285	2,087	3,664	4,513	4,103	2,243	840	352
% Across Age Ranges	1.58%	11.54%	20.26%	24.95%	22.68%	12.40%	4.64%	1.95%
% Within Age Range	5.24%	9.59%	9.65%	9.48%	9.14%	8.02%	5.31%	4.62%
Income \$150,000 - \$199,999	174	2,642	6,237	6,487	5,558	2,761	1,032	220
% Across Age Ranges	0.69%	10.52%	24.84%	25.83%	22.13%	11.00%	4.11%	0.88%
% Within Age Range	3.20%	12.14%	16.42%	13.62%	12.38%	9.88%	6.53%	2.88%
Income \$200,000 or more	189	3,937	11,165	15,645	13,598	3,954	1,210	202
% Across Age Ranges	0.38%	7.89%	22.37%	31.35%	27.25%	7.92%	2.42%	0.40%
% Within Age Range	3.48%	18.09%	29.40%	32.86%	30.28%	14.14%	7.65%	2.65%
Median Household Income	\$44,196	\$104,451	\$139,175	\$140,715	\$129,907	\$83,409	\$50,155	\$34,162

Prepared On: Fri Jan 15, 2016



Prepared For: SARATOGA RETIREMENT COMMUNITY



Senior Living Valuation Services, Inc.

**SARATOGA RETIREMENT COMMUNITY
COMPARATIVE CALIFORNIA MARKET SENIOR HOUSING
SATURATION STATISTICS**

<u>Market Area</u>	<u>Number of Age and Income Qualifying HH (75+ \$35,000 Income+)</u>	<u>Market Saturation Percentage</u>
Rocklin	1,534	47.0%
Thousand Oaks	2,012	39.8%
Monterey	2,966	39.7%
Oakland	1,975	38.1%
Hement	3,484	36.2%
Sun City	3,135	35.0%
Stockton	3,754	32.3%
Aptos	3,189	31.7%
Vacaville	3,298	31.0%
Escondido	6,453	30.7%
West Hills	4,008	30.2%
San Luis Obispo	1,295	29.4%
Red Bluff	565	28.8%
Antioch	1,652	28.3%
Folsom	3,899	27.5%
Sacramento	2,699	26.9%
Oroville	3,100	26.3%
Camarillo	1,673	23.2%
Modesto	2,815	23.6%
Fresno	5,586	23.1%
Walnut Creek	6,708	22.7%
Laguna Hills	9,741	22.6%
Chico	1,688	22.4%
Pasadena	7,602	22.0%
Fairfield	1,102	21.7%
San Leandro	4,902	21.6%
San Ramon	1,050	21.5%
Bakersfield	3,299	20.5%
Berkeley	6,861	19.7%
Redwood City	11,555	18.4%
Long Beach	10,191	17.8%
South Sacramento	3,266	16.6%
Coachella Valley	5,675	15.9%
Saratoga Area	12,438	15.0%
San Francisco	<u>14,145</u>	<u>12.1%</u>
Average (w/o subject)	4,234 ===	25.9% ====

NOTES: The purpose of this schedule is to assess the riskiness of the subject's market environment by placing it within a continuum of California market saturation rates (units/ households) for senior housing.



On a following page, we have placed the subject market area's saturation of senior housing units to the local care giver population (45 to 65 year olds, \$75,000 income plus). Assessing the depth and saturation to this population is relevant because care givers, in many cases, have significant input into the housing decisions of their parents and will move them to a nearby senior community to be close and often contribute financially to the fees/rent. As shown, the subject market area care giver population ranks well above the median and average of the listed saturation rates listed in this continuum of ratios, also a positive local market indicator.

On a following page, we have also compared the subject's current high refundable average entry fee to the local market median home prices to help assess relative market risk. The subject ranks well below the average and median of entry fee to home ratios in other markets around the country (actually at the bottom), a positive market indicator (the subject is affordable for its market although its average entry fees are among the highest - top 5% - in the nation).

Assisted Living Demand- On a following page, to specifically evaluate local market depth for assisted living, we have estimated local demand for assisted living using national statistics of frailty among elderly age cohorts. The statistics reflect a local market demand of 533 additional assisted living beds in 2015 and 668 assisted living beds in 2020 (after the subject). Both indications suggest an underbuilt market segment with room for several new assisted living projects.

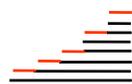
Health Center Market Environment

Saratoga Retirement Community includes a 94 bed skilled nursing health center component. Because demand for nursing care is "need" based (a need for long term care), the preceding discussion of supply and demand does not apply directly to the subject's nursing beds. The subject nursing beds inclusion as part of a larger retirement community diminishes (but does not eliminate) its overall exposure to the competitive market. On the following page, we have surveyed those nursing facilities impacting the subject's primary market area.

On the following pages, we have surveyed those nursing homes influencing the subject primary market area or about a five mile radius around the subject site. Two of these projects are parts of larger retirement projects (Nos. 1 and 3) and could be considered as most similar to the subject. Photographs of these more similar projects are provided in the Addenda of this report.

The surveyed projects as a group have older ages and variable overall scales and private pay census. In general, a higher private pay census indicates a superior project in physical plant and/or quality of care because private pay patients must be obtained in the competitive market environment. These projects are typically more profitable than Medical oriented projects and therefore generally have a higher value. The subject has a current private pay census of only about 40%, surprisingly below the market area average private pay census'. The subject is the newest and highest quality nursing home in the local market.

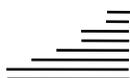
The average occupancy of the five nursing home projects surveyed is 87%, with some projects having a depressed occupancy. Despite older physical plants, all of the nursing homes surveyed have high private pay payor sources. Comparable No. 1 (Our Lady of Fatima/85 beds) is the only other nursing home located in Saratoga.



SARATOGA RETIREMENT COMMUNITY
COMPARATIVE CALIFORNIA CAREGIVER/SENIOR UNIT RATIOS

<u>Market Area</u>	<u>Number of Caregiver HH (45-65, \$75,000 Income+)</u>	<u>Caregiver/ Unit Ratio</u>
Monterey	3,354	2.85
Red Bluff	554	3.40
Stockton	4,460	3.68
Sacramento-Pocket	2,309	3.76
Oroville	3,509	4.30
San Luis Obispo	2,307	5.15
Grass Valley	1,978	5.22
Chico	2,073	5.47
Oakland	4,362	5.80
Rancho Mirage	6,104	6.76
West Hills	8,494	7.02
Aptos	8,258	8.16
Vacaville	8,316	8.12
Coachella Valley	5,087	8.19
Bakersfield	7,452	8.43
Berkeley	11,952	8.84
Ventura	8,856	9.00
Roseville	15,632	9.01
Modesto	6,013	9.07
Napa	6,795	9.10
Laguna Hills	22,523	10.21
La Jolla	9,219	10.77
Sacramento	12,632	10.88
Rancho Santa Margarita	5,856	12.15
Fairfield	10,531	12.10
Culver City	12,979	13.38
Elk Grove	11,132	15.40
Hancock Park Area	9,321	14.02
San Francisco	24,584	14.36
Irvine	27,210	14.59
Culver City	25,251	14.81
San Jose	22,911	16.18
Encino	17,698	17.61
San Ramon	4,057	17.95
Danville	9,208	18.38
Dana Point	11,974	19.22
Saratoga Area	60,094	32.33
Daly City	<u>10,548</u>	<u>36.88</u>
Average	9,878 ===	10.82 ===

NOTES: The purpose of this schedule is to assess the riskiness of the subject's market environment by placing it within a continuum of California market caregiver ratios (Caregiver HH / Senior Units) for senior housing.



Senior Living Valuation Services, Inc.

SARATOGA RETIREMENT COMMUNITY
COMPARATIVE ENTRY FEE TO MARKET AREA HOME VALUE RATIOS

<u>CCRC Campus Location</u>	<u>Average Refundable Entry Fee</u>	<u>Local Median Home Price</u>	<u>Entry Fee/ Home Price Ratio</u>
Raleigh, NC (north)	\$ 586,043	\$ 226,800	2.58
Austin, TX (west)	\$ 529,712	\$ 230,000	2.30
Palm Beach Gardens, FL	\$ 449,496	\$ 210,000	2.14
Seattle, WA	\$ 723,769	\$ 365,000	1.98
Evanston, IL	\$ 822,072	\$ 425,000	1.93
Oro Valley, AZ	\$ 342,839	\$ 180,000	1.90
LaGrange Park, IL	\$ 494,979	\$ 260,000	1.90
Fayetteville, AR	\$ 284,509	\$ 151,200	1.88
Urbandale, IA	\$ 318,398	\$ 183,500	1.74
Orchard Park, NY	\$ 290,145	\$ 180,000	1.61
Highlands Ranch, CO	\$ 468,587	\$ 292,200	1.60
Grand Rapids, MI	\$ 158,559	\$ 99,500	1.59
Cincinnati, OH	\$ 186,821	\$ 119,800	1.56
Atlanta, GA (north)	\$ 422,867	\$ 306,400	1.38
San Diego, CA (north)	\$ 515,315	\$ 381,400	1.35
Scottsdale, AZ	\$ 474,051	\$ 366,600	1.29
West Brandywine, PA	\$ 305,051	\$ 237,000	1.29
Charlotte, NC	\$ 214,788	\$ 168,500	1.27
Altadena, CA	\$ 609,000	\$ 482,700	1.26
Media, PA	\$ 322,229	\$ 257,500	1.25
Gladwyne, PA	\$ 470,512	\$ 375,000	1.25
Houston, TX (west)	\$ 199,716	\$ 160,000	1.25
Issaquah, WA	\$ 488,277	\$ 396,400	1.23
Overland Park, KS	\$ 250,295	\$ 210,000	1.19
Munster, IN	\$ 179,016	\$ 185,000	0.97
Mystic, CT	\$ 312,843	\$ 334,000	0.94
Honolulu, HI	\$ 515,889	\$ 555,700	0.93
Thousand Oaks, CA	\$ 461,913	\$ 511,800	0.90
Ashburn, VA	\$ 346,912	\$ 400,000	0.87
Newton, MA	\$ 509,921	\$ 625,000	0.82
Silver Spring, MD	\$ 286,147	\$ 353,000	0.81
Portland, OR	\$ 199,643	\$ 255,700	0.78
Pikesville, MD	\$ 202,673	\$ 266,000	0.77
Pompton Plains, NJ	\$ 290,854	\$ 470,000	0.62
Napa, CA	<u>\$ 904,280</u>	<u>\$2,021,250</u>	<u>0.45</u>
Averages (35 markets)	\$ 419,151 =====	\$ 322,449 =====	1.30 ==

Notes:

The above schedule is heavily weighted toward upscale and newer CCRC projects, in relatively affluent market areas.



Senior Living Valuation Services, Inc.

**SARATOGA RETIREMENT COMMUNITY
ESTIMATES OF ASSISTED LIVING DEMAND
(7 MILE RADIUS, 75+, INCOMES \$35,000+)**

<u>Age and Frailty</u>	<u>2015</u>	<u>2020</u>
Ages 75-84 (78%)	9,702	10,563
% Frail	<u>21.25%</u> (1)	<u>21.25%</u> (1)
Total Potential Demand	2,062	2,245
Ages 85+ (22%)	2,736	3,521
% Frail	<u>45.4%</u> (1)	<u>45.4%</u> (1)
Total Potential Demand	<u>1,242</u>	<u>1,599</u>
Total Target Market	3,304	3,844
Less AL Supply (w/ subject)	<u>(1,173)</u>	<u>(1,173)</u>
Adjusted Target Market	2,131	2,671
Estimated Capture Rate	<u>x 25%</u>	<u>x 25%</u>
Estimated Additional Market Demand	533 ==	668 ==

(1) Source: 65 Plus in America, Department of Commerce, 2007.



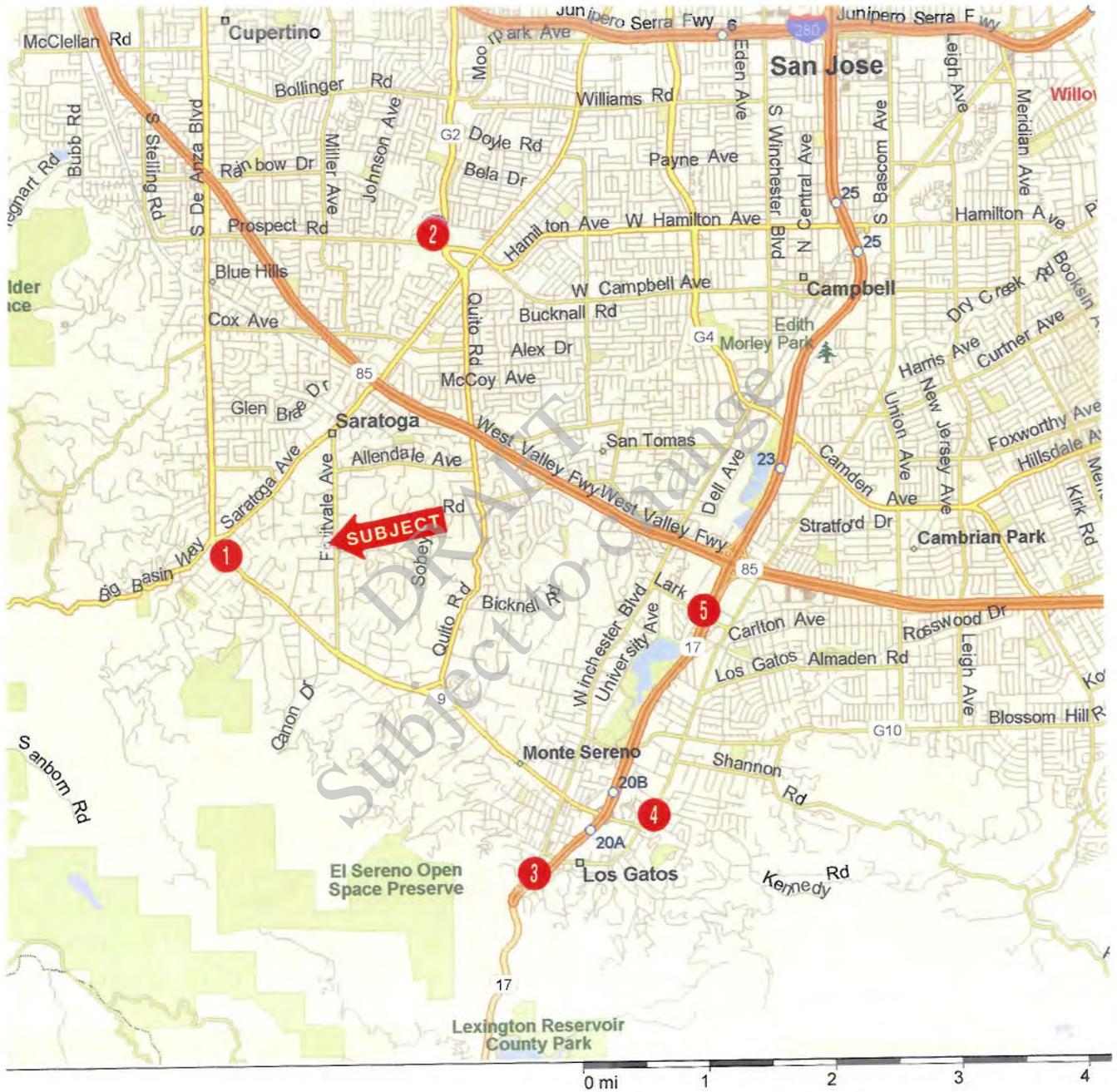
SARATOGA RETIREMENT COMMUNITY
CENSUS OF MARKET AREA LONG TERM CARE FACILITIES

<u>No.</u>	<u>Name/Address</u>	<u>Age/ Miles to Subject</u>	<u>No. of Beds</u>	<u>Percent Private</u>	<u>Daily Tariff</u>		<u>Reported Occupancy</u>
					<u>Private Rate</u>	<u>Semi-Private Rate</u>	
1.	Our Lady of Fatima Villa 20400 Saratoga- Los Gatos Road Saratoga (408) 741-2950	1960/1.5	85	75%	\$355	\$281	81%
2.	Amberwoods Gardens 1604 Petersen Avenue San Jose (408) 253-7502	1968/3.3	258	N/A	\$400	\$300	88%
3.	Los Gatos Meadows 100 Wood Road Los Gatos (408) 354-0211	1965/3.7	39	100%	-	\$315	74%
4.	Vasona Creek Health Care Ctr. 16412 Los Gatos Blvd. Los Gatos (408) 356-2191	WND/3.7	148	95%	\$600	\$400- \$500	100%
5.	Los Gatos Oaks Conv. Hospital 16605 Lark Avenue Los Gatos (408) 356-9146	1968/4.6	28	71%	-	\$195	93%
Averages			112	86%	\$452	\$308	87%

DRAFT
Subject to change



Market Area Long Term Care Facilities

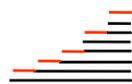


On a following page, we have compared relative nursing home bed saturation rates (nursing beds/65+population) for the subject five mile primary market area, within Santa Clara County and within surrounding Counties. These statistics suggest that Santa Clara County overall has an average nursing home bed saturation.

Summary

In summary, key characteristics of the market environment for Saratoga Retirement Community overall and its components include:

- 1) The subject's apartments/cottages are currently about 97% occupied which is consistent with its recent occupancy history and also consistent with high occupancies at most regional CCRC's. The subject is only one of two CCRC's located directly within its seven mile primary market area. The other local CCRC, The Terraces of Los Gatos, is a direct competitor to the subject although the subject has a superior neighborhood location. The only other CCRC to the subject within ten miles is Forum at Rancho San Antonio which is a high quality campus similar to the subject in physical plant and living environment but with a different cooperative fee structure. The current campus redevelopment of Terraces-Los Altos bears monitoring for its competitive impact on the subject;
- 2) The subject is a care component heavy CCRC suggesting that these components of the campus will have to continually seek direct admits into the long run. The subject's assisted living/memory care and nursing home are the newest in the local market and the highest quality;
- 3) The subject has a few local rental (notably Belmont Village) and several older nursing home competitors although none are part of large retirement communities like the subject. The occupancies of these existing local rental and nursing home projects are generally high. Local senior housing and caregiver saturation rates are among the most favorable for any senior project we have seen in the country. Local real estate prices are among the highest in the country. The subject's Saratoga address and specific neighborhood location are among its greatest competitive assets. The subject's entry fees are slightly below regional entry fees. Finally, the local senior age and income eligible target market is projected to grow significantly +13.2% (14,084/12,438) over the next five years;
- 4) The overall quality of the subject's physical plant is well above average with the renovated Main Building providing some history and character to the campus which no other regional senior project can match. Based upon our experience in the appraisal of other retirement communities, we would anecdotally characterize the overall ongoing cash flow and occupancy risk of the subject at approximately the 20th percentile of all similar projects (80% more risky, 20% less risky);



**SARATOGA RETIREMENT COMMUNITY
COMPARATIVE NURSING HOME BED SATURATION**

<u>Regional Market Area</u>	<u>No. of Beds</u>	<u>65+ Population (1)</u>	<u>Saturation Rate - Beds/Population Ratio</u>
San Mateo County	1,737	111,511	1.6%
Contra Costa County	2,945	157,810	1.9%
Alameda County	5,722	201,365	2.8%
California (Statewide)	120,305	5,005,523	2.4%
<hr/>			
Santa Clara County (subject)	5,200	231,142	2.3%

NOTES:

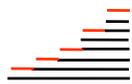
(1) Estimated per 2014 census population.



- 5) The subject benefits from the experienced development, marketing and operation of Pacific Retirement Services and the regionally based ownership/sponsorship of the not-for-profit Odd Fellows Home of California which also owns the regional Meadows of Napa Valley in Napa. This credibility, experience and knowledge of the local market is important because seniors who commit to the subject entry fees are really making a combination insurance related decision (for future health care needs) and lifestyle decision (and not a real estate decision) in entering the subject retirement community.

These specific conclusions are addressed further and used to evaluate market rents/rates prices for the subject property in the Income Approach section of this appraisal.

DRAFT
Subject to change



HIGHEST AND BEST USE

Highest and Best Use is defined as that use, from among reasonably probable and legally alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in the highest land value. The highest and best use concept must also give recognition of that use to community environment and to community development goals, in addition to wealth maximization of individual property owners.

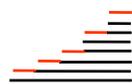
The highest and best use of the land or site, if vacant and available for use, may be different from the highest and best use of the existing improved property. This will be true when the improvement is not an optimum use and yet makes a contribution to total property value in excess of the value of the land only. In order to determine the property's highest and best use, it is necessary to analyze the following factors.

As Vacant

The site's physical characteristics are similar to those found throughout the area in terms of size (large), topography (hilly), shape (irregular), exposure (poor) and access (fair). Though these physical factors would not limit the site to most alternate land uses, its location on an interior land parcel within a residential neighborhood would probably limit it to less intensive land uses.

The site is zoned R-1 40,000, a low density residential zoning classification (Saratoga). Overall, though this zoning is consistent with surrounding zoning (most surrounding land uses are single family homes), it is generally not consistent with the zoning of most sites developed with senior housing (usually located in a high density residential zone with nursing homes sometimes located in a light commercial zone). The subject's very large site and setbacks and more residential character mutes its impact on its less intensive residential neighbors (the subject was on the site before the surrounding neighborhood was developed). These factors and site zoning suggest that a more intensive commercial/retail use would probably not be appropriate or approved on the subject site overall. However, it is most likely that most low to mid density residential uses, compatible with the adjacent residential land uses (or an unspecified institutional land use, i.e. a school) would be approved on the subject site. It is debatable whether the subject (as a totally new project) would be approved in 2016 given local antipathy toward new development. Finally, the subject is not hindered by any significant easements or encumbrances that would hinder alternate development.

In determining which possible use of the land represents the highest and best use of the site, we have analyzed those physical and legal factors to determine which type of development is possible for the site, given the constraints discussed above. The next step in assessing competing development alternatives is determining which projects are not only feasible for the site, but maximally feasible. The subject's Saratoga location, established competitive market position, historically solid occupancy and the high occupancies at other local senior projects, all suggest that demand exists for the subject's various components. Demand on the subject site for the most likely alternate development such as single family homes clearly exists. Despite the area's home prices (\$2,000,000+), it is likely that the subject retirement community is likely more feasible than alternate, low density multi-family residential development (even after considering the subject's much higher operating expenses). The subject's density of development, ongoing unit turnover cash flow, net income per unit and lower



parking/infrastructure requirements makes it more feasible than most other likely/possible residential development options.

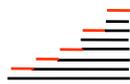
Therefore, considering the subject's ongoing profitability (ability to pay debt service), high reserves, competitive market position and long term demand characteristics, it is likely that a large scale, multiple level senior housing property represents the highest and best use of the site as though vacant.

As Improved

The existing 134 entry fee units, 108 assisted living/memory care beds and 94 nursing home bed development are likely the highest (most dense) use of the subject site that would be allowed by Saratoga, even though additional market demand probably exists. Adding more units/beds on the allocated site would alter the overall residential character of the existing community.

The subject's exteriors, interiors, unit/bed mix and common areas as existing are more than competitive in their respective markets and competitively well above average in quality. The community has been designed to segregate residents of differing independence, health and frailty which is appropriate. The continuum of care and housing offered is integrated (allowing some economies of scale in operation) and enhances the total project as a retirement community and its individual components. The subject is a relatively small CCRC (only 143 entry fee units) and has a very high percentage of care beds (108/143 or 76% AL/MC to ILU ratio; 94/143 or 66% SN/ILU ratio).

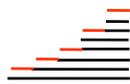
Given these factors and the purpose of the appraisal (to value the subject as is) and because the existing improvements clearly add value to the project over and above land value alone, we have valued the subject as existing and operating and concluded that it represents the highest and best use of the site as improved.



COST APPROACH

The Cost Approach considers an estimate of the fair market value of the land, the replacement cost new of the improvements (including all hard and soft costs) and entrepreneurial profit less accrued depreciation from all causes.

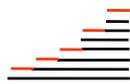
As discussed in the Scope of the Assignment section of this report, we have not estimated a value for the subject using a Cost Approach. This was considered appropriate considering the current characteristics of the future cash flow streams accruing from the subject after the valuation date. All of the existing subject apartment/cottage units have been previously occupied at least once and the initial entry fees on these units have already been collected. Therefore, these fee collections for all 143 entry fee units do not contribute to the future cash flow and therefore the current market value of the project. As a result, it is impossible for a January, 2016 valuation (or any future valuation dates) of the subject using a Cost Approach analysis to even theoretically equal an Income Approach analysis (which is the basis for estimating market value). The only point where the two approaches could be equal (and represent market value) is before any entry fees are collected (or only when the project is brand new). This approach is also rarely relied on by buyers and investors in valuing/pricing properties like the subject (even when new because cost does not equal value).



SALES COMPARISON APPROACH

The Sales Comparison Approach is a method of comparing the subject property to recent sales and/or listings of similar types of properties located in the subject or competing areas. Each of these sales must be analyzed to establish the elements of comparability. The reliability of this technique depends on 1) the degree of comparability between the subject and the sales properties; 2) the length of time since the sales were consummated; 3) the accuracy of the sales data; and 4) the absence of unusual conditions affecting the sale.

As discussed in the Scope of the Assignment section of this report, we have not estimated a value for the subject using a Sales Comparison Approach. We are not aware of the sale of a truly comparable cash flow stream (for an entry fee continuing care retirement community) to that estimated for the ownership interest in the subject property. This cash flow stream includes the idiosyncratic and complex ownership rights in unit turnover and ownership rights/responsibilities arising from obligations to residents for future health care utilization. Differences in entry fee projects are so significant (unit mix, refundability) that even if there were arms-length sales of other entry fee projects, their comparability to estimate a market value for the subject would be extremely difficult to objectively quantify to arrive at a precise and reliable value indication. Certain market data regarding sales of entry fee communities is discussed in the Income Approach section of this report (as capitalization rate support).



INCOME APPROACH

The Income Approach is based upon the economic principle that the value of a property capable of producing real estate income is the present worth of anticipated future net benefits. The net income projection is translated into a present capital value indication using a capitalization process. There are various methods of capitalization that are based on inherent assumptions concerning the quality, durability, and pattern of the income projection.

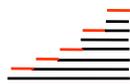
Where the pattern of projected income is irregular due to variable unit turnover and healthcare utilization, the discounted cash flow analysis is the most accurate. Discounted cash flow analysis (DCF) is a method for estimating the present worth of future cash flow expectancies by individually discounting each anticipated collection at an appropriate discount rate. The indicated market value by this approach is the accumulation of the present worth of each projected year's net income (before debt service, income taxes, and depreciation) and the present worth of the reversion of the estimated property value at the end of the projection period. The estimated value of the reversion is based on the direct capitalization of the reversion year's net income.

The methods utilized to estimate annual cash inflows, cash outflows, capitalization and discount rates, and value of the reversion, are discussed in detail in the following paragraphs.

Summary of Methodology

To determine the total going concern market values of the subject property using an Income Approach, we have performed the following:

- 1) Assessed those facilities most competitive with the subject to determine the market price for the subject's entry fee apartment/cottages and monthly fees;
- 2) Projected annual entry fee apartment/cottage unit turnover and net attrition (turnover) receipts;
- 3) Estimated net receipts to the ownership interest from monthly fees, care components and miscellaneous income sources;
- 4) Estimated all outlays including apartment/cottage and care component operating expenses, management fees and replacement reserves;
- 5) Determined an appropriate capitalization rate and discount rate used to capitalize the above cash flow streams and reversion into a total going concern value as is at January, 2016, at the completion of the sister Napa campus expansion, projected at November, 2017 and at the sister Napa campus expansion sellout, projected at November, 2018.



Projection Period

In our analysis of the subject's income, we have utilized a projection period of February, 2016 to October, 2026 which reflects a 9.75 year discounted cash flow analysis (period one - 2/16 to 10/16 - is a nine month period). These extended cash flows are considered appropriate considering the complicated components of revenue and expenses for a sophisticated property such as the subject. This time period also reflects the estimated time to achieve approximate actuarial (fixed level of unit turnover and health care utilization) and cash flow stabilization.

Our discounted cash flow analysis is premised on the owner of the property enjoying the cash flow benefits of ownership through October, 2025 and the net proceeds of the sale (reversion) at October 31, 2025 based upon the period 11 (11/25 to 10/26) net income. The value of the reversion at the end of period 10 (10/31/25) is based upon the direct capitalization of the fiscal year 2026 net cash flows. The theory is that the investor purchasing the property at October 31, 2025 would be more interested in the anticipated net income in their first year of ownership than they would be in the previous year's income prior to their ownership.

Evaluation of Market Entry Fees and Monthly Fees

In estimating the potential gross annual income for the subject property over the projection period, we have analyzed the subject's current rate schedule for entry and monthly fees and prepared our own survey of the properties considered to be most competitive and comparable to the subject. A summary of subject current entry and monthly fees by unit type as of January, 2016 is illustrated on the following pages (and detailed in the Addenda).

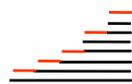
Consistent with the current resident base and recent trends, we have estimated the following plan option allocation mix for all units turning over in the future:

50%- Traditional Amortizing to Zero Refund Plan
50%- 90% Refundable Plan

Entry Fees - To assess whether the subject's current entry fees represent market prices, we have conducted a survey of key regional entry fee projects in the South Bay area market as illustrated in the Market Analysis section of this appraisal. This survey is summarized on a following page.

The comparison of the subject entry fees to the comparable high refundable and separately amortizing to zero property entry fees accumulates the entry fee per square foot range, average and most comparable of all surveyed facilities to the subject's apartment units. In our opinion, the most comparable projects in age, location, quality and financial program noted in our survey to the subject property include Terraces of Los Gatos in Los Gatos and Moldaw Family Residences in Palo Alto. These projects are the most similar to the subject in overall market position, campus mix, age, living environment and location. The other entry fee projects surveyed have even greater differences with the subject in either age/physical plant, location and refund plan options.

The subject's current entry fees for apartment/cottage by unit type and plan option, can be summarized as follows:



Senior Living Valuation Services, Inc.

SARATOGA RETIREMENT COMMUNITY
SUMMARY OF CURRENT LISTED ENTRY & MONTHLY FEES

	<u>Total No.</u> <u>of Units</u>	<u>Square</u> <u>Footage</u>	<u>Traditional</u>		<u>Refundable</u>		<u>Monthly</u>	
			<u>Entry Fee</u>	<u>EF/SF</u>	<u>Entry Fee</u>	<u>EF/SF</u>	<u>Fee</u>	<u>MF/SF</u>
<u>ILU Apartments</u>								
1 BR A1, A2	4	722	\$257,000	\$356	\$ 504,000	\$698	\$3,060	\$4.24
1 BR B1, B2	14	801	\$286,000	\$357	\$ 549,000	\$684	\$3,393	\$4.24
1 BR B3	2	906	\$316,000	\$349	\$ 621,000	\$685	\$3,843	\$4.29
1 BR 1	1	760	\$266,000	\$350	\$ 531,000	\$699	\$3,264	\$4.29
1 BR 2A	1	1,040	\$363,000	\$349	\$ 719,000	\$691	\$4,459	\$4.29
1 BR 2B	1	998	\$349,000	\$350	\$ 705,000	\$706	\$4,287	\$4.30
1 BR 3	<u>1</u>	<u>946</u>	<u>\$330,000</u>	<u>\$349</u>	<u>\$ 668,000</u>	<u>\$706</u>	<u>\$4,061</u>	<u>\$4.29</u>
Subtotal – 1BR	24	819	\$290,500	\$355	\$ 565,292	\$690	\$3,479	\$4.25
2 BR C1, C2	12	1,145	\$408,000	\$356	\$ 784,000	\$685	\$4,954	\$4.33
2 BR C3, C4	36	1,148	\$409,000	\$356	\$ 786,000	\$685	\$4,967	\$4.33
2 BR D1, D2	15	1,398	\$497,000	\$356	\$ 958,000	\$685	\$5,924	\$4.24
2 BR D3	1	1,563	\$556,000	\$356	\$1,070,000	\$685	\$6,759	\$4.32
2 BR E	2	1,320	\$470,000	\$356	\$ 791,000	\$599	\$5,714	\$5.09
2 BR F1, F2	4	1,358	\$483,000	\$356	\$ 980,000	\$722	\$5,874	\$4.33
2 BR 4	1	1,145	\$415,000	\$362	\$ 800,000	\$699	\$4,960	\$4.33
2 BR 5	1	1,156	\$420,000	\$363	\$ 832,000	\$720	\$4,918	\$4.56
2 BR 6	1	1,228	\$446,000	\$363	\$ 884,000	\$720	\$5,772	\$4.29
2 BR 7A	1	1,358	\$493,000	\$363	\$1,005,000	\$740	\$5,831	\$4.29
2 BR 7B	1	1,354	\$492,000	\$363	\$1,001,000	\$739	\$5,816	\$4.30
2 BR 7C	1	1,374	\$480,000	\$349	\$ 970,000	\$706	\$5,897	\$4.29
2 BR 8	1	1,362	\$495,000	\$363	\$1,000,000	\$734	\$5,644	\$4.29
2 BR 9A	1	1,539	\$558,000	\$363	\$1,130,000	\$734	\$6,607	\$4.29
2 BR 9B	1	1,474	\$536,000	\$364	\$1,080,000	\$737	\$6,324	\$4.29
2 BR 9C	<u>1</u>	<u>1,482</u>	<u>\$538,000</u>	<u>\$363</u>	<u>\$1,088,000</u>	<u>\$734</u>	<u>\$6,360</u>	<u>\$4.29</u>
Subtotal – 2BR	80	1,239	\$442,200	\$357	\$ 855,450	\$690	\$5,333	\$4.30
Subtotal – Apartments	104	1,142	\$407,192	\$357	\$ 788,490	\$690	\$4,331	\$3.79
	==	===	=====	===	=====	===	=====	===
<u>Cottages/Homes</u>								
2BR Cottages – 1	12	1,420	\$568,000	\$400	\$1,134,000	\$798	\$6,025	\$4.24
2BR Cottages – 2	26	1,615	\$615,000	\$381	\$1,239,000	\$767	\$6,570	\$4.07
House	<u>1</u>	<u>1,835</u>	<u>\$709,000</u>	<u>\$386</u>	<u>\$1,987,000</u>	<u>\$810</u>	<u>\$7,457</u>	<u>\$4.07</u>
	39	1,561	\$602,949	\$386	\$1,213,051	\$777	\$6,425	\$4.12
	==	===	=====	===	=====	===	=====	===
Totals – All Entry Fee Units	143	1,256	\$460,580	\$367	\$ 904,280	\$720	\$5,320	\$4.24
	==	===	=====	===	=====	===	=====	===



**SARATOGA RETIREMENT COMMUNITY
COMPARATIVE CCRC ENTRY FEE ANALYSIS**

Entry Fees Per Square Foot (Amortizable Fees Only)

	<u>One Bedroom</u>		<u>Two Bedroom</u>	
	<u>Comp. No.</u>	<u>EF/SF</u>	<u>Comp. No.</u>	<u>EF/SF</u>
	1*	\$324-\$341	1*	\$335-\$343
	3	\$443-\$449	3	\$412-\$573
	5	\$485-\$796	5	\$1,260-\$1,624
	6	\$408	6	\$567-\$737
	8	\$714-\$866	8	\$793-\$1,083
Range		\$324-\$866		\$335-\$1,624
Average		\$523		\$773
Subject		\$349-\$357 \$355 avg. (24 units)		\$349-\$364 \$357 avg. (80 units)

	<u>2BR Cottages</u>	
	<u>Comp. No.</u>	<u>EF/SF</u>
	1*	\$364
Range		\$364
Average		\$364
Subject		\$381-\$407 \$386 (avg.) (39 units)

*Most comparable to subject includes 1 (Terraces of Los Gatos) and 4 (Moldaw).



**SARATOGA RETIREMENT COMMUNITY
COMPARATIVE CCRC ENTRY FEE ANALYSIS**

Entry Fees Per Square Foot (Refundable Fees Only)

	<u>One Bedroom</u>		<u>Two Bedroom</u>	
	<u>Comp. No.</u>	<u>EF/SF</u>	<u>Comp. No.</u>	<u>EF/SF</u>
	1*	\$745-\$778	1*	\$732-\$757
	2	\$843-\$1,113	2	\$980-\$992
	3	\$488-\$806	3	\$549-\$873
	4*	\$810-\$871	4*	\$826-\$857
	5	\$873-\$1,301	5	\$1,260-\$1,624
	6	\$714	6	\$992-\$1,302
	8	\$951-\$1,155	7	\$807-\$886
	9	\$496-\$625	8	\$1,058-\$1,447
			9	\$818-\$1,031
Range		\$488-\$1,301		\$549-\$1,624
Average		\$830		\$988
Subject		\$684-\$706 \$690 avg. (24 units)		\$599-\$740 \$690 avg. (80 units)

	<u>2BR Cottages</u>	
	<u>Comp. No.</u>	<u>EF/SF</u>
	1*	\$786
	2	\$977-\$1,425
Range		\$786-\$1,425
Average		\$994
Subject		\$767-\$810 \$777 (avg.) (39 units)

*Most comparable to subject includes 1 (Terraces of Los Gatos) and 4 (Moldaw).



Unit Type

Subject Average Entry Fee/SF Comparison to Comparables

Traditional Amortizing to Zero Refundable Plan Option (50% of all units)-

24 1BR Apartment	below average (about 32%), slightly above most comparable
80 2BR Apartment	below average (about 54%), slightly above most comparable
39 2BR Cottage	6% above only comparable

90% Refundable Plan Option (50% of all units)-

24 1BR Apartment	below average (about 17%), below most comparable
80 2BR Apartment	below average (about 30%), below most comparable
39 2BR Cottage	below average (about 22%), at most comparable

The subject's current entry fees per square foot are within the range of entry fees per square foot of all projects, below market averages (an exception being cottage units under the amortizing plan option) and slightly above the range of entry fees per square foot at the most similar projects for the amortizing plan and below the average to at the average of entry fees per square foot at the most similar projects under the high refundable plan. The subject's units are larger which decrease a per square foot calculation. On a dollar basis, the subject's entry fees are nearer to, to even above market averages.

In our opinion, considering the subject's history, location, overall competitive position, competitive monthly fees, a modest health care benefit and current local market positions, we have concluded that the current entry fees represent market entry fees (and are possibly conservative) under both plan options.

Monthly Fees - The subject's monthly fees (the same under both entry fee plan options) can be compared to monthly fees at other entry fee projects as detailed in the Market Analysis section of this report and summarized on the following pages.

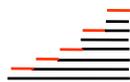
The comparison to the subject's currently contracted monthly fees per square foot can be summarized as follows:

Unit Type

Subject Average Monthly Fee/SF Comparison to Comparables

24 1BR Apartment	below average (about 21%), within range of most comparable
80 2BR Apartment	below average (about 15%), above most comparable
39 2BR Cottage	above average (about 2%), below most comparable

The subject's monthly fees per square foot are within the range of monthly fees per square foot of all projects, both below (one and two bedrooms) and near (cottages) market averages and both within (one bedroom apartments), above (two bedroom apartments) and below (cottages) within the range of monthly fees per square foot at the most comparable projects.



**SARATOGA RETIREMENT COMMUNITY
COMPARATIVE CCRC MONTHLY FEE ANALYSIS**

Monthly Fees Per Square Foot

	<u>One Bedroom</u>		<u>Two Bedroom</u>	
	<u>Comp. No.</u>	<u>MF/SF</u>	<u>Comp. No.</u>	<u>MF/SF</u>
	1*	\$4.68-\$4.22	1*	\$3.73-\$4.08
	2	\$3.23-\$3.66	2	\$3.07-\$3.45
	3	\$7.03-\$7.53	3	\$5.71-\$6.16
	4*	\$4.35-\$4.69	4*	\$4.18-\$4.21
	5	\$6.64-\$7.99	5	\$8.87-\$10.26
	6	\$5.81	6	\$6.29-\$7.20
	8	\$4.78-\$5.11	7	\$2.72-\$3.11
	9	\$4.30-\$6.62	8	\$3.59-\$4.57
			9	\$4.39-\$5.57
Range		\$3.23-\$7.99		\$2.72-\$10.26
Average		\$5.40		\$5.06
Subject		\$4.24-\$4.30 \$4.25 (avg.) (24 units)		\$4.24-\$5.09 \$4.30 (avg.) (80 units)

	<u>2BR Cottages</u>	
	<u>Comp. No.</u>	<u>MF/SF</u>
	1*	\$4.81
	2	\$3.10-\$3.46
Range		\$3.10-\$4.81
Average		\$4.05
Subject		\$4.07-\$4.24 \$4.12 (avg.) (39 units)

*Most comparable to subject includes 1 (Terraces of Los Gatos) and 4 (Moldaw).



In our opinion, considering the subject's history, overall competitive position, competitive entry fees, a modest health care benefit and current local market position, we have concluded that the current monthly fees represent market monthly fees. They are therefore used in our cash flow projections as discussed below.

Assisted Living/Memory Care Rents - The subject's 90 assisted living units and 18 memory care beds are made available to entry fee residents at discounted rents (about 12% off of full market rents); direct admits pay full market rents for assisted living or memory care. The subject's assisted living/memory units are currently about 91% occupied (98/108).

To assess whether the subject's current contracted assisted living/memory care rents represents market rents, we have compared the subject's contracted assisted living/memory care rents to the monthly rents at assisted living facilities surveyed in the Market Analysis section of this report, and summarized as follows:

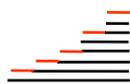
<u>Unit Type</u>	<u>Subject Assisted Living/Memory Care Rent Comparison to Comparables</u>
50 AL Studio	above average (about 15%), within range of all market rents
40 AL 1 BR	above average (about 34%), within range of all market rents
18 MC Private	above average (about 10%), within range of all market rents

The local assisted living/memory care market segments are generally in equilibrium with high occupancies. The subject's contracted assisted living/memory care rents are generally above market averages and within the range of all market assisted living/memory care rents. This placement within the range is reasonable and considers their inclusion in a larger retirement community, relative newness, large number of units and high quality.

In our opinion, considering the subject's assisted living/memory care components' overall competitive position, occupancy history, relative age and inclusion within a larger retirement community, we have concluded that the current contracted assisted living and memory care rents represent market rents. They are therefore used in our cash flow projections as discussed below.

Nursing Care Rates - The subject's 94 nursing beds are first be made available to entry fee residents who pay a discounted rate for any nursing care stays (about 18% off of the private pay rate) and current rent only resident transfers and direct admits who pay full market rates. The subject has a current payor source mix of approximately 40% private pay, 42% Medical and 18% Medicare. Medical and Medicare rates are not market determined but established by State agency. Private pay rates are market determined. The current occupancy within the subject nursing component is approximately 85% (80/94).

To assess whether the subject's current private pay nursing rates represents market rates, we have compared the subject contracted nursing rates to the daily rates at nursing facilities surveyed in the Market Analysis section of this report, and summarized as follows:



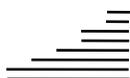
**SARATOGA RETIREMENT COMMUNITY
COMPARATIVE AL/MC RENT & SN PRIVATE PAY RATE ANALYSIS**

ALF/MC – Monthly Assisted Living/Memory Care Rents

	<u>Studio/Alcove</u>		<u>One Bedroom</u>		<u>Memory Care</u>	
	<u>Comp. No.</u>	<u>Monthly Rent</u>	<u>Comp. No.</u>	<u>Monthly Rent</u>	<u>Comp. No.</u>	<u>Monthly Rent</u>
	1	\$3,550-\$3,900	1	\$4,050-\$4,400	1	\$5,500
	2	\$3,990-\$4,475	3	\$3,500-\$4,000	7	\$7,570-\$10,505
	3	\$2,695-\$3,395	7	\$6,650-\$8,170		
	7	\$3,500-\$6,145				
Range		\$2,695-\$6,145		\$3,500-\$8,170		\$5,500-\$10,505
Average		\$3,956		\$5,128		\$7,269
Subject		\$4,456-\$4,653 (50 units)		\$6,117-\$7,623 (40 units)		\$7,710-\$8,249 (18 beds)

Daily Private Pay Skilled Nursing Rates

	<u>Private</u>		<u>Semi-Private</u>	
	<u>Comp. No.</u>	<u>Daily Rate</u>	<u>Comp. No.</u>	<u>Daily Rate</u>
	1	\$355	1	\$281
	2	\$400	2	\$300
	4	\$600	3	\$315
			4	\$400-\$500
			5	\$195
Range		\$355-\$600		\$195-\$500
Average		\$452		\$308
Subject		\$459-\$492 (10 beds)		\$343-\$376 (84 beds)



Bed Type

Subject Nursing Private Pay Rate Comparison to Comparables

10 Private	above average (about 5%), within upper end of all market rates
84 Semiprivate	above average (about 17%), within upper end of all market rates

The local skilled nursing market is generally in equilibrium with high occupancies despite older aged and quality physical plants and above average private pay census. The subject's private pay nursing rates are slightly above market averages and within the upper end of all market private pay rates reflecting its relative newness and higher quality. The subject currently has only about 32 private pay residents.

In our opinion, considering the subject's nursing component's overall competitive position, its limited private pay census, its newer age and quality and its inclusion within a larger retirement community, we have concluded that the current projected private pay rates represent market rates. They (and the fixed Medicare and Medicaid rates) are therefore used in our cash flow projections as discussed below.

Components of Revenue

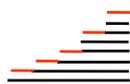
The subject's projected revenue cash flow stream components are discussed separately below and can be summarized as follows:

- 1) Net annual turnover entry fee receipts for apartment/cottage units;
- 2) Net annual CCRC and rent only monthly fee receipts;
- 3) Annual assisted living/alzheimer and nursing care revenues;
- 4) Annual other/miscellaneous/ancillary income.

Turnover Entry Fee Receipts

The resident agreement with prospective Saratoga Retirement Community entry fee residents indicates that residents who voluntarily leave, die or enter the campus care components permanently are eligible to receive a 90% refund or an amortizing to zero refund based upon the length of stay in the apartment/cottage unit. As residents permanently vacate their entry fee unit, it becomes available to the public for resale, allowing Saratoga Retirement Community to obtain a new entry fee at current market levels.

To estimate attrition receipts over the projection period, two key components are necessary. First, an estimate of the number of entry fee units (not residents) that turnover in each period is necessary. Our estimate of the number of turnover units considers its characteristics and the actuarial estimates and history at comparable buy-in fee projects. This comparison and turnover projections for the subject are set forth on the following page. The projected subject annual unit turnover is well within the range of turnover experience at other CCRC's as shown. In our estimate of gross turnover receipts, we have forecast that 14 units (9.8% of total 143 total entry fee units) will turnover in each period. The subject is at actuarial stabilization (fixed level of unit turnover per year).



**SARATOGA RETIREMENT COMMUNITY
UNIT TURNOVER PROJECTIONS**

<u>Facility</u>	<u>Channing House (Palo Alto, CA)</u>	<u>Moldaw (Palo Alto, CA)</u>	<u>Rancho San Antonio (Cupertino, CA)</u>	<u>Vi (Palo Alto, CA)</u>	<u>The Terraces (Los Gatos, CA)</u>	<u>Subject (1)</u>
Facility Age	1964	2009	1989	2005	1992	2004
Units	202	170	319	388	175	143
Year 1 (2/16-10/16)(9 mos.)	14	10	31	35	19	10.5
Year 2 (11/16-10/17)	14	11	31	35	19	14
Year 3 (11/17-10/18)	14	12	31	36	19	14
Year 4	14	13	31	37	19	14
Year 5	14	14	31	37	19	14
Year 6	15	15	31	37	19	14
Year 7	15	16	31	37	19	14
Year 8	15	16	31	37	19	14
Year 9	15	16	31	37	19	14
Year 10	15	16	31	37	19	14
Year 11 (11/25-10/26)	15	16	31	37	19	14
% Turnover at Eff.	7.4%	9.4%	9.7%	9.5%	10.9%	9.8%
Actuarial Stabilization			(Avg. - All Facilities)		9.4%	

Notes:

(1) Appraisal actuarial estimates of unit turnover for subject are consistent with the above comparable data, the subject's turnover history and considering the subject's characteristics.



Second, one must compute an average entry fee resale price each period to determine gross attrition entry fee receipts collected each year. In our discounted cash flow analysis, we have assumed that the average entry fee will increase by 3.0% each year beginning in April, 2016, reflecting the experience at other facilities as shown on the following page, the current and anticipated future competitive environment and the subject's overall competitive position and general inflationary trends and expectations.

The exact annual increase in subject fees/rents is not that relevant (as long as it is consistently applied) in the final value determination as the projected annual cash flow increase is offset by using an appropriate discount rate (i.e. higher cash flow growth rate, higher discount rate or vice versa).

Our calculation of gross turnover receipts over the projection period is illustrated on a following page. The cash flow schedule on the following page estimates the gross collections from new residents in each period less any refund due to the exiting resident/their estate. The refund percentages used incorporate a weighted average of the plan option refunds due to the current resident basis (what each resident paid at occupancy) per unit ($\$96,435,968/171 = \$563,953$) at an average current refund percentage due of 59.9% (per the current resident base as detailed in the Addenda) and amortizing to a stabilized 45.0% refund percentage by period 11 (50% at a 90% refund and 50% at a 0% estimated refund under the traditional plan).

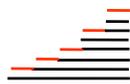
The average refund basis per year is adjusted each year for unit turnover. Net attrition receipts are calculated as gross resale receipts from entering new residents less refunds to all exiting/vacating residents.

Monthly Service Fees - In addition to entry fees, subject residents are required to pay monthly maintenance fees to fund all operating costs of the development including direct real estate taxes, utilities, insurance, meals, housekeeping services and all other costs associated with physical building maintenance and staffing including replacement reserves and management fees. These fees are adjusted upward annually to offset increases in operating costs.

Our estimate of gross monthly fees in period one (2/16 to 10/16, a nine month period) is based on the current average contracted monthly fee. All monthly fees are increased by 3% per year beginning at April, 2016 and at each April thereafter. Monthly fees (rent only and entry fee) were determined to represent market fees as discussed earlier in this section of the report.

Double occupancy fees are calculated separately and incorporate a stabilized pool of second occupants from an estimated 50 units in each period (based upon the current census), or 35% of all apartment and cottage units (50/143 units) multiplied by the average double occupancy fee which is increased by 3% per year.

To arrive at net monthly fee collections from gross potential monthly fee income, it is necessary to make the following adjustments: 1) a permanent vacancy and collection loss of about 3% (4.3 units) in each period; and 2) a 2% stabilized vacancy factor of gross fees for lost income from units being vacant during a turnover period when the unit is remarketed, when no monthly fee is collected. Total stabilized vacancy and collection losses are estimated at 5% (3% + 2%) of gross potential revenues in each period. This estimate considers the subject's current occupancy (97.2%) and the occupancy at other regional CCRC and rental projects (about 95.8% average at regional CCRC's). These estimates are conservative but realistic over the long term.



**SARATOGA RETIREMENT COMMUNITY
LONG TERM ENTRY FEE APPRECIATION**

	<u>Unit Type</u>	<u>Avg. EF/SF 2003</u>	<u>Avg. EF/SF 2016</u>	<u>13 Year Increase 2003-16</u>	<u>Compounded Annual Increase 2003-16</u>
1. Channing House Palo Alto	Studio	\$278	\$ 497	78.6%	4.6%
	1BR	\$365	\$ 641	75.5%	4.4%
2. Sequoias Portola Valley	1BR	\$288	\$ 408	41.7%	2.7%
	2BR	\$449	\$ 652	45.2%	2.9%
3. Vi Palo Alto	1BR	\$715	\$1,053	47.3%	3.0%
	2BR	\$703	\$1,253	78.2%	4.5%
4. Forum at Rancho San Antonio Cupertino	1BR	\$503	\$ 978	94.4%	5.3%
	2BR	\$534	\$ 986	84.6%	4.8%
S. Saratoga Retirement Saratoga	1BR	\$250	\$ 355	42.0%	2.7%
	2BR	\$256	\$ 357	39.5%	2.6%
	Cottages	\$254	\$ 386	52.0%	3.3%



**SARATOGA RETIREMENT COMMUNITY
ESTIMATE OF NET TURNOVER RECEIPTS**

Period	Projected No. of Turnover Units (2) (A)	Average Resale Price (B)	Gross Resale Receipts (C) (A) x (B)	% Avg. Refunded (D)	Less: Resident Refunds		Total Net Attrition Receipts (G) (C) - (F)
					Refundable Entry Fee Basis (E)	Total Refunds (F) (A) x (D) x (E)	
Period 1 - (2/16-10/16) (9 mos.)	10.5	\$699,491 (1)	\$7,344,656	59.9% (4)	\$563,953 (3)	\$3,546,982	\$3,797,673
2 - (11/16-10/17)	14	715,230	10,013,214	58.4%	573,905	4,693,051	5,320,162
3 - (11/17-10/18)	14	736,686	10,313,610	56.9%	587,741	4,683,591	5,630,019
4	14	758,787	10,623,018	55.4%	602,323	4,674,148	5,948,871
5	14	781,551	10,941,709	53.9%	617,641	4,664,180	6,277,529
6	14	804,997	11,269,960	52.5%	633,688	4,653,173	6,616,787
7	14	829,147	11,608,059	51.0%	650,460	4,640,641	6,967,418
8	14	854,021	11,956,301	49.5%	667,954	4,626,114	7,330,187
9	14	879,642	12,314,990	48.0%	686,170	4,609,142	7,705,848
10	14	906,031	12,684,439	46.5%	705,111	4,589,288	8,095,151
11 - (11/25-10/26)	14	\$933,212	\$13,064,973	45.0%	\$724,782	\$4,566,126	\$8,498,847

NOTES:

- (1) \$682,430 current average entry fee (50%- 90% Refundable Plan and 50%- Amortizing Plan, with second floor surcharges) prices increased annually by 3%, beginning at 4/16.
- (2) Per accompanying schedule.
- (3) Refund per unit basis per detail provided in Addenda (\$96,435,68/171), adjusted for turnover each period.
- (4) Weighted average refund percentage due to current residents (59.9% as detailed in the Addenda and amortizing downward to a stabilized 45.0% by period 11- 50% at a 90% refund and 50% at a 0% average refund).



**SARATOGA RETIREMENT COMMUNITY
CALCULATION OF NET MONTHLY FEE RECEIPTS**

Period	Double Occupancy Fees (1)			Gross Annual Mo. Fees [(A) x 143+ (B) x (C)] x 12 (D)	Less: Permanent Vacancy (2) (E)	Less: Turnover Vacancy (3) (F)	Net Annual Collections (D)-(E)-(F)
	Average Mo. Fee (A)	Average Mo. Fee (B)	No. of Double Occupancy (C)				
1 - (2/16-10/16) (9 mos.)	\$5,453	\$1,391	50	\$7,643,961	\$229,319	\$152,879	\$7,261,763
2 - (11/16-10/17)	5,576	1,422	50	10,421,616	312,648	208,432	9,900,535
3 - (11/17-10/18)	5,743	1,465	50	10,734,264	322,028	214,685	10,197,551
4 - (11/18-10/19)	5,916	1,509	50	11,056,292	331,689	221,126	10,503,478
5	6,093	1,554	50	11,387,981	341,639	227,760	10,818,582
6	6,276	1,600	50	11,729,981	351,889	234,592	11,143,140
7	6,464	1,648	50	12,081,509	362,445	241,630	11,477,434
8	6,658	1,698	50	12,443,955	373,319	248,879	11,821,757
9	6,858	1,749	50	12,817,273	384,518	256,345	12,176,409
10	7,064	1,801	50	13,201,791	396,054	264,036	12,541,702
11 - (11/25-10/26)	\$7,275	\$1,855	50	\$13,597,845	\$407,935	\$271,957	\$12,917,953

Notes:

- (1) Based upon current contracted monthly rent (see Addenda); and separately the double occupancy surcharges and census (30% of 143).
- (2) 3% (4.3 units) estimated deduction for stabilized vacancy in each period.
- (3) 2% (2.9 units) estimated deduction for temporary vacancies from units turning over when no monthly fees are collected.



Assisted Living/Memory Care Revenues - The subject's 90 assisted living and 18 memory care beds will be occupied by: 1) Saratoga Retirement Community transfers from their entry fee apartments/cottages; and 2) direct admits (did not pay an entry fee and/or moved directly into assisted living/memory care from outside the campus). Internal campus entry fee transfers receive an approximate 12% average discount from full market rents for any assisted living/memory care stays. The average contracted assisted living/memory care rent for direct admits per the current rent roll is \$5,924/month. Current assisted living and memory care rents were concluded to be market rents earlier in this report section.

The subject's assisted living/memory care units will be occupied by the inside entry fee apartment transfers, with any remaining vacant units available to be rented to outside direct admit residents. Per the current census and the actuarial experience at other comparable CCRC facilities, the number of internal campus transfers is currently at a stabilized internal entry fee utilization of 14 residents (10% of 143 entry fee units).

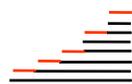
Net revenues from the assisted living/memory care rents are calculated on the following page. The calculations reflect the varying rents to be paid by the different users, with all average rents increased 3% per year.

Our cash flow projections estimate a stabilized occupancy of 91.7% (99/108) in each period, consistent with the historical occupancy and operator projections. The number of direct admits in all future years is a residual of the forecasted effective occupancy (99 units) less the internal entry fee transfer resident utilization (14).

Nursing Care Revenues - The subject's 94 existing nursing beds are/will be occupied by: 1) Saratoga Retirement Community temporary transfer patients who have not released their entry fee apartment/cottage; 2) Saratoga Retirement Community permanent patients who have released their entry fee apartment/cottage; and 3) direct admits who did not pay an entry fee and/or moved directly into health center from outside the campus. Internal entry fee transfers pay about 82% on average of a full market private pay rates; all direct admits pay full market rates.

Private pay nursing rates were concluded to represent market rents earlier in this report section (Medicare and Medical rates are fixed by State agency and are not market determined). The current contracted average daily rate for direct admits (\$349.26/day) is based upon the current census and rates as detailed in the Addenda (40% private pay at \$363/day average, 42% Medical at \$218/day and 18% Medicare at an estimated \$625/day net average). All rates are projected to be increased by 3% per year.

The subject's nursing beds are/will be occupied by the inside entry fee apartment and cottage transfers, with any remaining vacant beds available to be rented to outside direct admit residents. As the number of entry fee resident transfers grows, the number of direct admit residents will decline. Per the actuarial experience at other comparable CCRC facilities and considering the current census, the number of internal campus transfers is forecast to increase by period 11 to a stabilized internal entry fee utilization of 14 residents (two temporary patients or 730 days and 12 permanent patient days or 4,380 patient days- 10% of 143 entry fee units). The current internal nursing entry fee utilization is surprisingly small (only two temporaries and 7 permanents).



SARATOGA RETIREMENT COMMUNITY
CALCULATION OF ASSISTED LIVING/MEMORY CARE REVENUES

Period	Total SRC Residents (A)	SRC Average Monthly Rate (B)	SRC Revenues (A) x (B) x 12 (C)	Direct Admit/ Outside Residents (D)	Direct Admit Resident Monthly Rate (E)	Direct Admit Resident Revenues (D) x (E) x 12 (F)	Total AL/MC Revs (C) + (F)
1 - (2/16-10/16) (9 mos.)	14 (1)	\$5,213 (2)	\$875,804	85 (4)	\$5,924 (3)	\$6,042,480	\$5,188,713
2 - (11/16-10/17)	14	5,330	895,510	85	6,057	6,178,436	7,073,946
3 - (11/17-10/18)	14	5,490	922,375	85	6,239	6,363,789	7,286,164
4	14	5,655	950,046	85	6,426	6,554,703	7,504,749
5	14	5,825	978,548	85	6,619	6,751,344	7,729,891
6	14	5,999	1,007,904	85	7,818	6,953,884	7,961,788
7	14	6,179	1,038,141	85	7,022	7,162,500	8,200,642
8	14	6,365	1,069,285	85	7,233	7,377,375	8,446,661
9	14	6,556	1,101,364	85	7,450	7,598,697	8,700,061
10	14	6,752	1,134,405	85	7,673	7,826,658	8,961,063
11 - (11/25-10/26)	14	\$6,955	\$1,168,437	85	\$7,903	\$8,061,457	\$9,229,894

Notes:

- (1) Estimated based upon the current census for internal campus transfers.
- (2) Based upon 88.0% average of full market direct admit AL/MC rents, increased by 3% per year.
- (3) Per the current weighted average direct admit AL/MC rents (see Addenda), increased by 3% per year.
- (4) 91.7% of gross potential occupancy (99/108) in each period, direct admit census estimated as stabilized occupancy of 99 units less internal utilization column (A).



**SARATOGA RETIREMENT COMMUNITY
CALCULATION OF NURSING CARE REVENUES**

Period	SRC Temporary Patient Days	SRC Permanent Patients Days	SRC Average Daily Rate (B)	SRC Resident Revenue (A) x (B) (C)	Full Market Patient Days (D)	Full Market Average Daily Rate (E)	Full Market Annual Patient Revenues (D) x (E) (F)	Net Ancillary Revenues (5) (G)	Total Nursing Revenues (C) + (F) + (G)
1 - (2/16-10/16) (9 mos.)	548	1,916	\$297.66 (2)	\$570,391	19,409 (3)	\$349.26 (4)	\$6,778,875	\$437,460	\$7,786,726
2 - (11/16-10/17)	730	2,738	304.36	833,330	25,696	357.12	9,176,513	600,778	10,610,622
3 - (11/17-10/18)	730	2,921	313.49	915,699	25,513	367.83	9,384,495	618,802	10,918,996
4	730	3,104	322.89	1,002,259	25,330	378.87	9,596,698	637,366	11,236,322
5	730	3,287	332.58	1,093,189	25,147	390.23	9,813,186	656,487	11,562,861
6	730	3,470	342.56	1,188,672	24,964	401.94	10,034,026	676,181	11,898,880
7	730	3,653	352.83	1,288,901	24,781	414.00	10,259,286	696,457	12,244,653
8	730	3,836	363.42	1,394,074	24,598	426.42	10,489,030	717,361	12,600,464
9	730	4,019	374.32	1,504,397	24,415	439.21	10,723,325	738,882	12,966,603
10	730	4,202	385.55	1,620,084	24,232	452.39	10,962,238	761,048	13,343,370
11 - (11/25-10/26)	730	4,380	\$397.12	\$1,739,374	24,054	\$465.96	\$11,208,164	\$783,880	\$13,731,418

Notes:

- (1) Temporary (2 beds), permanent (7.1 beds) transfers and direct admits (70.9 beds) per the current rent roll (see Addenda). 10% projected stabilized internal permanent entry fee transfer utilization by period 11 (14/143 or 5,110 patient days).
- (2) Averages weighted daily rate for internal transfers (\$297.66/day) or 82% average of the full market private pay rate, increased by 3% per year.
- (3) 85.0% projected stabilized occupancy (79.9/94 beds) in each period; number of direct admits = stabilized occupancy (79.9 beds or 29,164 patient days) less internal CCRC resident utilizations (column A + B).
- (4) Direct admit resident average rate per current rent roll (\$349.26/day- see Addenda), or 40% private pay @ \$363/day average, 42% Medical @ \$218/day and 18% Medicare at an estimated \$625/day net, increased by 3% per year.
- (5) Estimated at \$20.00/PPD for net ancillary income, increased by 3% per year.



In our cash flow projections for the subject, we have estimated nursing component cash flows as set forth on the following page. The subject's nursing beds are projected to have a stabilized occupancy of 79.9 beds/29,164 patient days or 85% of all beds (79.9/94) in each period. The 85% stabilized occupancy estimate within this campus component is consistent with the current occupancy and reflects the subject's high, high turnover Medicare census.

The nursing care cash flows also include an estimated **net** ancillary revenue (net of ancillary expenses) of approximately \$20.00 per patient day or \$437,460 in period one (for 29,164 patient days), increased by 3% per year, consistent with historical collections and the experience at similar projects.

Reserve Interest Income- Represents the annual interest on approximately \$54,000,000 in currently held reserves/investments, among the highest we have seen at any CCRC in the country. Estimated to earn 3% long term interest rate in each period, or \$1,620,000 ($\$54,000,000 \times 3\%$).

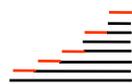
Though most of these reserves are not legally restricted and could theoretically be withdrawn from the project, it is our experience that these funds would likely remain in the project (and transfer to any buyer would therefore have to pay for them) to maintain the sense of financial stability among bond holders and current and future residents and their families.

Other Income - Other income includes all revenues from miscellaneous sources including rental income from common areas (i.e. barber/beauty shop), meals to visitors, assisted living services provided to residents in their apartments and extra personal services for residents. Estimated at 5% of net monthly fees and AL/MC revenues, or \$622,524 in the nine month period one (+\$275/apartment and cottage unit). Consistent with historical collections and projections made for the subject, and above the experience at comparable senior projects.

Expenses or Outlays

Our forecasted expenses (referred to as departmental operating expenses) for the apartments/cottages and assisted living/memory care units and separately the nursing care component for the subject are based on the recent operating history (fiscal 2015 and fiscal 2016 annualized), the operator pro forma projections (fiscal 2017) and third party consultants as summarized on the following page (and detailed in the Addenda of this report) and the actual historical operating expenses at comparable entry fee projects.

Departmental operating expenses include insurance, all on site administrative expenses, direct real estate taxes, marketing, utilities, maintenance, housekeeping/laundry, activities, living assistance and dietary/food. Health center costs also include all nursing payroll and supplies. Departmental operating expenses in the occupancy stabilized nine month period one (2/16 to 10/16) are as follows:



SARATOGA RETIREMENT COMMUNITY
HISTORICAL & BUDGETED INCOME AND EXPENSE STATEMENT

	<u>Historical</u>		<u>Budget</u>
	<u>Y/E 3/2015</u>	<u>Y/E 3/2016 (3)</u>	<u>Y/E 3/2017</u>
Revenues -			
Health Center	\$9,493,037	\$10,174,949	\$10,932,859
Service Fees	15,314,298	16,003,272	16,534,794
Other Income	<u>886,454</u>	<u>985,688</u>	<u>1,012,490</u>
Total Revenues (1)	\$25,693,789	\$27,163,909	\$28,480,143
Expenses -			
Dietary	\$4,544,610	\$4,706,639	\$4,938,413
Facility Services & Utilities	4,437,550	4,511,432	4,456,472
Health & Social Services	5,952,609	6,109,173	6,690,284
Assisted Living	2,083,997	2,208,608	2,361,086
Administrative & Marketing	<u>2,821,102</u>	<u>2,567,915</u>	<u>2,790,664</u>
Total Expenses (2)	\$19,839,868	\$20,103,767	\$21,236,919
% of Total Revenues	(77.2%)	(74.0%)	(75.4%)
Net Income	\$5,853,921 =====	\$7,060,142 =====	\$7,243,224 =====

Notes:

- (1) Without unit turnover fees or contribution income or investment income.
- (2) Without management fees, interest income or expense, replacement reserves/capital expenditures, or debt service payments.
- (3) 8 months ending 11/30/15 annualized.



	Departmental Operating Expense <u>ILU/AL/MC</u>	Health Center - <u>SNF</u>	<u>Total</u>
Net Operating Expenses	\$9,106,245	\$ 6,609,918	\$15,716,163
Per Occupied Unit/Bed	\$ 51,700	\$ 109,500	\$ 66,576
Per Resident	\$ 42,995	\$ 109,500 (\$300/PPD)	\$ 57,834
Annual Forecasted Increase	3%	3%	-

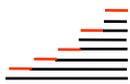
All expenses are increased by 3% per year after period one. The above appraisal estimates include an estimated \$45,000 for each of the occupied apartments/cottages and \$60,000 per each of the occupied assisted living/memory care units.

Our estimates of operating expenses (before management fees or replacement reserves/ capital expenditures) can be compared to historical and budgeted operating data as follows:

Actual Total Expenses (Y/E 3/16 annualized)	\$20,103,767
	=====
Operator Budgeted Total Expenses (Y/E 3/17)	\$21,236,919
	=====
Projected Total Expenses Per SLVS (2/16 to 10/16)-	
Independent Living/Assisted Living/Memory Care Units	\$ 9,106,245
Health Center/SNF Beds	<u>\$ 6,609,918</u>
Total Projected Total Expenses Per SLVS (2/16 to 10/16)	\$15,716,163
	=====
Total Projected Total Expenses Per SLVS (Annualized)	\$20,954,884
	=====
DiDifference	
(over fiscal 2016 annualized actuals)	+4.2%
(under fiscal 2017 budget)	-1.3%

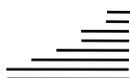
Our total expense estimates are reasonable, consistent with the subject's actual operating history and the operator budget and represent our opinion of the total expenses of the typical operator.

As illustrated by a comparison to comparable projects on a following page, the total projected expenses per occupied unit/bed for the subject are at the upper end of the range of total expenses at other entry fee projects. This is due to the subject's location, higher quality and higher than average percentage of higher operating cost assisted living and nursing beds. The subject's projected operating expenses per unit/bed rank at about the 85th percentile of all entry fee projects as reported in a recent national survey of operating expenses. In our opinion, the subject would rank at about the 95th percentile of all entry fee projects in overall quality/location cost of living (5% above; 95% below) using a national standard. Our projection of total expenses are generally consistent with this national ranking (slightly below due to the large number of lower cost to operate cottages).



SARATOGA RETIREMENT COMMUNITY
OPERATING EXPENSES - COMPARABLE CCRC FACILITIES

	No. of Units		Actual ILU	Inflated ILU	Actual Health Care	Inflated HC	Total Op.
	<u>IL</u>	<u>AL/SNF</u>	Exp. Per Unit	Exp. Per Unit - 2016	Expenses Per Bed	Exp. Per Bed - 2016	Expenses - 2016
Rancho San Antonio Cupertino, CA	303	78	\$41,190	\$42,426	\$106,790	\$109,994	\$55,965
Moldaw Palo Alto, CA	177	0	\$46,683	\$51,012	-	-	\$51,012
The Terraces Los Gatos, CA	166	90	\$31,827	\$33,765	\$91,343	\$96,906	\$55,963
Vi Palo Alto, CA	369	96	\$66,257	\$70,292	\$80,612	\$85,521	\$73,442
2015 ASHA CCRC Average Per Survey – 25 th Percentile							\$37,220
– 50 th Percentile							\$48,824
– 75 th Percentile							\$61,493
– 90 th Percentile							\$68,129
Subject - Historical	4/15-11/15	235 79.6	-	-	-	-	\$64,106
Subject – Budget	4/16-3/17	237.5 84	-	-	-	-	\$66,056
Appraisal Estimates-							
Subject Stabilized	2/16-10/16	234.9 79.9	-	\$51,700	-	\$109,500	\$66,576



ASHA National Survey: CCRC Operating Expenses

Table 9.6

CCRCs — Per Occupied Unit / Bed

	Lower Decile	Lower Quartile	Median	Upper Quartile	Upper Decile
REVENUE CATEGORIES:					
TOTAL	\$43,220	\$47,663	\$62,058	\$95,850	\$107,652
RENT / FEE REVENUE BY CARE LEVEL (BY ALL OCCUPIED UNITS / BEDS)					
Independent					
Base Fees	\$19,576	\$19,289	\$24,148	\$30,451	\$29,554
2nd Occupant Base Fees	\$2,375	\$1,897	\$2,603	\$2,899	\$3,381
Assisted					
Base Fees (for all levels of care)	\$3,560	\$4,250	\$3,339	\$2,887	\$3,652
2nd Occupant Base Fees	\$14	\$15	\$51	\$55	\$64
Acuity-based Care Fees	\$102	\$71	\$1,087	\$1,616	\$2,101
Alzheimer's Care					
Base Fees (for all levels of care)	\$200	\$724	\$497	\$740	\$876
2nd Occupant Base Fees	\$0	\$0	\$1	\$9	\$0
Acuity-based Care Fees	\$0	\$0	\$45	\$687	\$847
Nursing					
Base Fees	\$7,745	\$9,986	\$16,871	\$18,291	\$23,012
Auxiliary Revenues	\$1,121	\$1,245	\$2,069	\$2,895	\$2,728
OTHER REVENUES					
Community Fees	\$275	\$111	\$417	\$162	\$148
Net Cash From Entrance Fees	\$5,212	\$5,357	\$7,231	\$30,346	\$36,901
Interest Income	\$66	\$260	\$472	\$973	\$590
All Other Operating Income	\$2,975	\$4,457	\$3,226	\$3,840	\$3,799
OPERATING EXPENSE CATEGORIES:					
TOTAL OPERATING EXPENSES	\$33,573	\$38,271	\$50,836	\$64,008	\$71,156
LABOR RELATED					
Administrative	\$987	\$1,314	\$1,846	\$2,911	\$3,072
Dietary	\$3,177	\$3,261	\$3,994	\$3,079	\$2,762
Housekeeping	\$908	\$965	\$1,756	\$2,013	\$2,107
Maintenance	\$653	\$740	\$1,769	\$1,636	\$1,642
Assisted Living Labor	\$1,416	\$1,601	\$1,691	\$2,260	\$2,385
Nursing Labor	\$4,476	\$5,383	\$7,001	\$6,736	\$6,993
Marketing	\$340	\$462	\$704	\$1,106	\$1,347
Activities	\$49	\$211	\$409	\$1,238	\$1,356
All Labor in Other Departments	\$3,013	\$3,463	\$3,767	\$5,193	\$5,600
Payroll Taxes	\$1,187	\$1,315	\$1,652	\$1,885	\$2,203
Employee Benefits	\$2,090	\$2,367	\$3,180	\$3,895	\$3,824
LABOR RELATED TOTAL	\$18,297	\$21,081	\$27,769	\$31,952	\$33,290
NON-LABOR RELATED					
Property Taxes	\$1,507	\$1,408	\$1,155	\$2,562	\$3,947
Property Insurance	\$263	\$273	\$642	\$885	\$927
Liability Insurance	\$240	\$243	\$558	\$342	\$355
Workers Comp.	\$498	\$454	\$548	\$723	\$762
Raw Food	\$2,517	\$2,408	\$3,254	\$3,976	\$3,992
Non-Labor Other Dietary	\$212	\$326	\$748	\$876	\$1,017
Utilities	\$2,153	\$2,200	\$2,531	\$3,448	\$3,456
Marketing / Advertising	\$645	\$865	\$1,152	\$1,323	\$1,171
Repairs & Maintenance	\$953	\$943	\$1,708	\$2,464	\$2,441
Housekeeping	\$109	\$131	\$297	\$497	\$612
Resident Care Supplies	\$310	\$474	\$1,195	\$1,896	\$2,202
Activities	\$24	\$31	\$212	\$747	\$1,007
Total Management Fees	\$1,111	\$1,051	\$2,012	\$2,515	\$3,027
All Other Operating Expenses	\$3,445	\$4,251	\$6,605	\$8,946	\$12,551
ALL CORPORATE AND / OR OTHER OVERHEAD EXPENSES	\$1,290	\$2,134	\$448	\$856	\$398
NET OPERATING INCOME	\$9,648	\$9,392	\$11,222	\$31,843	\$36,496
DEBT SERVICE AND / OR LEASE PAYMENTS¹	**	\$1,945	\$3,238	\$2,904	**
REPLACEMENT RESERVE	**	\$5,698	\$3,713	\$3,115	**
NET CASH FLOW	**	\$1,749	\$4,271	\$25,823	**

¹ Insufficient sample size.

Includes annual principal and interest payments, other debt expenses (e.g. mortgage insurance premiums, letter of credit fees, trustee fees, servicing fees, etc.), operating lease payments and ground lease payments.

Note: Properties are ranked by Revenues per Occupied Unit. Each decile and quartile represents the weighted average of all properties falling in that rank while the median reflects the average of the 5th and 6th deciles.



Management Fees - Represents those fees paid to an outside operator/manager over and above on site administrative costs. Management fees are estimated at 3% of total receipts (not including turnover receipts) which is consistent with industry practice and reasonable given the subject's greater complexity of operation and scale and very high revenue base caused by a high percentage of nursing beds.

Replacement Reserves - Replacement reserves represent that allocation for capital expenditures (including ongoing replacement of all furniture and equipment) over and above routine maintenance. The reserves are estimated at \$1,000 per each unit and bed, or \$345,000 (345 units/beds x \$1,000/unit/bed) in period one. Increased by 3% per year.

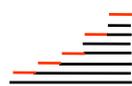
This appraisal estimate is drawn from the reserve experience at other entry fee projects as set forth on a following page, the operator's projections, historical costs incurred and the subject's overall characteristics (mixed age, apartment/cottage/assisted/memory care/skilled bed ratio/location/ scale).

Capitalization Process

Because Saratoga Retirement Community is being appraised in January, 2016 when it has not reached a stabilized cash flow (the subject has a stabilized occupancy), we have utilized a procedure where the net income at a stabilized cash flow (fiscal year 2026) is capitalized at a terminal capitalization rate of 7.5% (less a 1% sales transaction charge) to get an indicated total property value in the cash flow stabilized year (period 11) and then, along with the years one to 10 cash flows, discounted to the various valuation dates at a discount rate of 9.0%. These calculations are shown on a following page.

On the following pages, we have listed indicated overall capitalization rates derived from sales of congregate rental senior housing facilities located around the country and a few California nursing home sales. Though these facilities are not directly comparable to the subject and have different locations/competitive markets, they do have an overall similar target market and amenities package to the subject. Our experience indicates immaterial differences in capitalization rates between various regions of the country. These sales and our experience indicates that the overall capitalization rate for senior rental facilities ranges from 5% to approximately 10% with the majority of recent cap rates between 6% to 8% for congregate rental projects and 11% to 14% for nursing homes. Considering that the subject is a combination of a congregate living campus with a large care component, it is reasonable to project a cap rate range for the subject using these market statistics.

We are aware of the sale of a few entry fee facilities which would generate comparable capitalization rate ranges to analyze the subject cash flow stream. Sales of buy-in fee facilities have rarely occurred and the degree of comparability of any transaction to the subject is tenuous and imprecise.



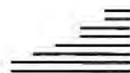
**SARATOGA RETIREMENT COMMUNITY
LISTING OF CCRC ANNUAL CAPITAL RESERVES**

Property Location (State)	Age	Unit Mix			Annual Capital Reserves	Annual Reserves Per Unit/Bed
		ILU	AL	SNF		
California	2002	316	70	70	\$462,000	\$ 1,000
Oregon	2001	328	0	23	\$263,250	\$ 750
North Carolina	1983+/98/99	286	40	122	\$274,500	\$ 613
North Carolina	1979	280	35	60	\$311,250	\$ 830
Virginia	1996	311	65	60	\$325,000	\$ 745
Maryland	1999	210	45	42	\$294,000	\$ 990
Michigan	1975	237	63	57	\$500,000	\$1,401
Michigan	1972	215	0	60	\$387,500	\$1,409
New Jersey	1989	299	0	60	\$322,789	\$ 899
Connecticut	1986/89	189	0	35	\$194,870	\$ 870
Connecticut	1964/77/85	194	51	60	\$358,723	\$1,176
Maryland	1991	182	12	37	\$210,000	\$ 909
Massachusetts	1989	102	0	60	\$221,471	\$1,367
Averages (13 projects)	1988	242	29	57	\$317,335	\$ 928
Subject	1912, 79, 01, 02, 04	143	108	94	\$345,000	\$1,000 (est.)



Senior Living Valuation Services, Inc.

No	Facility	Location	Age	Units	Gross Inc \$/Unit/Mo	Expense Ratio %	Sale Date	Sale Price (000)	\$/Unit	OAR	\$/SF	EGIM
1	Tuscany at McCormick Ranch	Scottsdale, AZ	2003	73	\$3,425	45.0%	6/14	\$25,463	\$348,808	6.5%	\$240.56	8.49
2	Park Regency	Loveland, CO	2006	104	\$2,805	70.0%	7/14	\$17,250	\$165,185	6.1%	\$184.12	4.93
3	Sudley Manor	Manassas, VA	2000	72	\$5,035	70.1%	7/14	\$14,100	\$195,833	9.2%	\$235.00	3.24
4	Sierra Pointe	Scottsdale, AZ	2000	216	\$4,244	56.4%	7/14	\$77,000	\$356,481	6.4%	\$288.50	7.00
5	Autumn Ridge	Clarkson, MI	2002	100	\$4,236	70.0%	8/14	\$21,500	\$215,000	7.1%	\$312.84	4.23
6	Horizon Bay	Tampa, FL	2012	69	\$5,694	65.0%	8/14	\$24,200	\$350,725	6.8%	\$157.60	5.13
7	Cottages of Carmel	Carmel, CA	2011	57	\$5,099	57.0%	8/14	\$24,500	\$430,000	8.2%	\$544.44	5.90
8	The Patrician	La Jolla, CA	1984	136	\$3,370	64.5%	9/14	\$33,000	\$242,641	5.9%	\$240.88	6.00
9	Diamond View	Meridian, ID	1990	106	\$2,358	75.0%	10/14	\$ 8,700	\$ 82,075	8.6%	\$155.79	2.90
10	Oak Ridge	Hastings, MN	2001	67	\$2,881	75.0%	10/14	\$ 6,750	\$100,746	8.5%	\$140.73	2.93
11	Dancing River	Grapevine, TX	2011	84	\$6,052	77.0%	10/14	\$18,500	\$220,238	7.6%	\$256.94	3.03
12	Gull Creek	Berlin, MD	1987	86	\$2,907	80.5%	10/14	\$ 8,030	\$ 93,372	7.3%	\$111.53	2.68
13	University Place	Abilene, TX	1985	124	\$1,546	63.5%	11/14	\$ 8,900	\$ 71,774	9.4%	\$ 63.57	3.87
14	Jackson Crossings	Jackson, WI	2006	52	\$3,319	69.4%	11/14	\$ 7,500	\$144,231	8.4%	\$174.42	3.62
15	Hallmark Buckhead	Atlanta, GA	2007	203	\$4,516	63.6%	12/14	\$80,000	\$394,089	5.0%	\$394.09	7.27
16	Greentree	Indianapolis, IN	1999	124	\$2,890	73.0%	12/14	\$17,000	\$137,100	6.8%	\$150.49	3.95
17	Evergreen Estates	Lancaster, PA	2001	96	\$3,212	73.0%	1/15	\$13,450	\$140,100	7.4%	\$226.74	3.64
18	Loving Arms	Front Royal, VA	1997	53	\$4,892	56.3%	1/15	\$14,300	\$269,811	9.5%	\$423.05	4.60
19	The Thunderbird	Glendale, AZ	1988	345	\$2,002	60.0%	1/15	\$31,800	\$ 92,174	7.9%	\$110.56	7.63
20	Skagit Valley	Burlington, WA	2001	198	\$3,283	67.9%	2/15	\$35,000	\$176,800	7.1%	\$204.42	4.49
21	Arbor Terrace	Tampa, FL	2015	92	\$4,940	67.3%	4/15	\$20,000	\$217,400	8.0%	\$271.74	4.08
22	Alta Manor	Roseville, CA	2008	86	\$4,172	70.0%	4/15	\$16,550	\$192,442	7.8%	\$431.44	3.84
23	The Solana	Germantown, TN	2012	182	\$4,845	65.0%	6/15	\$65,500	\$359,890	5.7%	\$310.57	6.19
24	Fountainview Estates	Longview, TX	2014	74	\$4,550	70.0%	8/15	\$15,150	\$204,700	8.0%	\$229.02	3.75
25	Addington Place	Northville, MI	1999	80	\$5,000	73.1%	8/15	\$17,000	\$212,500	7.6%	\$354.17	3.54
	Low		1984	52	\$1,546	45.0%	6/14	\$ 6,750	\$ 71,774	5.0%	\$ 63.57	2.68
	High		2015	346	\$6,052	80.5%	8/15	\$80,000	\$430,000	9.5%	\$544.44	8.49
	Low (minus 2 lowest):		1987	57	\$2,358	56.4%	7/14	\$ 8,030	\$ 93,372	5.9%	\$111.53	2.93
	High (minus 2 highest):		2012	203	\$5,099	75.0%	6/15	\$65,500	\$359,890	9.2%	\$423.05	7.27
	Average:		2002	115	\$3,891	67.1%	12/14	\$24,846	\$221,574	7.5%	\$248.53	4.68



CA SKILLED NURSING FACILITY SALES SUMMARY

<u>No.</u>	<u>Facility</u>	<u>Location</u>	<u>Beds</u>	<u>Age</u>	<u>% Pvt. Pay</u>	<u>Gross Inc. \$/Bed/Day</u>	<u>Net Inc. \$/Bed/Day</u>	<u>Expense Ratio (Percent)</u>	<u>Sale Date</u>	<u>Sale Price (000)</u>	<u>OAR</u>	<u>\$/Bed</u>	<u>GIM</u>
1.	McClay HC	Sylmar	175	1925	14%	\$157	\$29.17	81%	12/15	\$14,400	12.9%	\$82,286	0.70
2.	Manning Gardens	Fresno	59	1958	5%	\$167	\$22.29	87%	12/15	\$ 3,335	14.4%	\$56,525	1.08
3.	Shea Family Care	El Cajon	99	1968	24%	\$310	\$34.12	89%	12/14	\$ 8,622	14.3%	\$87,086	0.77
4.	Country Villa	Los Angeles	131	1968	23%	\$229	\$25.40	89%	10/14	\$10,170	11.8%	\$77,634	0.93
5.	Four Season HC	Valley Village	201	1968	25%	\$264	\$23.80	91%	8/14	\$14,875	11.7%	\$74,005	0.77
6.	Windsor HC	Oakland	94	1970	22%	\$244	\$29.28	88%	8/14	\$ 9,316	10.8%	\$99,100	1.11
	Low		59	1925	5%	\$157	\$22.29	81%	8/14	\$ 3,335	10.8%	\$56,525	0.70
	High		201	1970	25%	\$310	\$34.12	91%	12/15	\$14,875	14.4%	\$99,110	1.11
	Average		127	1960	19%	\$229	\$27.34	87.5%	2/15	\$10,120	12.7%	\$79,439	0.89



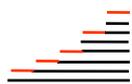
Senior Living Valuation Services, Inc.

Nevertheless, we are aware of the March, 2015 sale of Wyndemere in Wheaton, Illinois. The sale involves an existing 1993 built, 432 unit/bed campus (237 IL/65 AL/130 SN) between for-profit parties. This campus is healthy with an approximately 93% overall occupancy. The sale price was \$70,000,000 (the campus was purchased in 2010 for \$45,500,000) or \$162,037 per unit/bed. The capitalization rate of this sale has been estimated as follows:

Estimated Stabilized Turnover/Year (9% of total)	27
Average Entry Fee	<u>\$ 356,800</u>
Gross Stabilized Attrition Receipts	\$9,633,600
Less: Estimated Resident Refunds – 58%	(\$5,583,600)
Plus: Net Operational Income	<u>\$ 2,100,000</u>
Estimated Owner Stabilized Net Cash Flow	\$6,150,000 =====
Effective Sale Price	\$70,000,000
Calculated Capitalization Rate	8.8%

We are also aware of the October, 2014 sale of The Kenney CCRC in Seattle, Washington. This sale represents the sale of the existing debt to a not-for-profit operator (Heritage Ministries) who is currently in the process of assuming control of the campus Board of Directors. The Kenney was built between 1907 and 2003 and includes 93 apartments, 72 assisted living/memory care units and 20 nursing beds (185 total units/beds). This campus was about 88% occupied overall at its date of sale. The sale price was \$10,500,000 or \$56,757 per unit/bed. The capitalization rate of this sale has been estimated as follows:

Estimated Stabilized Turnover/Year (15% of total)	14
Average Entry Fee	<u>\$ 176,812</u>
Gross Stabilized Attrition Receipts	\$2,475,368
Less: Estimated Resident Refunds – 76%	(\$1,515,248)
Plus: Net Operational Income	<u>\$ 170,000</u>
Estimated Owner Stabilized Net Cash Flow	\$1,130,120 =====
Effective Sale Price	\$10,500,000
Calculated Capitalization Rate	10.8%

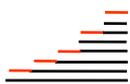


We are also aware of the August, 2014 sale of the St. Andrews Village in Aurora, Colorado. This 2006 built for-profit, Type C CCRC campus includes 146 entry fee and rental apartments, 60 assisted living units and 58 nursing beds. The project was about 85% occupied at the date of sale and was purchased by a REIT for \$42,500,000 and then leased back to the operator (one of the first REIT transactions involving an entry fee CCRC). Though not a pure arms-length sale, this transaction is a sale between knowledgeable parties and at the forefront of REITs buying CCRCs (a REIT could conceivably buy the subject and lease it to an operator). The capitalization rate of the sale has been estimated as follows:

Estimated Stabilized Turnover/Year (10.0% of total)	19
Average Entry Fee	<u>\$ 124,142</u>
Gross Stabilized Attrition Receipts	\$3,335,822
Less: Estimated Resident Refunds	(\$2,302,000)
Plus: Stabilized Net Operational Income	<u>\$1,975,000</u>
Estimated Owner Stabilized Net Cash Flow	\$3,008,822
	=====
Sale Price	\$42,500,000
Calculated Capitalization Rate	7.1%

We are also aware of the January, 2014 sale of the Peterson Meadows CCRC in Rockford, Illinois. This 1992 to 2007 built campus includes only 134 entry fee apartment and cottage units and no assisted living or nursing beds. The project was about 75% occupied at the date of sale and was purchased by another local Rockford CCRC owner/operator, Wesley Willows, who assumed the existing \$4,810,000 bond debt encumbering the campus (not-for-profit to not-for profit). The capitalization rate of the sale has been estimated as follows:

Estimated Stabilized Turnover/Year (14.2% of total)	19
Average Entry Fee	<u>\$ 124,142</u>
Gross Stabilized Attrition Receipts	\$2,358,698
Less: Estimated Resident Refunds	(\$1,701,118)
Plus: Stabilized Net Operational Income	<u>\$ 0</u>
Estimated Owner Stabilized Net Cash Flow	\$ 657,580
	=====
Sale Price (assumption of debt)	\$4,810,000
Calculated Capitalization Rate	13.7%



We are also aware of the November, 2012 closed sale of the Newcastle Place CCRC project located in Mequon, Wisconsin (northern Milwaukee suburb). This 2003/2009 built, upper tier entry fee project includes 170 entry fee apartments and townhomes, 52 assisted living/memory care units and 47 nursing beds (269 total units/beds). The project had a strong 93% occupancy at its date of sale and was purchased by Life Care Services from Milwaukee Protestant Home (not-for-profit to for-profit) for \$38,500,000 or \$143,123/total unit/bed (the buyer also purchased the management contract for a sister CCRC in Milwaukee, Eastcastle Place, for an additional purchase price). The cap rate of the sale has been estimated as follows:

Estimated Stabilized Turnover/Year (10.1% of total)	12
Average Entry Fee	\$ 283,417
Gross Stabilized Attrition Receipts	\$3,401,000
Less: Estimated Resident Refunds	(\$2,192,000)
Plus: Net Operational Income	<u>\$1,900,000</u>
Estimated Owner Stabilized Net Cash Flow	\$3,109,000
	=====
Sale Price	\$38,500,000
Calculated Capitalization Rate	8.1%

In April, 2015, Senior Living Valuation Services, Inc. conducted the 21st annual survey of about 370 participants in the senior housing industry regarding their investment criteria or perception of criteria used in evaluating different types of senior housing properties. The investment criteria survey polled included capitalization rates, discount rates and returns on equity. A copy of this survey is provided in the Addenda of this report. The survey indicated a capitalization rate range of 6.5% to 10% and an average of 8.6% for continuing care retirement communities. Though the survey is not definitive, it does provide some market evidence of the investment criteria being used (or perceived to be used) by industry professionals.

A third method of estimating a capitalization rate is the band of investment or weighted average technique. If the available mortgage terms are known, the debt service or mortgage constant can be calculated, and if the equity dividend rate required to attract equity on properties like the subject is known or can be estimated, the overall rate applicable in direct capitalization can be computed. Available mortgage terms of 75% of value at 6.0% interest with an amortization term of 25 years generally reflect current market terms (see Favorable Financing section of this report). Based on these terms, the mortgage constant is .0773. The equity dividend rate required to attract equity capital for entry fee CCRC properties similar to the subject is approximately 12.3% (per our investment survey). The indicated overall capitalization rate using this approach is:

BAND OF INVESTMENT

	<u>Portion of Value</u>		<u>Rate</u>		<u>Weighted Contribution</u>
Mortgage	0.75	x	.0773		.0580
Equity	<u>0.25</u>	x	.123		<u>.0308</u>
	1.00	x	overall rate =		.0888
			OAR =		8.9%

These indicated capitalization rate ranges discussed above can be summarized as follows:

Indicated Cap Rates - National Rental Sales	5.0%-9.5% (7.5% avg.)
Indicated Cap Rates - California Nursing Home Sales	10.8%-14.4% (12.7% avg.)
Indicated Cap Rate - Wyndemere Sale	8.8%
Indicated Cap Rate - The Kenney Sale	10.8%
Indicated Cap Rate - St. Andrews Village Sale	7.1%
Indicated Cap Rate - Peterson Meadows Sale	13.7%
Indicated Cap Rate - Newcastle Place Sale	8.1%
5 CCRC Sale Average	9.7%
Indicated Cap Rate - SLVS Industry Survey	8.6% (CCRC)
Indicated Cap Rate - Band of Investment Technique	8.9%

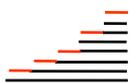
Considering the precise nature, location and competitive position of the subject property and giving most weight to the individual entry fee project sales and our experience in comparable developments, in our opinion, a going-in or overall capitalization rate range of 7.0%, or at the lower portion of the range is considered appropriate for the subject cash flow stream. In estimating a proper capitalization for the subject, we considered the following:

Factors Suggesting A Higher Capitalization Rate

1. High percentage of higher cap rate campus assisted living and nursing beds.

Factors Suggesting A Lower Capitalization Rate

1. Competitive existing entry and monthly fees;
2. Saratoga location;
3. Limited care component discount liabilities;
4. Relative newness and high quality of physical plant;
5. Very high reserves/investments.



A specific terminal capitalization rate of 7.5% (50 basis points above a 7.0% estimated going-in capitalization rate estimate) or toward the lower portion of the indicated range is considered appropriate for the subject property reflecting the overall riskiness, complexity and illiquidity and competitive position of the subject. The subject has a newer age and is located in a very affluent suburban market, has a tony Saratoga address and has limited health care discount liabilities. However, the subject campus has a higher percentage of higher cap rate assisted living and nursing care beds. These factors would tend to increase the subject's cash flow risk and decrease its liquidity (the senior market is illiquid to begin with and the potential buyer pool for entry fee projects in particular is small). On balance, these factors suggest a below cash flow risk and faster than typical liquidity for the subject overall.

Discount Rate

The discount rate is a factor that is applied to the annual net income (cash flow) before debt services, income taxes and also to the future value (reversion) to arrive at the present worth. Therefore, it is related to the cash-on-cash (annual equity dividend rate) and the property's value appreciation less inflation. Cash investors in real estate are expecting 10% to 15% cash on cash return (equity dividend rate); market value appreciation averaging about 3% to 4% per year; and inflation running at about 3% to 4% per year. Therefore, this illustrates an overall discount rate range of 11% to 16%.

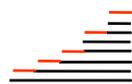
Appraisal literature has noted the relationship of capitalization rates to discount rates as follows: discount rate = capitalization rate plus cash flow growth rate less a small adjustment for the higher risk of the cap rate estimate in future years. After considering the quality of the subject's income stream, the indicated going-in or overall capitalization rate (7.0%) and estimates of inflation used throughout the discounted cash flow analysis of 3%, and finally, the degree of risk of the subject property (and the degree of confidence in our actuarial estimates), we have concluded that a discount rate of 9.0% (7.0% + 3.0% less 100 basis points) is considered appropriate for the subject property.

Summary – Cash Flow Valuation

Our estimate of value by the Income Approach is set forth on the following pages, with an indicated market value for the subject's ongoing cash flow streams, as is, as of January 13, 2016 of \$187,048,968, rounded to \$187,050,000.

The Income Approach effective fee simple total going concern value of the subject's ongoing cash flow streams as of the completion of the sister Napa campus expansion, projected to be November, 2017 has been estimated at \$195,066,932 (\$187,048,968 as is value discounted value less the discounted value from 2/16 to 10/17- \$19,294,565, and then multiplied by the 1.09 discount factor for 1.75 years- or 1.1628), rounded to \$195,075,000.

The Income Approach effective fee simple total going concern value of the subject's ongoing cash flow streams as of the sellout of the sister Napa campus expansion, projected to be November, 2017 has been estimated at \$199,640,932 (\$187,048,968 as is value discounted value less the discounted value from 2/16 to 10/18- \$29,537,234, and then multiplied by the 1.09 discount factor for 2.75 years- or 1.2674), rounded to \$199,650,000.



**SARATOGA RETIREMENT COMMUNITY
DISCOUNTED CASH FLOWS & VALUATION**

Notes/ Escalation Rate	Period 1 (2/16-10/16) (9 mos.)	Period 2 (11/16-10/17)	Period 3 (11/17-10/18)	Period 4 (11/18-10/19)	Period 5 (11/19-10/20)	Period 6 (11/20-10/21)
(1)	\$3,797,673	\$5,320,162	\$5,630,019	\$5,948,871	\$6,277,529	\$6,616,787
Operational Cash Flows Receipts -						
(1)	\$7,261,763	\$9,900,535	\$10,197,551	\$10,503,478	\$10,818,582	\$11,143,140
(1)	5,188,713	7,073,946	7,286,164	7,504,749	7,729,891	7,961,788
(1)	7,786,726	10,610,622	10,918,996	11,236,322	11,562,861	11,898,880
-	1,215,000	1,620,000	1,620,000	1,620,000	1,620,000	1,620,000
(3)	622,524	848,724	848,186	900,411	927,424	955,246
	\$22,074,726	\$30,053,827	\$30,896,897	\$31,764,960	\$32,658,758	\$33,579,054
Total Operational Receipts						
Outlays						
3%	\$9,106,245	\$12,414,848	\$12,787,293	\$13,170,912	\$13,566,040	\$13,973,021
3%	6,609,918	9,011,521	9,281,867	9,560,323	9,847,132	10,142,546
(2)	662,242	901,615	926,907	952,949	979,763	1,007,372
3%	390,972	533,025	549,016	565,486	582,451	599,924
	\$16,769,377	\$22,861,009	\$23,545,083	\$24,249,670	\$24,975,385	\$25,722,863
	\$ 5,305,349	\$ 7,192,818	\$ 7,351,814	\$ 7,515,290	\$ 7,683,373	\$ 7,856,191
	\$ 9,103,022	\$12,512,980	\$12,981,833	\$13,464,161	\$13,960,902	\$14,472,978
	.9374	.8600	.7890	.7239	.6641	.6093
	\$ 8,533,274	\$10,761,291	\$10,242,669	\$ 9,746,079	\$ 9,271,236	\$ 8,817,704

Notes:
(1) Per detail supporting schedules.
(2) 3% of total operational receipts.
(3) 5% of net monthly fees and AL/MC revenues.



**SARATOGA RETIREMENT COMMUNITY
DISCOUNTED CASH FLOWS & VALUATION**

(continued)

	Period 7 (11/21-10/22)	Period 8 (11/22-10/23)	Period 9 (11/23-10/24)	Period 10 (11/24-10/25)	Period 11 (11/25-10/26)
Net Turnover Receipts	\$6,967,418	\$7,330,187	\$7,705,848	\$8,095,151	\$8,498,847
Operational Cash Flows Receipts-					
Monthly Fees (net)	\$11,477,434	\$11,821,757	\$12,176,409	\$12,541,702	\$12,917,953
Assisted Living/Memory Care Units	8,200,642	8,446,661	8,700,061	8,961,063	9,229,894
Nursing Center - SNF Bed	12,244,653	12,600,464	12,966,603	13,343,370	13,731,418
Reserve Interest	1,620,000	1,620,000	1,620,000	1,620,000	1,620,000
Other Income	983,904	1,013,421	1,043,824	1,075,138	1,107,592
Total Operational Receipts	\$34,526,633	\$35,502,303	\$36,506,897	\$37,541,273	\$38,606,657
Outlays					
Depart. Op. Exp. - ILU/AL/MC	\$14,392,211	\$14,823,978	\$15,268,978	\$15,726,758	\$16,198,561
Depart. Op. Exp. - SNF	10,446,823	10,760,227	11,083,034	11,415,525	11,757,991
Management Fees	1,035,799	1,065,069	1,095,207	1,126,238	1,158,200
Replacement Reserves	617,922	636,460	655,554	675,220	695,477
Total Operational Outlays	\$26,492,755	\$27,285,734	\$28,102,492	\$28,943,742	\$29,810,228
Net Operational Cash Flows	\$ 8,033,878	\$ 8,216,569	\$ 8,404,405	\$ 8,597,532	\$ 8,796,429
Total Cash Flows	\$15,001,296	\$15,546,756	\$16,110,253	\$16,692,683	\$17,295,276.075
Capitalized Value (99%)					
Discount Factor (9%)	.5589	.5128	.4705	.4316	.4316
Discounted Value	\$ 8,384,939	\$ 7,972,315	\$ 7,579,150	\$ 7,204,731	\$ 98,535,579
Total					\$187,048,968
Called					\$187,050,000



Senior Living Valuation Services, Inc.

VALUATION OF OBLIGATED GROUP FAVORABLE FINANCING

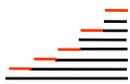
In addition to a valuation of operational and unit turnover cash flows, the subject as part of the Odd Fellows of California Obligated Group, may have additional value to a buyer due to both existing and proposed debt with terms more favorable than conventional financing. The theory is that a buyer of the subject should be willing to pay the discounted value of the difference of annual payments for the favorable financing compared to the discounted value of annual payments for a hypothetical conventional financing, because the buyer will pay less debt service over the life of the favorable financing compared to what they would pay over the life of conventional market rate financing. To create value to a buyer, the favorable financing must be assumable by the buyer.

The subject and its sister facility, Meadows of Napa Valley (an entry fee CCRC), are currently encumbered by Obligated Group Series 2012 insured tax exempt revenue bonds, and which have a current outstanding principal balance of approximately \$91,935,000. The existing Obligated Group bond debt is proposed to be supplemented (the Series 2012 bonds will remain as is) by new Series 2016 bonds (to fund the subject expansion and renovations), insured through the State of California's Cal Mortgage insurance program. The principal balance of the new Series 2016 bonds (scheduled to be issued on May 1, 2016) is estimated at \$71,429,000. The combined principal balance of the existing and proposed new bonds is approximately \$168,558,000.

We assume that a qualifying 501(c)(3) buyer of the subject would be able to assume the terms of this favorable financing. These favorable financings can be summarized as follows:

	<u>Outstanding Principal</u>	<u>Issue Date</u>	<u>Total Remaining Bond Term</u>	<u>Interest Rate</u>
Existing Series 2012A	\$91,935,000	4/2012	26.2 Years (to 3/2042)	4.0% to 5.0%
Proposed Series 2016	\$71,429,000	5/2016	14.9 Years (to 3/2031)	3.91%

To calculate the value of favorable financing for the existing and proposed bond financings, we have extensively surveyed leading lenders in the senior housing industry to determine a conventional financing market interest rate. The consensus of these lenders is that an average taxable interest rate of 4.0% to 7.0% would not be considered unreasonable in early 2016 given the specialized nature of a senior housing project. The specific sources contacted can be summarized as follows:



<u>By Lending Type</u>	<u>Current Quoted Interest Rates</u>
FHA Taxable	6.68% (30 year)*
BBB Credits	6.30% (30 year)*
Non Rated Credits	6.65% (30 year)*
 <u>Specific Institutions</u>	
KeyBank	4.0% to 8.0%
JP Morgan Chase	5.0% to 8.0%
First Merit Bank	4.0% to 7.0%

* per 1/13/16 HJ Sims Credit Report

Therefore, assuming a current market interest rate of 6.0% (for a 25 year amortizing mortgage), the discounted value of the existing and proposed favorable financing (separately) is estimated as shown on the following pages. The projected annual cash flow for the Series 2012 and Series 2016 bond financing includes the actual estimated annual debt service payments and plus all fees, as appropriate (as estimated and detailed in the Addenda). The methodology used calculates the annual difference in cash flow under the actual below market rate financing over the remaining term/term of the bonds and a hypothetical conventional market rate financing, discounted to the various valuation dates using the 6.0% estimated market financing interest rate.

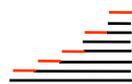
Summary

Existing Series 2012A Bonds- The total favorable financing value attributable to the existing Series 2012A bonds, as of January 13, 2015 is detailed on the following page at \$6,497,000, rounded to \$6,500,000.

The value of the existing Series 2012A bond financing as of the completion of the proposed expansion of the subject's sister Napa campus, projected to be November 1, 2017, has been estimated at \$10,363,682 (\$6,497,000 January, 2016 value plus the negative value of the bond financing from February, 2016 to October, 2017- \$2,861,571, and then multiplied by the discount rate of 6% for 1.75 years, or 1.1074), rounded to \$10,375,000.

The value of the Series 2012A bond financing as of the stabilized occupancy/sellout date of the expansion of the subject's sister Napa campus, projected to be November 1, 2018, has been estimated at \$11,284,732 (\$6,497,000 January, 2016 value plus the negative value of the bond financing from February, 2016 to October, 2018- \$3,116,846, and then multiplied by the discount rate of 6% for 2.75 years, or 1.1738), rounded to \$11,275,000.

These estimated favorable financing values are Obligated Group favorable financing values with the subject's sister facility in Napa and are not allocable to the subject campus alone.



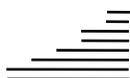
Senior Living Valuation Services, Inc.

ODD FELLOWS HOME OF CALIFORNIA OBLIGATED GROUP
VALUATION OF EXISTING FAVORABLE FINANCING – SERIES 2012 BONDS

<u>Period</u>	<u>Existing Financing - Annual Debt Service (2)</u>	<u>Hypothetical Market Financing - Annual Debt Service (1)</u>	<u>Difference</u>	<u>Discount Factor @ 6.0%</u>	<u>Discounted Value</u>
1 – (2/1/16-3/31/16) (2 mos.)	\$3,634,033	\$1,184,677	(\$2,449,356)	.9903	(\$2,425,685)
2 – (4/1/16-3/31/17)	7,409,000	7,108,062	(300,938)	.9343	(281,160)
3 – (4/1/17-3/31/18)	7,409,000	7,108,062	(300,938)	.8814	(265,245)
4 – (4/1/18-3/31/19)	7,406,500	7,108,062	(298,438)	.8315	(248,153)
5 – (4/1/19-3/31/20)	7,411,250	7,108,062	(303,188)	.7844	(237,832)
6 – (4/1/20-3/31/21)	7,407,500	7,108,062	(299,438)	.7400	(221,595)
7 – (4/1/21-3/31/22)	7,405,250	7,108,062	(297,188)	.6981	(207,481)
8 – (4/1/22-3/31/23)	7,409,000	7,108,062	(300,938)	.6586	(198,207)
9 – (4/1/23-3/31/24)	7,408,000	7,108,062	(299,938)	.6213	(186,366)
10 – (4/1/24-3/31/25)	7,407,000	7,108,062	(298,938)	.5862	(175,231)
11 – (4/1/25-3/31/26)	7,405,000	7,108,062	(297,438)	.5530	(164,483)
12 – (4/1/26-3/31/27)	7,403,000	7,108,062	(294,938)	.5217	(153,868)
13 – (4/1/27-3/31/28)	7,404,000	7,108,062	(295,938)	.4922	(145,651)
14 – (4/1/28-3/31/29)	7,407,750	7,108,062	(299,688)	.4643	(139,148)
15 – (4/1/29-3/31/30)	7,408,500	7,108,062	(300,438)	.4380	(131,600)
16 – (4/1/30-3/31/31)	7,405,750	7,108,062	(297,688)	.4132	(123,014)
17 – (4/1/31-3/31/32)	7,409,000	7,108,062	(300,938)	.3898	(117,318)
18 – (4/1/32-3/31/33)	2,317,250	7,108,062	4,790,812	.3678	1,761,943
19 – (4/1/33-3/31/34)	2,318,131	7,108,062	4,789,931	.3470	1,661,905
20 – (4/1/34-3/31/35)	2,320,688	7,108,062	4,787,374	.3273	1,566,998
21 – (4/1/35-3/31/36)	2,319,713	7,108,062	4,788,349	.3088	1,478,601
22 – (4/1/36-3/31/37)	2,320,119	7,108,062	4,787,943	.2913	1,394,788
23 – (4/1/37-3/31/38)	2,321,569	7,108,062	4,786,493	.2748	1,315,440
24 – (4/1/38-3/31/39)	2,318,988	7,108,062	4,789,074	.2593	1,241,650
25 – (4/1/39-3/31/40)	2,317,419	7,108,062	4,790,643	.2446	1,171,752
26 – (4/1/40-3/31/41)	2,321,438	5,923,385	3,601,947	.2307	831,138
27 – (4/1/41-3/31/42)	<u>2,320,675</u>	<u>0</u>	<u>(2,320,675)</u>	.2177	<u>(505,178)</u>
Totals	\$145,346,023 =====	\$177,701,550 =====	\$32,355,527 =====		\$6,497,000 =====
				Called	\$6,500,000 =====

Notes:

- (1) \$91,935,000 in initial total hypothetical market rate financing @ 7.0% interest rate, 25 year amortization and term (current market terms).
- (2) Per actual projected debt service payment schedule (see Addenda).



Senior Living Valuation Services, Inc.

**ODD FELLOWS HOME OF CALIFORNIA OBLIGATED GROUP
VALUATION OF PROPOSED FAVORABLE FINANCING – SERIES 2016 BONDS**

<u>Period</u>	<u>Proposed Financing - Annual Debt Service (2)</u>	<u>Hypothetical Market Financing - Annual Debt Service (1)</u>	<u>Difference</u>	<u>Discount Factor @ 6.0%</u>	<u>Discounted Value</u>
1 – (5/1/16-3/31/17) (11 mos.)	-	\$1,415,540	\$1,415,540	.9480	\$1,341,915
2 – (4/1/17-3/31/18)	-	4,262,487	4,262,487	.8943	3,812,064
3 – (4/1/18-3/31/19)	\$64,718,442	67,919,617	3,201,175	.8437	2,700,851
4 – (4/1/19-3/31/20)	920,540	698,320	(222,220)	.7959	(176,876)
5 – (4/1/20-3/31/21)	921,162	698,320	(222,842)	.7509	(167,331)
6 – (4/1/21-3/31/22)	921,102	698,320	(222,782)	.7084	(157,817)
7 – (4/1/22-3/31/23)	921,360	698,320	(223,040)	.6683	(149,056)
8 – (4/1/23-3/31/24)	920,903	698,320	(222,583)	.6305	(140,331)
9 – (4/1/24-3/31/25)	920,810	698,320	(222,410)	.5948	(132,285)
10 – (4/1/25-3/31/26)	921,110	698,320	(222,490)	.5611	(124,842)
11 – (4/1/26-3/31/27)	920,598	698,320	(222,790)	.5294	(117,934)
12 – (4/1/27-3/31/28)	920,598	698,320	(222,278)	.4994	(111,003)
13 – (4/1/28-3/31/29)	921,273	698,320	(222,953)	.4711	(105,038)
14 – (4/1/29-3/31/30)	921,070	698,320	(222,750)	.4445	(99,002)
15 – (4/1/30-3/31/31)	<u>920,990</u>	<u>5,971,818</u>	<u>5,050,828</u>	.4193	<u>2,117,793</u>
Totals	\$75,770,090 =====	\$87,250,982 =====	\$11,480,892 =====		\$8,491,108 =====
				Called	\$8,500,000 =====

Notes:

- (1) \$71,429,000 in initial total hypothetical market rate financing @ 6.0% interest rate, 25 year amortization and term (current market terms) (to be paid down to \$9,032,000 by approximately 4/1/19).
- (2) Per actual projected debt service payment schedule (see Addenda).



Proposed Series 2016 Bonds- The value of the proposed Series 2016 bond financing as of the completion of the proposed expansion of the subject's sister Napa campus, projected to be November 1, 2017, has been estimated at \$5,401,291 (\$8,491,108 May, 2016 value less the value of the bond financing from May, 2016 to October, 2017- \$3,565,619, and then multiplied by the discount rate of 6% for 1.58 years, or 1.0966), rounded to \$5,400,000.

The value of the Series 2016 bond financing as of the stabilized occupancy/sellout date of the expansion of the subject's sister Napa campus, projected to be November 1, 2018, has been estimated at \$2,047,722 (\$8,491,108 May, 2016 value less the value of the bond financing from May, 2016 to October, 2018- \$6,729,475, and then multiplied by the discount rate of 6% for 2.58 years, or 1.1624), rounded to \$2,050,000.

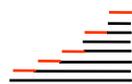
These estimated favorable financing values are Obligated Group favorable financing values with the subject's sister facility in Napa and are not allocable to the subject campus alone.

Comparable Market Transactions

Actual market transactions involving the sale of senior housing properties and below market rate financing are rare although there is definite evidence that certain buyers are willing to pay an incremental project value for the right to assume below market rate financing (theoretically they should be willing to pay the amount calculated above). However, it is controversial in the industry whether this favorable financing value should be added to a project's value in evaluating the amount to be underwritten (whether it should be included in loan to value calculations) especially if the most likely buyer of a project is another qualifying entity which presumably would have access to the same below market rate bond financing as the current property owner. In other words, to another qualifying buyer, the existing bonds do not create any incremental value to them (that they would be willing to pay for).

Therefore, although we have estimated the favorable financing value of the proposed cumulative bond issue as calculated above and included this value in the subject's reported values, caution should be used in an interpretation of this incremental value. It is our experience that the some LOC credit lenders or lenders to senior projects in general, do not give full credit to the possible value impact of favorable financing because the market evidence for an incremental favorable financing value is too thin.

Nevertheless and at the end of the day, we have included the favorable financing value in our reported value because most not-for-profit CCRC projects are 100% leveraged. Because most not-for-profit CCRC sales would most likely involve the assumption of existing bond debt and because most projects are 100% leveraged (the subject and its sister Obligated Group campus in Napa appear to be substantially less than 100% leveraged), this in effect supports the notion that the typical not-for-profit buyer would pay for favorable financing (usually a necessary market value component to reach the amount of the bond debt) because they can meet annual debt service requirements (and presumably their mission).



RECONCILIATION AND CONCLUSION

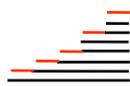
	Market Value As Is <u>1/13/16</u>	Market Value At Napa Expansion Completion <u>11/1/17</u>	Market Value At Napa Sellout <u>11/1/18</u>
Indicated Value, Cost Approach	Not Used	Not Used	Not Used
Indicated Value, Income Approach	\$187,050,000	\$195,075,000	\$199,650,000
Indicated Value, Sales Comparison Approach	Not Used	Not Used	Not Used

The development of a final estimate of value involves judgment in a careful and logical analysis of the procedures leading to each indication of value. The judgment criteria are appropriateness, accuracy and quantity of evidence.

A Sales Comparison or Cost Approach analysis was not considered appropriate or relevant to estimate the market value the subject due to the idiosyncratic and complex characteristics of the subject cash flow (prior collected first generation entry fees for the existing units) and the lack of truly comparable sales of entry fee facilities. An identification of project cash flows and an assessment of their riskiness to a buyer of the ownership position (an Income Approach) was considered the only reliable indicator of current market value (the value to the typical buyer).

The Income Approach is typically considered the strongest value indicator for properties purchased primarily for their income producing potential. This approach most accurately incorporates all future annual unit turnover entry fees. Comparable market entry and monthly fees were available for the subject units to arrive at an estimate of market fees/rent/rates and gross income, including net attrition receipts. Expense data was substantiated through the subject's actual operating history and comparison to comparable projects. Finally, our estimate of the capitalization and discount rate are reasonable reflecting the subject's overall cash flow risk, project liquidity, local competitive position and current market conditions. Overall, the Income Approach is considered a strong and the only truly reliable indicator of market value for the subject property.

After considering the factors leading to each indication of value, the Income Approach is considered to be the only appropriate valuation methodology for the purpose of this appraisal (to estimate market values).



Total Going Concern Market Value As Is @ 1/13/16

The final market value estimate of the effective fee simple total going concern interest of Saratoga Retirement Community, as is, as of January 13, 2016, is:

ONE HUNDRED EIGHTY SEVEN MILLION FIFTY THOUSAND DOLLARS
(\$187,050,000)

Prospective Total Going Concern Market Value At Napa Expansion Completion @ 11/1/17

Based upon an Income Approach analysis, the prospective effective fee simple total going concern market value of Saratoga Retirement Community, at the estimated completion of construction of the proposed expansion of the subject's sister Napa campus, projected to be November 1, 2017, will be:

ONE HUNDRED NINETY FIVE MILLION SEVENTY FIVE THOUSAND DOLLARS
(\$195,075,000)

Prospective Total Going Concern Market Value At Napa Expansion Sellout @ 11/1/18

Based upon an Income Approach analysis, the prospective effective fee simple total going concern market value of Saratoga Retirement Community, at the estimated expansion unit sellout/full occupancy date of the subject's sister Napa campus, projected to be November 1, 2018, will be:

ONE HUNDRED NINETY NINE MILLION SIX HUNDRED FIFTY THOUSAND DOLLARS
(\$199,650,000)

Market Value Of Obligated Group Favorable Bond Financing As Is @ 1/13/16

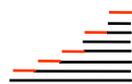
The market value estimate of the existing Series 2012 Obligated Group bond financing, as is, as of January 13, 2016, is:

SIX MILLION FIVE HUNDRED THOUSAND DOLLARS
(\$6,500,000)

Market Value Of Obligated Group Bond Financings At Napa Expansion Completion @ 11/1/17

The prospective market value of the existing Series 2012 and proposed Series 2016 Obligated Group bond financings, at the estimated completion of construction of the proposed expansion of the subject's sister Napa campus, projected to be November 1, 2017, will be:

FIFTEEN MILLION SEVEN HUNDRED SEVENTY FIVE THOUSAND DOLLARS
(\$15,775,000)



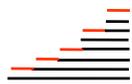
Market Value Of Obligated Group Bond Financings At Napa Expansion Sellout @ 11/1/18

The prospective market value of the existing Series 2012 and proposed Series 2016 Obligated Group bond financings, at the estimated sellout/full occupancy of the proposed expansion of the subject's sister Napa campus, projected to be November 1, 2018, will be:

THIRTEEN MILLION THREE HUNDRED TWENTY FIVE THOUSAND DOLLARS
(\$13,325,000)

Details of these value conclusions are set forth on the following page.

DRAFT
Subject to change

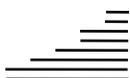


ODD FELLOWS HOME OF CALIFORNIA OBLIGATED GROUP
SUMMARY OF VALUATIONS

	Market Value As Is <u>@ 1/13/16</u> (1)	Market Value At Completion of Construction <u>@ 11/1/17</u> (2)	Market Value At Stabilization <u>@ 11/1/18</u> (3)
Meadows of Napa Valley (Napa, CA) -			
Existing Units - First Generation Entry Fees	\$15,425,000	\$14,450,000	\$13,650,000
Expansion Units - First Generation Entry Fees (92 units)	\$53,575,000	\$63,300,000	N/A
Ongoing Going Concern Cash Flows (4)	\$68,000,000	\$77,175,000	\$81,375,000
Less: Cost to Complete Renovations/Expansion	<u>(\$73,675,000)</u>	<u>N/A</u>	<u>N/A</u>
Total Reported Market Values	\$63,325,000 =====	\$154,925,000 =====	\$95,025,000 =====
Saratoga Retirement Community (Saratoga, CA) -			
Ongoing Going Concern Cash Flows (4)	\$187,050,000 =====	\$195,075,000 =====	\$199,650,000 =====
Total Combined Campus Values Before Favorable Financing	\$250,375,000 =====	\$350,000,000 =====	\$294,675,000 =====
Obligated Group Favorable Financing Values (5) -			
Existing Series 2012 Bond Financing	\$ 6,500,000	\$10,375,000	\$11,275,000
Proposed Series 2016 Bond Financing	<u>N/A</u>	<u>\$ 5,400,000</u>	<u>\$ 2,050,000</u>
Total Favorable Bond Financing Value	\$ 6,500,000 =====	\$15,775,000 =====	\$13,325,000 =====
Total Summed Valuations - Obligated Group	\$256,875,000 =====	\$365,775,000 =====	\$308,000,000 =====

Notes:

- (1) As Is Valuation, at January 13, 2016.
- (2) At completion of construction of proposed Napa campus renovations/expansion, projected at November 1, 2017.
- (3) At full occupancy of proposed Napa campus expansion, projected at November 1, 2018.
- (4) Includes discounted ongoing cash flows for all net unit turnover and net operational cash flows for all components of each campus, at Meadow of Napa Valley: 242 apartments, 60 assisted living/memory care units and 69 nursing beds (371 total campus units/beds); at Saratoga Retirement Community: 143 apartments and villas, 108 assisted living/memory care beds and 94 nursing beds (348 total campus units/beds).
- (5) Discounted value of existing Series 2012 Obligated Group favorable bond financing and proposed Series 2016 Obligated Group bond financing, not allocable to either campus.



Senior Living Valuation Services, Inc.

ALLOCATION OF TOTAL GOING CONCERN VALUES TO COMPONENTS

In accordance with USPAP, we have allocated our total reported value determinations to various components including real estate, business and personal property value. To allocate the going concern value estimates at each valuation date, we have utilized both reasonable costs estimates and our Income Approach analysis to estimate a reliable and reasonable allocation to each component. A summary of our allocations is as follows:

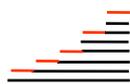
Allocation of Total Reported Going Concern Values

	As Is <u>1/13/16</u>	At Napa Expansion Completion <u>11/1/17</u>	At Napa Sellout <u>11/1/18</u>
Total Going Concern Values	\$187,050,000	\$195,075,000	\$199,650,000
Less: Personal Property (1)	2,225,000	2,225,000	2,225,000
Less: Business Value (2)	<u>13,475,000</u>	<u>21,500,000</u>	<u>26,075,000</u>
Real Estate Value	\$171,350,000 =====	\$171,350,000 =====	\$171,350,000 =====

- (1) FF&E estimated from reasonable costs estimates and less accrued depreciation, as applicable.
- (2) Business value estimated from the calculated difference in value of the subject as fully occupied compared to its value when vacant.

The personal property values are taken from reasonable depreciated and cost new estimates and the experience at similar projects. The FF&E estimates include a replacement cost new of approximately \$10,000 per each apartment/cottage unit and \$15,000 per care component bed (\$4,460,000 total for the 345 unit/bed existing campus). These would be the values of the personal property as if new. The personal property at all valuation dates is estimated at \$2,230,000 (\$4,460,000 x 50% estimated depreciation; five year effective age and 10 year total life and considering ongoing replacement), rounded to \$2,225,000.

The business component of the subject value reflects the fact that the subject is a business requiring specialized management services such as meals, housekeeping and social activities represent complications in the operation of a senior housing facility and require specific managerial expertise. An appropriate and widely accepted method to estimate the business value component is to compare the total ongoing project value at stabilization as a fully operating stabilized property of \$199,650,000 to its estimated value as if hypothetically empty of \$173,575,000 at 11/1/18 (when no business value



has yet been created and only real estate value exists), as estimated below. The estimated business value would be the difference in these values, or \$26,075,000. The business value at the other valuation dates is a residual calculation of the total reported values less the other components of value.

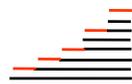
Approximate Valuation of Subject As If Hypothetically Empty @ 11/18

	<u>Period 1</u> <u>(11/18-10/19)</u>	<u>Period 2</u> <u>(11/19-10/20)</u>	<u>Period 3</u> <u>(11/20-10/21)</u>	<u>Period 4</u> <u>(11/21-10/22)</u>
Average Occupancy	31.87%	55.61%	79.36%	91.23%
Gross Potential Income	\$41,623,298	\$42,871,996	\$44,158,156	\$45,482,901
Less: Vacancy/Collection	<u>(\$28,357,953)</u>	<u>(\$19,030,879)</u>	<u>(\$ 9,114,243)</u>	<u>(\$ 3,988,850)</u>
Effective Gross Income	\$13,265,345	\$23,841,117	\$35,043,913	\$41,494,051
Total Expenses	<u>\$14,546,774</u>	<u>\$21,226,168</u>	<u>\$24,435,065</u>	<u>\$26,492,755</u>
Net Income	(\$ 1,281,429) =====	\$ 2,614,949 =====	\$10,608,848 =====	\$15,001,296 =====
Discounted Value	(\$ 1,175,583) =====	\$ 2,201,002 =====	\$8,192,152 =====	\$164,359,254 =====
			Total	\$173,576,825 =====
			Called	\$173,575,000 =====

Assumptions: 20% preleasing; 6.83 total units/beds/month absorption (estimated by evaluating the subject's competitive position and the absorption experience at other regional projects); gross potential rent and stabilized vacancy per Income Approach estimates; expenses decreasing from the stabilized period four (estimated at 63.9% of EGI) at 3.0%/year for inflation and also for lower occupancy by 5% in period three, 15% in period two and 40% in period one; 7.5% terminal cap rate; 9.0% discount rate.

The real estate component is the remainder or residual of the going concern value determination after a subtraction for the personal property and business value components, or as illustrated for the subject: \$171,350,000 at each valuation date, or 91.6% of the total as is reported going concern value.

In our opinion, though these allocations are estimates, they are consistent with the allocations at CCRC projects like the subject and can be considered reliable and reasonable given the analysis set forth above.



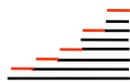
MARKETING PERIOD

The subject's estimated marketing time is 3 months. This conclusion is based on discussions with those brokers specializing in the sale of senior housing projects (including Dave Rothchild of CB Richard Ellis (619) 696-8304, Allan McMurtry (813) 854-2361 of CLW Realty and Mark Myers of Marcus & Millichap (773) 867-1500), our knowledge of specific sale transactions (which have had widely variable marketing times) and considering current market conditions and the characteristics of the subject. Marketing times for the fee simple interest at recently sold somewhat comparable entry fee projects indicate the following:

CCRC's-		
Sedgebrook/	Lincolnshire, IL	
Monarch Landing	Naperville, IL	4 Months
Clare at Water Tower	Chicago, IL	6 Months
St. Mary of the Woods	Avon, OH	7 Months
Fairview Village	Downers Grove, IL	4 Months

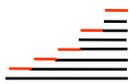
In our opinion, the subject would probably experience a faster than typical marketing time (regarded as about 4 to 6 months). There are several (at least 15 to 20) adequately financed buyers/operators/developers who are actively expanding their portfolios through new development and acquisition and might be interested in the subject given its higher quality, high fees and Saratoga location. However, the subject's entry fee structure and the ongoing refund and health care liabilities would eliminate most public or larger senior housing companies as prospective buyers due to a lack of experience with this senior housing product niche. The subject's most likely buyer could be a larger regional or national facility owner/operator of other comparable entry fee properties with adequate financing (i.e. Life Care Services, Brookdale, Continuing Life Communities, KISCO) or possibly a California or regional not-for-profit owner/operator of other entry fee projects (like ABHOW, Northern Presbyterian Homes or PRS, the subject manager), or possibly a regional health care system.

The subject's exposure time would be equal to its marketing time (3 months).



CERTIFICATION

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial and unbiased professional analyses, opinions and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. This appraisal report has been prepared and the analyses, opinions and conclusions were developed, in conformity with and subject to the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute and is prepared in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice and Title XI of FIRREA.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
9. No one provided significant professional real estate, furniture and equipment or business valuation assistance to the person signing this report.
10. As of the date of this report, Michael G. Boehm, MAI has completed the requirements of the continuing education program of the Appraisal Institute.
11. I have not performed a prior appraisal nor provided any other appraisal services involving the subject property within the three year period immediately preceding acceptance of this appraisal assignment.
12. A personal inspection of the property was made by Michael G. Boehm, MAI, CRE on January 13, 2016.



13. The market value of the effective fee simple total going concern interest of Saratoga Retirement Community, as is, as of January 13, 2016, is:

Total Going Concern Market Value As Is @ 1/13/16:

ONE HUNDRED EIGHTY SEVEN MILLION FIFTY THOUSAND DOLLARS
(\$187,050,000)

14. The prospective market value of the effective fee simple total going concern interest of Saratoga Retirement Community, at the expansion completion of construction of the subject's sister Napa campus, projected to be November 1, 2017, will be:

Prospective Total Going Concern Market Value At Napa Expansion Completion @ 11/1/17:

ONE HUNDRED NINETY FIVE MILLION SEVENTY FIVE THOUSAND DOLLARS
(\$195,075,000)

15. The prospective market value of the effective fee simple total going concern interest of Saratoga Retirement Community, at the expansion unit sellout date of the subject's sister Napa campus, projected to be November 1, 2018, will be:

Prospective Total Going Concern Market Value At Napa Expansion Sellout @ 11/1/18:

ONE HUNDRED NINETY NINE MILLION SIX HUNDRED FIFTY THOUSAND DOLLARS
(\$199,650,000)

16. The market value of the existing Series 2012 favorable Obligated Group bond financing, as of January 13, 2016, is:

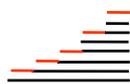
Market Value Of Obligated Group Favorable Bond Financing As Is @ 1/13/16:

SIX MILLION FIVE HUNDRED THOUSAND DOLLARS
(\$6,500,000)

17. The prospective market value of the existing Series 2012 and proposed Series 2016 favorable Obligated Group bond financing, as of the completion of construction of the expansion the subject's sister Napa campus, projected to be November 1, 2017, will be:

Market Value Of Obligated Group Bond Financing At Napa Expansion Completion @ 11/1/17:

FIFTEEN MILLION SEVEN HUNDRED SEVENTY FIVE THOUSAND DOLLARS
(\$15,775,000)



18. The prospective market value of the existing Series 2012 and proposed Series 2016 favorable Obligated Group bond financing, as of the sellout/full occupancy of the expansion of the subject's sister Napa campus, projected to be November 1, 2018, will be:

Market Value Of Obligated Group Bond Financing At Napa Expansion Sellout @ 11/1/18:

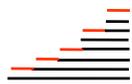
THIRTEEN MILLION THREE HUNDRED TWENTY FIVE THOUSAND DOLLARS
(\$13,325,000)

SENIOR LIVING VALUATION SERVICES, INC.

Michael Boehm

Michael G. Boehm, MAI, CRE

DRAFT
Subject to change



Senior Living Valuation Services, Inc.

DRAFT
Subject to change

A D D E N D A



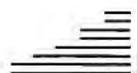
REGIONAL ENTRY FEE FACILITIES PHOTOGRAPHS



No. 1 The Terraces
800 Blossom Hill Road
Los Gatos



No. 2 The Forum at Rancho San Antonio
23500 Cristo Rey Drive
Cupertino



Senior Living Valuation Services, Inc.

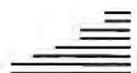
REGIONAL ENTRY FEE FACILITIES PHOTOGRAPHS



No. 3 Terraces of Los Altos (under redevelopment)
373 Pine Avenue
Los Altos



No. 4 Moldaw Family Residences
899 Charleston E.
Palo Alto



Senior Living Valuation Services, Inc.

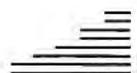
REGIONAL ENTRY FEE FACILITIES PHOTOGRAPHS



No. 5 Channing House
850 Webster
Palo Alto



No. 6 The Sequoias
501 Portola Valley Road
Portola Valley



Senior Living Valuation Services, Inc.

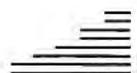
REGIONAL ENTRY FEE FACILITIES PHOTOGRAPHS



No. 7 The Hamilton
575 Middlefield Road
Palo Alto



No. 8 Vi-Palo Alto
620 Sandhill Road
Palo Alto



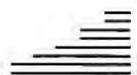
Senior Living Valuation Services, Inc.

REGIONAL ENTRY FEE FACILITIES PHOTOGRAPHS



No. 9 Webster House
401 Webster
Palo Alto

DRAFT
Subject to change



Senior Living Valuation Services, Inc.

Site
Legal
Description

DESCRIPTION

PARCEL ONE:

The East one-half of the Northeast one-quarter of Section 7, Township 8 South, Range 1 West, Mount Diablo Base and Meridian.

Also a strip of land 33 feet in width along the Northerly side of the West one-half of the Northeast one-quarter of said Section 7, and extending from the West line of the East one-half of the Northeast one-quarter of said Section 7, Westerly to the County Road known as Fruitvale Avenue, formerly McCall Road, and being a road 33 feet wide running between the lands now or formerly of J. M. Kenyon to the North and A. B. Brolly on the South.

PARCEL TWO:

A portion of the Northwest one-quarter of the Northeast one-quarter and a portion of the Northeast one-quarter of the Northwest one-quarter of Section 7, Township 8 South, Range 1 West, Mount Diablo Base and Meridian, described as follows:

BEGINNING at an iron stake in the center line of Fruitvale Avenue, formerly McCall Road, which stake is distant 33 feet Southerly from an iron stake in said center line of said road on the line between the lands now or formerly of J. F. Kenyon and Archibald B. Brolly and the Northerly line of Section 7 Township 8, S. R. 1 W.; thence Easterly and parallel with said dividing line and 33 feet Southerly therefrom, 82 rods and 12 inches to a stake; thence Southerly and parallel with the center line of said Fruitvale Avenue, 15 feet; thence Westerly and parallel with said dividing line, 82 rods and 12 inches to a point in the center line of said Fruitvale Avenue; thence Northerly along said center line of Fruitvale Avenue 15 feet to the place of beginning.

PARCEL THREE:

A portion of the Northwest 1/4 of the Northeast 1/4 of Section 7 Township 8 South, Range 1 West, M. D. M., as follows:

BEGINNING at a point on the center line of Fruitvale Avenue, at the Southwesterly corner of that certain 15 foot strip of land described in the Deed to the Trustees of the Odd Fellow Home of California, recorded August 24, 1910 in Book 362 of Deeds, page 140, Santa Clara County Records; thence N. 89°28'50" E. along the Southerly line of said 15 foot strip 1354.00 feet to an iron pipe set at the Southeasterly corner thereof on the Easterly line of that 40 acre tract of land described in the Deed to Archibald Beattie Brolly, recorded September 4, 1888 in Book 107 of Deeds, page 526, Santa Clara County Records; thence S. 0°02'20" E. along the said Easterly line of the 40 acre tract 1275.42 feet; thence S. 89°31'40" W. 180.00 feet to an iron pipe; thence N. 0°02'20" W. and parallel with the Easterly line of said 40 acre tract, 1263.27 feet to an iron pipe; thence S. 89°28'50" W. and parallel with the Southerly line of the 15 foot strip above referred to, 1174.00 feet to an iron pipe in the center line of Fruitvale Avenue; thence N. 0°02'20" W. along said last named line 12 feet to the point of beginning.

PARCEL FOUR:

A portion of the Northwest 1/4 of the Northeast 1/4 of Section 7, Township 8 South, Range 1 West, M. D. M., as follows:

BEGINNING at a point on the Westerly line of the East 1/2 of the Northeast 1/4 of Section 7, Township 8 South, Range 1 West, M. D. B. & M. distant thereon S. 0°06' E. 33 feet from the Northwesterly corner of the East 1/2 of the Northeast 1/4 of Section 7 Township 8 South, Range 1 West; thence S. 89°28'50" W. 41.99 feet to the Northeasterly corner of that certain 40 acre tract of land described in the Deed to Archibald Beattie Brolly, recorded September 4, 1888 in Book 107 of Deeds page 526, Santa Clara County Records; thence along the Easterly line of said 40 acre tract, S. 0°02'20" E. 1290.42 feet; thence N. 89°31'40" E. 43.40 feet to the West line of said East 1/2 of the Northeast 1/4 of said Section 7; thence along said last named line, N. 0°06' W. 1290.44 feet to the point of beginning.

EXCEPTING FROM Parcels 1, 2 and 3 that 60 foot by 70 foot parcel of land conveyed to the City of Saratoga by instrument recorded August 28, 1968 in Book 8243 of Official Records, page 28.

8-3-77-SJ4-00-L
397-12-12
15-042

WN/JJ:js

(A) 397-12-12, 13 & 14

-3-

(N/I)

Property Detail Report

For Property Located At :
14500 FRUITVALE AVE, SARATOGA, CA 95070-6165



Owner Information

Owner Name: ODD FELLOWS HOME OF CALIF
 Mailing Address: PO BOX 2669, SARATOGA CA 95070-0669 B006
 Vesting Codes: / /

Location Information

Legal Description:	MAP 417 PG 22 LOT 1	APN:	397-12-019
County:	SANTA CLARA, CA	Alternate APN:	
Census Tract / Block:	5073.01 / 6	Subdivision:	
Township-Range-Sect:		Map Reference:	65-B6 /
Legal Book/Page:		Tract #:	
Legal Lot:	1	School District:	LOS GATOS UN
Legal Block:		School District Name:	
Market Area:	17	Munic/Township:	SARATOGA CITY
Neighbor Code:			

Owner Transfer Information

Recording/Sale Date:	/	Deed Type:	DEED (REG)
Sale Price:		1st Mtg Document #:	
Document #:	3189788		

Last Market Sale Information

Recording/Sale Date:	03/29/1990 / 03/1990	1st Mtg Amount/Type:	/
Sale Price:		1st Mtg Int. Rate/Type:	/
Sale Type:	FULL	1st Mtg Document #:	/
Document #:	L0302-817	2nd Mtg Amount/Type:	/
Deed Type:	QUIT CLAIM DEED	2nd Mtg Int. Rate/Type:	/
Transfer Document #:		Price Per SqFt:	
New Construction:		Multi/Split Sale:	
Title Company:	VALLEY TITLE CO.		
Lender:			
Seller Name:	SARATOGA PACIFIC OAK		

Prior Sale Information

Prior Rec/Sale Date:	/	Prior Lender:	/
Prior Sale Price:		Prior 1st Mtg Amt/Type:	/
Prior Doc Number:		Prior 1st Mtg Rate/Type:	/
Prior Deed Type:			

Property Characteristics

Gross Area:	194,494	Parking Type:	COVERED	Construction:	CONCRETE
Living Area:	194,494	Garage Area:		Heat Type:	NONE
Tot Adj Area:		Garage Capacity:		Exterior wall:	
Above Grade:		Parking Spaces:	104	Porch Type:	
Total Rooms:		Basement Area:		Patio Type:	NONE
Bedrooms:		Finish Bsmnt Area:		Pool:	
Bath(F/H):	/	Basement Type:		Air Cond:	NONE
Year Built / Eff:	2004 / 2004	Roof Type:		Style:	U-SHAPE
Fireplace:	Y /	Foundation:		Quality:	GOOD
# of Stories:	2.00	Roof Material:		Condition:	GOOD
Other Improvements:					

Site Information

Zoning:	R140	Acres:	25.03	County Use:	RESID 5+ FAMILY (04)
Lot Area:	1,090,328	Lot Width/Depth:	x	State Use:	
Land Use:	MULTI FAMILY DWELLING	Res/Comm Units:	257 / 2	Water Type:	NONE
Site Influence:				Sewer Type:	

Tax Information

Total Value:	\$90,449,866	Assessed Year:	2015	Property Tax:	\$94,980.90
Land Value:	\$492,115	Improved %:	99%	Tax Area:	15042
Improvement Value:	\$89,957,751	Tax Year:	2015	Tax Exemption:	60/80
Total Taxable Value:					

Property Detail Report

For Property Located At :
VIA DE MARCOS, SARATOGA, CA 95070



Owner Information

Owner Name: **ODD FELLOWS HOME OF CALIFORNIA**
 Mailing Address: **14500 FRUITVALE AVE, SARATOGA CA 95070-6165 C026**
 Vesting Codes: **// CO**

Location Information

Legal Description:	TRACT 8316 LOT D	APN:	397-40-006
County:	SANTA CLARA, CA	Alternate APN:	
Census Tract / Block:	5075.00 /	Subdivision:	8316 SAN MARCOS HEIGHTS
Township-Range-Sect:		Map Reference:	/
Legal Book/Page:		Tract #:	8316
Legal Lot:	D	School District:	LOS GATOS UN
Legal Block:		School District Name:	
Market Area:	17	Munic/Township:	SARATOGA CITY
Neighbor Code:			

Owner Transfer Information

Recording/Sale Date:	/	Deed Type:	
Sale Price:		1st Mtg Document #:	
Document #:			

Last Market Sale Information

Recording/Sale Date:	08/30/1999 / 08/24/1999	1st Mtg Amount/Type:	/
Sale Price:		1st Mtg Int. Rate/Type:	/
Sale Type:	N	1st Mtg Document #:	
Document #:	14961223	2nd Mtg Amount/Type:	/
Deed Type:	GRANT DEED	2nd Mtg Int. Rate/Type:	/
Transfer Document #:		Price Per SqFt:	
New Construction:		Multi/Split Sale:	MULTI
Title Company:	COMMONWEALTH LAND TITLE CO.		
Lender:			
Seller Name:	GRAND LODGE OF INDEPENDENT ORDER		

Prior Sale Information

Prior Rec/Sale Date:	05/12/1993 /	Prior Lender:	
Prior Sale Price:		Prior 1st Mtg Amt/Type:	/
Prior Doc Number:	11902417	Prior 1st Mtg Rate/Type:	/
Prior Deed Type:	GRANT DEED		

Property Characteristics

Gross Area:	38,760	Parking Type:	COVERED	Construction:	WOOD
Living Area:	38,760	Garage Area:		Heat Type:	
Tot Adj Area:		Garage Capacity:		Exterior wall:	
Above Grade:		Parking Spaces:	12	Porch Type:	
Total Rooms:		Basement Area:		Patio Type:	
Bedrooms:		Finish Bsmnt Area:		Pool:	
Bath(F/H):	/	Basement Type:		Air Cond:	
Year Built / Eff:	2004 / 2004	Roof Type:		Style:	H-SHAPE
Fireplace:	/	Foundation:		Quality:	GOOD
# of Stories:	1.00	Roof Material:		Condition:	GOOD
Other Improvements:					

Site Information

Zoning:	R140	Acres:	10.65	County Use:	RESID 5+ FAMILY (04)
Lot Area:	463,914	Lot Width/Depth:	x	State Use:	
Land Use:	MULTI FAMILY DWELLING	Res/Comm Units:	24 /	Water Type:	
Site Influence:				Sewer Type:	

Tax Information

Total Value:	\$9,244,446	Assessed Year:	2015	Property Tax:	\$12,828.84
Land Value:	\$2,786,620	Improved %:	70%	Tax Area:	15042
Improvement Value:	\$6,457,826	Tax Year:	2015	Tax Exemption:	60/80
Total Taxable Value:					

Property Detail Report

For Property Located At :
14500 FRUITVALE AVE, SARATOGA, CA 95070-6165



Owner Information

Owner Name: ODD FELLOWS HOME OF CALIFORNIA
 Mailing Address: 14500 FRUITVALE AVE, SARATOGA CA 95070-6165 C026
 Vesting Codes: // CO

Location Information

Legal Description:	LOT A	APN:	397-12-012
County:	SANTA CLARA, CA	Alternate APN:	
Census Tract / Block:	5073.01 / 6	Subdivision:	
Township-Range-Sect:		Map Reference:	65-B6 /
Legal Book/Page:		Tract #:	
Legal Lot:	A	School District:	LOS GATOS UN
Legal Block:		School District Name:	
Market Area:	17	Munic/Township:	SARATOGA CITY
Neighbor Code:			

Owner Transfer Information

Recording/Sale Date:	/	Deed Type:	DEED (REG)
Sale Price:		1st Mtg Document #:	
Document #:	3809541		

Last Market Sale Information

Recording/Sale Date:	08/30/1999 / 08/24/1999	1st Mtg Amount/Type:	/
Sale Price:		1st Mtg Int. Rate/Type:	/
Sale Type:	N	1st Mtg Document #:	
Document #:	14961223	2nd Mtg Amount/Type:	/
Deed Type:	GRANT DEED	2nd Mtg Int. Rate/Type:	/
Transfer Document #:		Price Per SqFt:	
New Construction:		Multi/Split Sale:	MULTIPLE
Title Company:	COMMONWEALTH LAND TITLE CO.		
Lender:			
Seller Name:	GRAND LODGE OF THE IOOF STATE OF CA		

Prior Sale Information

Prior Rec/Sale Date:	08/26/1999 / 08/12/1999	Prior Lender:	
Prior Sale Price:		Prior 1st Mtg Amt/Type:	/
Prior Doc Number:	14956649	Prior 1st Mtg Rate/Type:	/
Prior Deed Type:	GRANT DEED		

Property Characteristics

Gross Area:	3,230	Parking Type:	COVERED	Construction:	WOOD
Living Area:	3,230	Garage Area:		Heat Type:	
Tot Adj Area:		Garage Capacity:		Exterior wall:	
Above Grade:		Parking Spaces:	2	Porch Type:	
Total Rooms:		Basement Area:		Patio Type:	
Bedrooms:		Finish Bsmnt Area:		Pool:	
Bath(F/H):	/	Basement Type:		Air Cond:	
Year Built / Eff:	2004 / 2004	Roof Type:		Style:	H-SHAPE
Fireplace:	/	Foundation:		Quality:	GOOD
# of Stories:	1.00	Roof Material:		Condition:	GOOD
Other Improvements:					

Site Information

Zoning:	R140	Acres:	1.64	County Use:	RESID 5+ FAMILY (04)
Lot Area:	71,280	Lot Width/Depth:	180 x 396	State Use:	
Land Use:	MULTI FAMILY DWELLING	Res/Comm Units:	257 / 2	Water Type:	
Site Influence:				Sewer Type:	

Tax Information

Total Value:	\$2,126,236	Assessed Year:	2015	Property Tax:	\$3,363.74
Land Value:	\$1,049,934	Improved %:	51%	Tax Area:	15042
Improvement Value:	\$1,076,302	Tax Year:	2015	Tax Exemption:	60/80
Total Taxable Value:					

Entrance Fee Summary

		CURRENT YEAR *			NEW YEAR - effective 4/1/15 *					
		FY 2014 - 2015			FY 2015 - 2016					
		Traditional	90% Refundable		Traditional	90% Refundable				
Apartments										
One Bedroom (A-1)& (A-2)	722	(A-1)& (A-2)	252,000	494,000	-	499,000	257,000	504,000	-	509,000
One Bedroom (B-1)&(B-2)	801	(B-1)&(B-2)	280,000	538,000	-	560,000	286,000	549,000	-	582,000
One Bedroom (B-3)	906	(B-3)	316,000	609,000			316,000	621,000		
Two Bedroom (C-1)& (C-2)	1145	(C-1)& (C-2)	408,000	784,000	-	823,000	408,000	784,000	-	823,000
Two Bedroom (C-3)&(C-4)	1148	(C-3)&(C-4)	409,000	786,000	-	825,000	409,000	786,000	-	825,000
Two Bedroom (D-1)&(D-2)	1398	(D-1)&(D-2)	497,000	958,000	-	1,016,000	497,000	958,000	-	1,016,000
Two Bedroom Den (D-3)	1563	(D-3)	556,000	1,070,000			556,000	1,070,000		
Two Bedroom (E)	1320	(E)	470,000	791,000	-	823,000	470,000	791,000	-	823,000
Two Bedroom Den (F-1)&(F-2)	1358	(F-1)&(F-2)	483,000	980,000	-	989,000	483,000	980,000	-	989,000
Main Building										
One Bedroom (1)	760	1	266,000	531,000			266,000	531,000		
One Bedroom (2A)	1040	2A	363,000	719,000			363,000	719,000		
One Bedroom (2B)	998	2B	349,000	705,000			349,000	705,000		
One Bedroom (3)	946	3	330,000	668,000			330,000	668,000		
Two Bedroom (4)	1145	4	415,000	800,000			415,000	800,000		
Two Bedroom (5)	1156	5	420,000	832,000			420,000	832,000		
Two Bedroom (6)	1228	6	446,000	884,000			446,000	884,000		
Two Bedroom (7A)	1358	7A	493,000	1,005,000			493,000	1,005,000		
Two Bedroom (7B)	1354	7B	492,000	1,001,000			492,000	1,001,000		
Two Bedroom (7C)	1374	7C	480,000	970,000			480,000	970,000		
Two Bedroom (8)	1362	8	495,000	1,000,000			495,000	1,000,000		
Two Bedroom Den (9A)	1539	9A	558,000	1,130,000			558,000	1,130,000		
Two Bedroom Den (9B)	1474	9B	536,000	1,080,000			536,000	1,080,000		
Two Bedroom Den (9C)	1482	9C	538,000	1,088,000			538,000	1,088,000		
Total Apartments										
Cottages										
Two Bedroom (1)	1420	1	568,000	1,134,000	-	1,145,000	568,000	1,134,000	-	1,145,000
Two Bedroom (2)	1615	2	615,000	1,239,000	-	1,251,000	615,000	1,239,000	-	1,251,000
House	1835	House	709,000	1,430,000			709,000	1,487,000		

* entrance fee summary does not include additional \$8,000 for 2nd floor units

Entrance Fee by Unit

Sanatoga Retirement Community		2014 - 2015 Base Entrance Fees *		2014 - 2015 Entrance Fees **		2015 - 2016 BASE Entrance Fees *		2015 - 2016 Entrance Fees **		** includes \$8,000 for 2nd floor units when applicable	
Apartment	Type	Description	2014 - 2015 Base Entrance Fees * Traditional	90% Refundable	2014 - 2015 Entrance Fees ** Traditional	90% Refundable	2015 - 2016 BASE Entrance Fees * Traditional	90% Refundable	2015 - 2016 Entrance Fees ** Traditional	90% Refundable	** includes \$8,000 for 2nd floor units when applicable
1101 M-7A	2 Bed, 2 Bth		493,000	1,005,000	493,000	1,005,000	508,000	1,045,000	508,000	1,045,000	
1102 M-8	2 Bed, 2 Bth		495,000	1,000,000	495,000	1,000,000	510,000	1,040,000	510,000	1,040,000	
1103 M-9A	2 Bed, 2 Bth, Den		558,000	1,130,000	558,000	1,130,000	575,000	1,175,000	575,000	1,175,000	
1201 M-1	1 Bed, 1 Bth		266,000	531,000	266,000	531,000	271,000	542,000	271,000	542,000	
1202 M-2A	1 Bed, 1 Bth		363,000	719,000	363,000	719,000	370,000	733,000	370,000	733,000	
1203 M-7B	2 Bed, 2 Bth		492,000	1,001,000	492,000	1,001,000	507,000	1,041,000	507,000	1,041,000	
1204 M-9C	2 Bed, 2 Bth, Den		538,000	1,088,000	538,000	1,088,000	554,000	1,132,000	554,000	1,132,000	
1205 M-3	1 Bed, 1 Bth		350,000	668,000	350,000	668,000	360,000	681,000	360,000	681,000	
1206 M-2B	2 Bed, 1 Bth		349,000	705,000	349,000	705,000	356,000	726,000	356,000	726,000	
1208 M-9B	2 Bed, 2 Bth, Den		480,000	970,000	480,000	970,000	494,000	1,009,000	494,000	1,009,000	
1209 M-5	2 Bed, 2 Bth		536,000	1,080,000	536,000	1,080,000	552,000	1,123,000	552,000	1,123,000	
1210 M-6	2 Bed, 2 Bth		420,000	832,000	420,000	832,000	428,000	857,000	428,000	857,000	
1211 M-4	2 Bed, 2 Bth		446,000	884,000	446,000	884,000	455,000	902,000	455,000	902,000	
1212 M-4	2 Bed, 2 Bth		415,000	800,000	415,000	800,000	423,000	816,000	423,000	816,000	
4101 A-D1	2 Bed, 2 Bth		497,000	996,000	497,000	996,000	507,000	1,026,000	507,000	1,026,000	
4102 A-D1	2 Bed, 2 Bth		497,000	1,006,000	497,000	1,006,000	512,000	1,046,000	512,000	1,046,000	
4103 A-C3	2 Bed, 2 Bth		409,000	810,000	409,000	810,000	417,000	834,000	417,000	834,000	
4104 A-F1	2 Bed, 2 Bth, Den		483,000	980,000	483,000	980,000	497,000	1,019,000	497,000	1,019,000	
4105 A-C3	2 Bed, 2 Bth		409,000	810,000	409,000	810,000	417,000	836,000	417,000	836,000	
4106 A-C3	2 Bed, 2 Bth		409,000	810,000	409,000	810,000	421,000	851,000	421,000	851,000	
4107 A-A1	1 Bed, 1 Bth		252,000	499,000	252,000	499,000	257,000	509,000	257,000	509,000	
4108 A-B1	1 Bed, 1 Bth		280,000	560,000	280,000	560,000	288,000	582,000	288,000	582,000	
4109 A-C3	2 Bed, 2 Bth		409,000	810,000	409,000	810,000	417,000	834,000	417,000	834,000	
4110 A-C1	2 Bed, 2 Bth		408,000	815,000	408,000	815,000	420,000	848,000	420,000	848,000	
4111 A-C3	2 Bed, 2 Bth		409,000	810,000	409,000	810,000	417,000	834,000	417,000	834,000	
4112 A-C1	2 Bed, 2 Bth		408,000	815,000	408,000	815,000	420,000	848,000	420,000	848,000	
4113 A-A1	1 Bed, 1 Bth		252,000	499,000	252,000	499,000	257,000	509,000	257,000	509,000	
4114 A-B1	1 Bed, 1 Bth		280,000	560,000	280,000	560,000	286,000	577,000	286,000	577,000	
4115 A-C3	2 Bed, 2 Bth		409,000	810,000	409,000	810,000	417,000	834,000	417,000	834,000	
4116 A-C3	2 Bed, 2 Bth		409,000	810,000	409,000	810,000	417,000	834,000	417,000	834,000	
4117 A-C3	2 Bed, 2 Bth		409,000	810,000	409,000	810,000	417,000	834,000	417,000	834,000	
4118 A-C3	2 Bed, 2 Bth		409,000	810,000	409,000	810,000	417,000	834,000	417,000	834,000	
4119 A-C3	2 Bed, 2 Bth		409,000	810,000	409,000	810,000	417,000	834,000	417,000	834,000	
4120 A-F1	2 Bed, 2 Bth, Den		483,000	980,000	483,000	980,000	497,000	1,019,000	497,000	1,019,000	
4121 A-D1	2 Bed, 2 Bth		497,000	996,000	497,000	996,000	507,000	1,026,000	507,000	1,026,000	
4122 A-D1	2 Bed, 2 Bth		497,000	996,000	497,000	996,000	507,000	1,026,000	507,000	1,026,000	
4201 A-D1	2 Bed, 2 Bth		497,000	996,000	497,000	996,000	507,000	1,026,000	507,000	1,026,000	
4202 A-D1	2 Bed, 2 Bth		497,000	996,000	497,000	996,000	507,000	1,026,000	507,000	1,026,000	
4203 A-C3	2 Bed, 2 Bth		409,000	810,000	409,000	810,000	417,000	834,000	417,000	834,000	
4204 A-F1	2 Bed, 2 Bth, Den		483,000	980,000	483,000	980,000	497,000	1,019,000	497,000	1,019,000	
4205 A-C3	2 Bed, 2 Bth		409,000	810,000	409,000	810,000	417,000	834,000	417,000	834,000	
4206 A-C3	2 Bed, 2 Bth		409,000	810,000	409,000	810,000	417,000	834,000	417,000	834,000	
4207 A-A1	1 Bed, 1 Bth		252,000	499,000	252,000	499,000	257,000	509,000	257,000	509,000	
4208 A-B1	1 Bed, 1 Bth		280,000	560,000	280,000	560,000	286,000	577,000	286,000	577,000	
4209 A-C3	2 Bed, 2 Bth		409,000	810,000	409,000	810,000	417,000	834,000	417,000	834,000	
4210 A-C1	2 Bed, 2 Bth		408,000	815,000	408,000	815,000	420,000	848,000	420,000	848,000	
4211 A-C3	2 Bed, 2 Bth		409,000	810,000	409,000	810,000	417,000	834,000	417,000	834,000	
4212 A-C1	2 Bed, 2 Bth		408,000	815,000	408,000	815,000	420,000	848,000	420,000	848,000	
4213 A-A1	1 Bed, 1 Bth		252,000	499,000	252,000	499,000	257,000	509,000	257,000	509,000	
4214 A-B1	1 Bed, 1 Bth		280,000	560,000	280,000	560,000	286,000	577,000	286,000	577,000	
4215 A-C3	2 Bed, 2 Bth		409,000	810,000	409,000	810,000	417,000	834,000	417,000	834,000	
4216 A-C3	2 Bed, 2 Bth		409,000	810,000	409,000	810,000	417,000	834,000	417,000	834,000	
4217 A-C3	2 Bed, 2 Bth		409,000	810,000	409,000	810,000	417,000	834,000	417,000	834,000	
4218 A-C3	2 Bed, 2 Bth		409,000	810,000	409,000	810,000	417,000	834,000	417,000	834,000	
4219 A-C3	2 Bed, 2 Bth		409,000	810,000	409,000	810,000	417,000	834,000	417,000	834,000	
4220 A-F1	2 Bed, 2 Bth, Den		483,000	980,000	483,000	980,000	497,000	1,019,000	497,000	1,019,000	
4221 A-D1	2 Bed, 2 Bth		497,000	996,000	497,000	996,000	507,000	1,026,000	507,000	1,026,000	
4222 A-D1	2 Bed, 2 Bth		497,000	996,000	497,000	996,000	507,000	1,026,000	507,000	1,026,000	
5101 A-D1	2 Bed, 2 Bth		497,000	996,000	497,000	996,000	507,000	1,026,000	507,000	1,026,000	
5102 A-D1	2 Bed, 2 Bth		497,000	996,000	497,000	996,000	507,000	1,026,000	507,000	1,026,000	
5103 A-C3	2 Bed, 2 Bth		409,000	810,000	409,000	810,000	417,000	834,000	417,000	834,000	
5104 A-C3	2 Bed, 2 Bth		409,000	810,000	409,000	810,000	417,000	834,000	417,000	834,000	
5105 A-C3	2 Bed, 2 Bth		409,000	810,000	409,000	810,000	417,000	834,000	417,000	834,000	
5106 A-C1	2 Bed, 2 Bth		408,000	815,000	408,000	815,000	420,000	848,000	420,000	848,000	
5107 A-C3	2 Bed, 2 Bth		409,000	810,000	409,000	810,000	417,000	834,000	417,000	834,000	
5108 A-C1	2 Bed, 2 Bth		408,000	815,000	408,000	815,000	420,000	848,000	420,000	848,000	
5201 A-D1	2 Bed, 2 Bth		497,000	996,000	497,000	996,000	507,000	1,026,000	507,000	1,026,000	
5202 A-D3	2 Bed, 2 Bth, Den		556,000	1,070,000	556,000	1,070,000	572,000	1,113,000	572,000	1,113,000	
5203 A-C3	2 Bed, 2 Bth		409,000	810,000	409,000	810,000	417,000	834,000	417,000	834,000	
5204 A-C3	2 Bed, 2 Bth		409,000	810,000	409,000	810,000	417,000	834,000	417,000	834,000	
5205 A-C3	2 Bed, 2 Bth		409,000	810,000	409,000	810,000	417,000	834,000	417,000	834,000	
5206 A-C1	2 Bed, 2 Bth		408,000	815,000	408,000	815,000	420,000	848,000	420,000	848,000	
5207 A-C3	2 Bed, 2 Bth		417,000	833,000	417,000	833,000	430,000	865,000	430,000	865,000	
5208 A-C1	2 Bed, 2 Bth		408,000	815,000	408,000	815,000	416,000	831,000	416,000	831,000	

SARATOGA RETIREMENT COMMUNITY
CCRC Fee Schedule 2015/2016

Apartments

One Bedroom	Single Occupancy	Double Occupancy
A-A1	3,060	4,417
A-B1	3,393	4,750
A-B3	3,843	5,200
Two Bedroom		
A-C1	4,954	6,311
A-C3	4,967	6,324
A-D1	5,924	7,281
A-D3	6,759	8,116
A-E	5,714	7,071
A-F1	5,874	7,231

Manor Apartments

One Bedroom		
M-1	3,264	4,621
M-2A	4,459	5,816
M-2B	4,287	5,644
M-3	4,061	5,418
Two Bedroom		
M-4	4,918	6,275
M-5	4,960	6,317
M-6	5,272	6,629
M-7A	5,831	7,188
M-7B	5,816	7,173
M-7C	5,897	7,254
M-8	5,844	7,201
M-9A	6,607	7,964
M-9B	6,324	7,681
M-9C	6,360	7,717

Cottages

One Bedroom		
COT1	6,025	7,382
Two Bedroom		
COT2	6,570	7,927
House		
COT3	7,457	8,814

DRAFT
 Subject to change

SARATOGA RETIREMENT COMMUNITY
CCRC Fee Schedule 2015/2016

Assisted Living

2nd person fee 1383

Studio	Single Occupancy	Double Occupancy
S1	4,009	5,392
S2	4,009	5,392
S3	4,009	5,392
S4	4,019	5,402
S6	3,989	5,372
S7	4,207	5,590
One Bedroom		
D	6,234	7,617
E	5,479	6,862
F	6,234	7,617
G	6,022	7,405
H	6,022	7,405
J	6,509	7,892
L	5,479	6,862
M	6,123	7,506
P	6,885	8,268
Two Bedroom		
K	6,416	7,799

Assisted Living residents requiring additional levels of care will incur additional monthly fee charges.

Memory Care

	Single Occupancy
Small Semi-Private (MCSS)	4,641
Medium Semi-Private (MCSX)	4,618
Large Semi-Private (MCSL)	5,830
Small Private (MCPS)	6,522
Medium Private (MCPM)	6,552
Large Private (MCPL)	6,978

Skilled Nursing

	Single Occupancy	
Health Center Semi-Private	277	/ day
Health Center Semi-Private L shape	310	/ day
Health Center Private	376	/ day
Health Center Private L shape	425	/ day

Temporary stay residents pay the Monthly Accommodation Fee associated with their home.

All Entrance Fees & Monthly Accommodation Fees are subject to change with a 60-day written notice (30 days in Skilled Nursing).

Please refer to your Residency & Care Agreement for a complete description of all fees and policies.

Effective April 1, 2015

SARATOGA RETIREMENT COMMUNITY

Fee Schedule 2015/2016

Assisted Living

2nd person fee 1383

Studio	Single Occupancy	Double Occupancy
S1	4,456	5,839
S2	4,456	5,839
S3	4,456	5,839
S4	4,467	5,850
S6	4,434	5,817
S7	4,673	6,056

One Bedroom

D	6,960	8,343
E	6,117	7,500
F	6,960	8,343
G	6,726	8,109
H	6,726	8,109
J	7,270	8,653
L	6,117	7,500
M	6,836	8,219
P	7,623	9,006

Two Bedroom

K	7,167	8,550
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Assisted Living residents requiring additional levels of care will incur additional monthly fee charges.

Second person fee \$1,383 per month

Memory Care

	Single Occupancy
Small Semi-Private (MCSS)	5,461
Medium Semi-Private (MCSX)	5,461
Large Semi-Private (MCSL)	6,892
Small Private (MCPS)	7,710
Medium Private (MCPM)	7,747
Large Private (MCPL)	8,249

Memory Care fees are all inclusive.

Skilled Nursing

	Single Occupancy	
Health Center Semi-Private	343	/ day
Health Center Semi-Private L shape	376	/ day
Health Center Private	459	/ day
Health Center Private L shape	492	/ day

Monthly Accommodation Fees are subject to change with a 60-day written notice (30 days in Skilled Nursing).

Please refer to your Residency & Care Agreement for a complete description of all fees and policies.

Effective April 1, 2015

Entry Fee Basis / Refund
Liab. Lity

Saratoga Entrance Fees

Entry Date	Entry Unit	Entry Unit Type	Unit	Current Unit	Current Unit Type	Current Cont. Type	Pay Refund Amounts	Pay Refund Dates	Pay Refund Contracts	Current Move Date	Current Move Code	Refund Adl. Amounts	Refund Adl. Dates	UpDn Fees	total Ef paid	Total refunds due
1/4/2005	Two Bed C1	4109	Two Bed C1	6109	10 Non-Refun Op	10 Non-Refun Op	292,750			1/4/2005	Perm ILU	292,750			292,750	0
1/18/2005	Cottage Tw	6149	Cottage Tw	6149	10 Non-Refun Op	10 Non-Refun Op	399,750			1/18/2005	Perm ILU	399,750			399,750	0
1/5/2005	Two Bed E	4204	Two Bed E	4204	10 Non-Refun Op	10 Non-Refun Op	354,250			3/30/2007	Perm ILU	354,250			354,250	0
1/3/2005	Two Bed C1	4209	Two Bed C1	4209	10 Non-Refun Op	10 Non-Refun Op	300,750			1/3/2005	Perm ILU	300,750			300,750	0
1/5/2005	Cottage Tw	6150	Cottage Tw	6150	10 Non-Refun Op	10 Non-Refun Op	399,750			1/5/2005	Perm ILU	399,750			399,750	0
2/14/2005	Cottage Tw	6137	Cottage Tw	6137	10 Non-Refun Op	10 Non-Refun Op	399,750			2/14/2005	Perm ILU	399,750			399,750	0
1/19/2005	Cottage Tw	6140	Cottage Tw	6140	10 Non-Refun Op	10 Non-Refun Op	369,250			1/19/2005	Perm ILU	369,250			369,250	0
12/29/2004	Two Bed D1	4102	Two Bed D1	4102	10 Non-Refun Op	10 Non-Refun Op	370,760			12/29/2004	Perm ILU	370,760			370,760	0
3/20/2005	Manor Two	1203	Manor Two	1203	10 Non-Refun Op	10 Non-Refun Op	352,000			3/20/2005	Perm ILU	352,000			352,000	0
3/8/2005	Cottage Tw	6148	Cottage Tw	6148	10 Non-Refun Op	10 Non-Refun Op	415,740			3/8/2005	Perm ILU	415,740			415,740	0
4/29/2005	Manor Two	1103	Manor Two	1103	10 Non-Refun Op	10 Non-Refun Op	400,250			4/29/2005	Perm ILU	400,250			400,250	0
6/16/2005	Cottage Tw	6139	Cottage Tw	6139	10 Non-Refun Op	10 Non-Refun Op	415,740			6/16/2005	Perm ILU	415,740			415,740	0
7/1/2005	Manor Two	1207	Manor Two	1207	10 Non-Refun Op	10 Non-Refun Op	371,540			7/1/2005	Perm ILU	371,540			371,540	0
7/28/2005	Two Bed D1	4202	Two Bed D1	4202	10 Non-Refun Op	10 Non-Refun Op	393,590			7/28/2005	Perm ILU	393,590			393,590	0
9/12/2005	Two Bed E	5214	Two Bed E	5214	10 Non-Refun Op	10 Non-Refun Op	364,230			2/23/2006	Perm ILU	364,230			364,230	0
11/22/2005	One Bed B3	5317	One Bed B3	5317	10 Non-Refun Op	10 Non-Refun Op	252,980			11/22/2005	Perm ILU	252,980			252,980	0
5/19/2008	Cottage Tw	6130	Cottage Tw	6130	10 Non-Refun Op	10 Non-Refun Op	486,358			5/19/2008	Perm ILU	486,358			486,358	0
8/14/2008	Two Bed C1	4111	Two Bed C1	4111	10 Non-Refun Op	10 Non-Refun Op	356,200			8/14/2008	Perm ILU	356,200			356,200	0
3/6/2005	Manor One	1206	Manor One	1206	10 Non-Refun Op	10 Non-Refun Op	303,600			3/6/2005	Perm ILU	303,600			303,600	0
1/6/2005	One Bed A1	4113	One Bed A1	4113	10 Non-Refun Op	10 Non-Refun Op	180,500			7/13/2009	Perm ILU	180,500			180,500	0
9/18/2005	Two Bed E	5314	Two Bed E	5314	10 Non-Refun Op	10 Non-Refun Op	386,799			9/18/2005	Perm ILU	386,799			386,799	0
1/12/2005	Manor One	1201	Manor One	1201	10 Non-Refun Op	10 Non-Refun Op	190,000			1/12/2005	Perm ILU	190,000			190,000	0
3/17/2005	Cottage Tw	6142	Cottage Tw	6142	10 Non-Refun Op	10 Non-Refun Op	369,250			4/30/2010	Perm ILU	369,250			369,250	0
8/1/2011	Two Bed E	4104	Two Bed E	4104	10 Non-Refun Op	10 Non-Refun Op	469,000			8/1/2011	Perm ILU	469,000			469,000	0
9/19/2011	Two Bed D1	4222	Two Bed D1	4222	10 Non-Refun Op	10 Non-Refun Op	491,000			9/19/2011	Perm ILU	491,000			491,000	0
2/25/2005	Two Bed C1	5324	Two Bed C1	5324	10 Non-Refun Op	10 Non-Refun Op	300,000			10/31/2011	Perm ILU	300,000			300,000	0
1/13/2005	Cottage Tw	6147	Cottage Tw	6147	10 Non-Refun Op	10 Non-Refun Op	399,750			12/27/2011	Perm ILU	399,750			399,750	0
2/1/2005	Manor Two	1211	Manor Two	1211	10 Non-Refun Op	10 Non-Refun Op	288,000			2/1/2005	Perm ILU	288,000			288,000	0
7/1/2009	Cottage Tw	6145	Cottage Tw	6145	10 Non-Refun Op	10 Non-Refun Op	526,000			7/1/2009	Perm ILU	526,000			526,000	0
4/1/2006	Two Bed C1	5208	Two Bed C1	5208	10 Non-Refun Op	10 Non-Refun Op	315,829			6/18/2012	Perm ILU	315,829			315,829	0
5/1/2007	Two Bed E	5214	Two Bed E	5214	10 Non-Refun Op	10 Non-Refun Op	378,799			1/19/2013	Perm ILU	378,799			378,799	0
11/23/2011	Cottage Tw	6102	Cottage Tw	6102	10 Non-Refun Op	10 Non-Refun Op	585,000			12/23/2011	Perm ILU	585,000			585,000	0
1/25/2005	Two Bed C1	4216	Assisted L	2253	10 Non-Refun Op	10 Non-Refun Op	300,750			9/17/2013	Perm ALU	300,750			300,750	0
4/1/2005	Cottage Tw	6138	Cottage Tw	6138	10 Non-Refun Op	10 Non-Refun Op	369,250			5/29/2011	Perm ILU	369,250			369,250	0
3/30/2005	Two Bed D1	4122	Two Bed D1	4122	10 Non-Refun Op	10 Non-Refun Op	356,500			3/30/2005	Perm ILU	356,500			356,500	0
6/23/2008	One Bed A1	4207	Assisted L	2249	10 Non-Refun Op	10 Non-Refun Op	227,600			2/14/2014	Perm ALU	227,600			227,600	0
1/20/2005	Cottage Tw	6146	Assisted L	2106	10 Non-Refun Op	10 Non-Refun Op	369,250			11/17/2007	Perm ILU	369,250			369,250	0
1/5/2005	Two Bed C1	4116	Assisted L	2142	10 Non-Refun Op	10 Non-Refun Op	292,750			7/8/2014	Perm ALU	292,750			292,750	0
4/30/2005	Cottage 3	6118	Cottage 3	6118	10 Non-Refun Op	10 Non-Refun Op	457,000			11/28/2013	Temp NCU	457,000			457,000	0
1/3/2005	Two Bed C1	4203	Two Bed C1	4203	10 Non-Refun Op	10 Non-Refun Op	300,750			2/25/2015	Perm ILU	300,750			300,750	0
1/16/2006	Two Bed C1	5320	Two Bed C1	5320	10 Non-Refun Op	10 Non-Refun Op	324,640			1/16/2006	Perm ILU	324,640			324,640	0
9/26/2011	Two Bed C1	5203	Two Bed C1	5203	10 Non-Refun Op	10 Non-Refun Op	405,000			9/26/2011	Perm ILU	405,000			405,000	0
7/1/2005	Cottage Tw	6124	Cottage Tw	6124	10 Non-Refun Op	10 Non-Refun Op	384,020			7/1/2005	Perm ILU	384,020			384,020	0
1/6/2005	Cottage Tw	6126	Cottage Tw	6126	10 Non-Refun Op	10 Non-Refun Op	369,250			1/6/2005	Perm ILU	369,250			369,250	0
1/7/2005	Cottage Tw	6153	Cottage Tw	6153	10 Non-Refun Op	10 Non-Refun Op	399,750			1/7/2005	Perm ILU	399,750			399,750	0
1/4/2005	Two Bed D1	5325	Two Bed D1	5325	10 Non-Refun Op	10 Non-Refun Op	364,500			11/24/2014	Perm ILU	364,500			364,500	0
12/27/2004	Two Bed C1	501-N	Nursing Ca	501-N	10 Non-Refun Op	10 Non-Refun Op	292,750			4/29/2010	Perm NCU	292,750			292,750	0
6/18/2012	Two Bed C1	5321	Two Bed C1	5321	10 Non-Refun Op	10 Non-Refun Op	404,000			6/18/2012	Perm ILU	404,000			404,000	0
1/14/2005	Cottage Tw	6131	Assisted L	2256	10 Non-Refun Op	10 Non-Refun Op	399,750			11/15/2014	Perm ALU	399,750			399,750	0
3/1/2011	Cottage Tw	6143	Cottage Tw	6143	10 Non-Refun Op	10 Non-Refun Op	563,000			3/1/2011	Perm ILU	563,000			563,000	0
12/28/2004	Two Bed D1	4222	Nursing Ca	3046A	10 Non-Refun Op	10 Non-Refun Op	364,500			5/8/2015	Perm NCU	364,500			364,500	0
3/2/2005	Two Bed D1	4221	Assisted L	2137	10 Non-Refun Op	10 Non-Refun Op	364,500			4/14/2013	Perm ALU	364,500			364,500	0
1/3/2006	Two Bed D1	4201	Two Bed D1	4201	10 Non-Refun Op	10 Non-Refun Op	393,590			11/23/2011	Perm ILU	393,590			393,590	0
1/10/2005	One Bed B1	5219	Nursing Ca	3030A	10 Non-Refun Op	10 Non-Refun Op	208,260			6/6/2014	Perm NCU	208,260			208,260	0
11/17/2005	Two Bed D1	5326	Two Bed D1	5326	10 Non-Refun Op	10 Non-Refun Op	393,590			8/21/2015	Perm ILU	393,590			393,590	0

10/31/2005	One Bed B1	5210	Assisted L	301-A	10	Non-Refur Op	216,590	8/31/2015	Perm ALU	8,000	224,590	0
6/19/2009	One Bed A1	4713	Assisted L	2210	10	Non-Refur Op	239,000	8/6/2015	Perm ALU	0	239,000	0
5/1/2007	One Bed B1	5210	One Bed B1	5210	10	Non-Refur Op	225,254	9/26/2015	Perm ILU	0	225,254	0
11/15/2005	Two Bed C1	4112	Assisted L	2023	10	Non-Refur Op	315,850	2/19/2015	Perm ALU	0	315,850	0
3/29/2005	Cottage Tw	6128	Nursing Ca	501-N	10	Non-Refur Op	415,740	9/11/2015	Perm NCU	0	415,740	0
3/20/2006	Two Bed C1	5207	Special Ca	1	10	Non-Refur Op	316,640	9/5/2015	Perm 400	0	316,640	0
12/30/2004	Two Bed D1	5201	Assisted L	2031	10	Non-Refur Op	364,500	10/9/2015	Perm ALU	0	364,500	0
12/30/2004	Two Bed D1	5102	Two Bed D1	5102	10	Non-Refur Op	356,500	10/14/2015	Perm ILU	0	356,500	0
1/18/2006	Cottage Tw	6122	Assisted L	2133	10	Non-Refur Op	399,380	11/27/2015	Perm ALU	0	399,380	0
8/25/2005	One Bed B3	5217	One Bed B3	5217	11	90% Repay Opt	441,020	8/25/2005	Perm ILU	0	441,020	396,918
11/18/2005	Two Bed C1	4218	Two Bed C1	4218	11	90% Repay Opt	578,000	11/8/2005	Perm ILU	0	578,000	520,200
3/9/2007	Two Bed C1	4210	Two Bed C1	4210	11	90% Repay Opt	599,116	3/9/2007	Perm ILU	0	599,116	539,204
9/2/2008	Two Bed C1	4117	Two Bed C1	4117	11	90% Repay Opt	641,200	3/30/2009	Perm ILU	0	641,200	577,080
5/14/2005	Two Bed C1	4206	Two Bed C1	4206	11	90% Repay Opt	556,080	4/18/2009	Perm ILU	0	556,080	500,472
4/19/2010	Two Bed D1	4101	Two Bed D1	4101	11	90% Repay Opt	820,000	4/19/2010	Perm ILU	0	820,000	738,000
3/30/2009	Two Bed C1	5107	Two Bed C1	5107	11	90% Repay Opt	641,200	3/30/2009	Perm ILU	0	641,200	577,080
4/13/2011	Two Bed D1	4221	Two Bed D1	4221	11	90% Repay Opt	869,000	4/13/2011	Perm ILU	0	869,000	782,100
8/15/2011	Cottage Tw	6106	Cottage Tw	6106	11	90% Repay Opt	1,103,000	8/15/2011	Perm ILU	0	1,103,000	992,700
9/20/2011	Two Bed D1	5225	Two Bed D1	5225	11	90% Repay Opt	895,000	9/20/2011	Perm ILU	0	895,000	805,500
3/29/2006	One Bed B1	5222	One Bed B1	5222	11	90% Repay Opt	389,920	1/13/2012	Perm ILU	0	389,920	350,928
6/6/2006	Two Bed C1	5307	Two Bed C1	5307	11	90% Repay Opt	578,000	12/7/2010	Perm ILU	0	578,000	520,200
7/18/2009	Two Bed C1	5220	Two Bed C1	5220	11	90% Repay Opt	671,000	7/18/2009	Perm ILU	0	671,000	603,900
6/27/2012	Cottage Tw	6135	Cottage Tw	6135	11	90% Repay Opt	1,158,000	6/27/2012	Perm ILU	0	1,158,000	1,042,200
7/20/2012	One Bed B1	5224	One Bed B1	5224	11	90% Repay Opt	762,000	8/6/2012	Perm ILU	0	762,000	470,700
8/12/2012	Two Bed C1	4216	Two Bed C1	4216	11	90% Repay Opt	806,000	8/12/2012	Perm ILU	0	806,000	685,600
4/26/2008	Manor Two	1210	Manor Two	1210	11	90% Repay Opt	772,000	3/6/2014	Perm ILU	0	772,000	725,400
1/8/2007	Cottage Tw	6134	Cottage Tw	6134	11	90% Repay Opt	747,753	1/8/2007	Perm ILU	0	747,753	672,377
12/17/2010	Cottage Tw	6116	Cottage Tw	6116	11	90% Repay Opt	1,041,000	10/18/2013	Perm ILU	0	1,041,000	605,139
8/18/2006	Two Bed C1	5316	Assisted L	2020	11	90% Repay Opt	600,803	8/31/2012	Perm ALU	0	600,803	540,723
8/3/2012	Two Bed C1	4216	Two Bed C1	4216	11	90% Repay Opt	772,000	8/3/2012	Perm ILU	0	772,000	694,800
8/3/2012	Cottage Tw	6141	Cottage Tw	6141	11	90% Repay Opt	931,000	8/6/2012	Perm ILU	0	931,000	470,700
7/6/2012	Two Bed D1	5101	Two Bed D1	5101	11	90% Repay Opt	875,700	7/6/2012	Perm ILU	0	875,700	837,900
4/15/2010	Manor Two	1209	Manor Two	1209	11	90% Repay Opt	806,000	4/15/2010	Perm ILU	0	806,000	725,400
11/11/2007	Manor Two	1209	Manor Two	1209	11	90% Repay Opt	632,777	6/2/2012	Perm ILU	0	632,777	569,499
8/14/2008	Cottage Tw	6112	Cottage Tw	6112	11	90% Repay Opt	875,700	8/14/2008	Perm ILU	0	875,700	788,130
2/12/2006	Two Bed C1	5220	Nursing Ca	501-N	11	90% Repay Opt	570,000	1/30/2015	Perm NCU	0	570,000	513,000
4/20/2012	Manor Two	1101	Manor Two	1101	11	90% Repay Opt	887,000	4/20/2012	Perm ILU	0	887,000	798,300
6/2/2012	Cottage Tw	6108	Cottage Tw	6108	11	90% Repay Opt	1,103,000	6/2/2012	Perm ILU	0	1,103,000	992,700
8/31/2012	Two Bed C1	4215	Two Bed C1	4215	11	90% Repay Opt	743,000	8/31/2012	Perm ILU	0	743,000	668,700
3/12/2009	Two Bed C1	5204	Assisted L	2037	11	90% Repay Opt	649,200	8/9/2014	Perm ALU	0	649,200	584,280
3/31/2006	One Bed B1	5310	Assisted L	2255	11	90% Repay Opt	397,508	4/24/2015	Perm ALU	0	397,508	357,757
9/14/2011	Two Bed C1	5205	Two Bed C1	5205	11	90% Repay Opt	743,000	3/24/2012	Perm ILU	0	743,000	668,700
9/25/2007	One Bed B1	5312	Manor Two	1211	11	90% Repay Opt	429,734	10/30/2015	Perm ILU	0	429,734	386,761
10/1/2007	One Bed B1	5212	Special Ca	12	11	90% Repay Opt	421,734	10/8/2015	Perm 400	0	421,734	379,561
1/26/2009	Cottage Tw	6120	Assisted L	2206	11	90% Repay Opt	808,800	10/29/2015	Temp NCU	0	808,800	727,920
8/18/2010	One Bed B1	4208	One Bed B1	4208	11	90% Repay Opt	492,000	11/25/2015	Temp NCU	0	492,000	442,900
4/20/2005	Two Bed C1	5104	Assisted L	2134	11	90% Repay Opt	548,080	11/2/2015	Perm ALU	173,801	721,881	649,693
4/1/2008	Two Bed C1	4116	Assisted L	2155	11	90% Repay Opt	616,515	11/23/2015	Perm ALU	0	616,515	554,864
4/11/2008	Two Bed C1	5223	Assisted L	2103A	11	90% Repay Opt	614,761	11/12/2015	Perm ALU	0	614,761	553,285
6/9/2008	Two Bed C1	5318	Assisted L	2139	11	90% Repay Opt	649,200	11/12/2015	Perm ALU	0	649,200	584,280
2/17/2005	One Bed B1	4114	One Bed B1	4114	12	Charter 90 pay	360,500	2/17/2005	Perm ILU#	0	360,500	324,450
1/11/2005	Cottage Tw	6155	Cottage Tw	6155	12	Charter 90 pay	719,750	1/11/2005	Perm ILU	0	719,750	647,775
12/29/2004	Cottage Tw	6110	Cottage Tw	6110	12	Charter 90 pay	556,080	12/29/2004	Perm ILU	0	556,080	500,472
1/18/2005	Two Bed C1	5308	Two Bed C1	5308	12	Charter 90 pay	535,000	1/18/2005	Perm ILU	0	535,000	481,500
12/30/2004	Two Bed C1	4205	Two Bed C1	4205	12	Charter 90 pay	694,000	12/30/2004	Perm ILU	0	694,000	624,600
3/4/2005	Manor Two	1204	Manor Two	1204	12	Charter 90 pay	719,750	3/4/2005	Perm ILU	0	719,750	647,775
1/13/2005	Cottage Tw	6114	Cottage Tw	6114	12	Charter 90 pay	527,000	1/13/2005	Perm ILU	0	527,000	474,200
1/6/2005	Two Bed C1	5105	Nursing Ca	501-N	12	Charter 90 pay	719,750	11/12/2011	Perm NCU	0	719,750	647,775
12/27/2004	Cottage Tw	6108	Assisted L	2035	12	Charter 90 pay	719,750	12/11/2012	Perm ALU	0	719,750	647,775

12/28/2004	Two Bed C1	5103	Two Bed C1	5103	12 Charter-90 pay	527,000	12/28/2004	Perm ILU	337,000	474,300
1/4/2005	Cottage Tw	6136	Cottage Tw	6136	12 Charter-90 pay	664,750	1/4/2005	Perm ILU	564,750	598,275
3/8/2005	Cottage Tw	6133	Cottage Tw	6133	12 Charter-90 pay	719,750	5/20/2014	Perm ILU	719,750	647,775
1/14/2005	Cottage Tw	6157	Cottage Tw	6157	12 Charter-90 pay	748,540	1/14/2005	Perm ILU	748,540	673,686
12/27/2004	Cottage Tw	2256	Assisted L	6131	12 Charter-90 pay	641,750	11/10/2014	Perm ALU	641,750	0
1/27/2005	Manor Two	1102	Manor Two	1102	12 Charter-90 pay	637,750	6/17/2015	Perm ILU	637,750	573,975
1/25/2005	Two Bed C1	4219	Assisted L	2052	12 Charter-90 pay	535,000	6/30/2015	Perm ALU	535,000	0
1/7/2005	One Bed B1	4214	Assisted L	2156	12 Charter-90 pay	368,500	10/17/2015	Perm ALU	368,500	0
1/17/2005	Cottage Tw	6151	Cottage Tw	6151	12 Charter-90 pay	719,750	11/7/2015	Temp NSU	719,750	647,775
3/4/2005	Two Bed C1	4210	Assisted L	2132	15 Charter-90 e 2	554,520	12/1/2010	Perm ALU	554,520	0
3/18/2013	Two Bed C1	5108	Two Bed C1	5108	20 Non-Refun Op	408,000	3/18/2013	Perm ILU	408,000	0
6/16/2014	Two Bed C1	4115	Two Bed C1	4115	20 Non-Refun Op	409,000	6/16/2014	Perm ILU	409,000	0
8/21/2014	Cottage Tw	6132	Cottage Tw	6132	20 Non-Refun Op	568,000	8/21/2014	Perm ILU	568,000	0
10/31/2014	One Bed B1	4214	One Bed B1	4214	20 Non-Refun Op	288,000	10/31/2014	Perm ILU	288,000	0
11/7/2014	Two Bed C1	5204	Two Bed C1	5204	20 Non-Refun Op	417,000	11/7/2014	Perm ILU	417,000	0
11/29/2014	Two Bed C1	5206	Two Bed C1	5206	20 Non-Refun Op	416,000	11/29/2014	Perm ILU	416,000	0
2/3/2015	Cottage Tw	6131	Cottage Tw	6131	20 Non-Refun Op	615,000	2/3/2015	Perm ILU	615,000	0
4/24/2015	One Bed B1	5319	One Bed B1	5319	20 Non-Refun Op	288,000	4/24/2015	Perm ILU	288,000	0
7/24/2015	Two Bed D1	5226	Two Bed D1	5226	20 Non-Refun Op	507,000	7/24/2015	Perm ILU	507,000	0
10/12/2015	Cottage Tw	6128	Cottage Tw	6128	20 Non-Refun Op	627,000	10/12/2015	Perm ILU	627,000	0
11/3/2015	Two Bed C1	5105	Two Bed C1	5105	20 Non-Refun Op	421,000	11/3/2015	Perm ILU	421,000	0
11/23/2015	Cottage Tw	6120	Cottage Tw	6120	20 Non-Refun Op	579,000	11/23/2015	Perm ILU	579,000	0
11/7/2012	Two Bed C1	4105	Two Bed C1	4105	21 90% Repay Opt	523,000	11/7/2012	Perm ILU	523,000	470,700
12/19/2012	Manor Two	1208	Manor Two	1208	21 90% Repay Opt	1,000,000	12/19/2012	Perm ILU	1,000,000	900,000
2/1/2013	Two Bed C1	4212	Two Bed C1	4212	21 90% Repay Opt	770,000	2/1/2013	Perm ILU	770,000	693,000
3/27/2013	Two Bed C1	4118	Two Bed C1	4118	21 90% Repay Opt	764,000	4/11/2013	Perm ILU	764,000	687,600
8/9/2013	Two Bed C1	5323	Two Bed C1	5323	21 90% Repay Opt	808,000	8/9/2013	Perm ILU	808,000	727,200
8/20/2013	Two Bed C1	5216	Two Bed C1	5216	21 90% Repay Opt	764,000	8/20/2013	Perm ILU	764,000	687,600
4/9/2013	Two Bed C1	5106	Two Bed C1	5106	21 90% Repay Opt	762,000	6/18/2014	Perm ILU	762,000	685,800
4/16/2014	One Bed B1	5212	One Bed B1	5212	21 90% Repay Opt	539,000	4/16/2014	Perm ILU	539,000	485,100
6/18/2014	Cottage Tw	6146	Cottage Tw	6146	21 90% Repay Opt	1,119,000	6/18/2014	Perm ILU	1,113,000	1,001,700
10/4/2013	One Bed A1	4213	One Bed A1	4213	21 90% Repay Opt	493,000	10/4/2013	Perm ILU	493,000	443,700
2/1/2014	One Bed B1	5219	One Bed B1	5219	21 90% Repay Opt	544,000	2/1/2014	Perm ILU	544,000	489,600
1/10/2014	Two Bed D3	5202	Two Bed D3	5202	21 90% Repay Opt	1,040,000	1/10/2014	Perm ILU	1,040,000	936,000
3/19/2014	Two Bed C1	5316	Two Bed C1	5316	21 90% Repay Opt	803,000	3/19/2014	Perm ILU	803,000	722,700
7/30/2014	One Bed A1	4207	One Bed A1	4207	21 90% Repay Opt	507,000	7/30/2014	Perm ILU	507,000	456,300
6/26/2014	Two Bed C1	5318	Two Bed C1	5318	21 90% Repay Opt	826,000	6/26/2014	Perm ILU	826,000	743,400
8/1/2014	Cottage Tw	6122	Cottage Tw	6122	21 90% Repay Opt	1,145,000	8/1/2014	Perm ILU	1,145,000	1,030,500
10/30/2014	Two Bed C1	5104	Two Bed C1	5104	21 90% Repay Opt	818,000	10/30/2014	Perm ILU	818,000	736,200
2/9/2015	Two Bed C1	4106	Two Bed C1	4106	21 90% Repay Opt	568,000	2/9/2015	Perm ILU	568,000	511,200
3/27/2015	One Bed B1	5310	One Bed B1	5310	21 90% Repay Opt	980,000	3/27/2015	Perm ILU	980,000	882,000
12/29/2014	Two Bed C1	4120	Two Bed C1	4120	21 90% Repay Opt	764,000	12/29/2014	Perm ILU	764,000	687,600
4/15/2013	Two Bed C1	4119	Two Bed C1	4119	21 90% Repay Opt	1,145,000	4/15/2013	Perm ILU	1,145,000	1,030,500
9/28/2012	Two Bed C1	5221	Two Bed C1	5221	21 90% Repay Opt	762,000	9/28/2012	Perm ILU	762,000	685,800
4/23/2013	Perm ILU	4211	Two Bed C1	4211	21 90% Repay Opt	772,000	4/23/2013	Perm ILU	772,000	694,800
4/11/2015	Perm ILU	1202	Manor One	1202	21 90% Repay Opt	679,000	4/11/2015	Perm ILU	679,000	611,100
4/28/2014	Two Bed C1	5207	Two Bed C1	5207	21 90% Repay Opt	779,000	4/28/2014	Perm ILU	779,000	701,100
4/26/2013	Two Bed C1	4217	Two Bed C1	4217	21 90% Repay Opt	772,000	4/26/2013	Perm ILU	772,000	694,800
5/11/2015	Cottage Tw	6104	Cottage Tw	6104	21 90% Repay Opt	1,239,000	5/11/2015	Perm ILU	1,239,000	1,115,100
6/25/2013	Manor One	1205	Manor One	1205	21 90% Repay Opt	649,000	6/25/2013	Perm ILU	649,000	584,100
6/4/2015	Two Bed C1	4112	Two Bed C1	4112	21 90% Repay Opt	848,000	6/4/2015	Perm ILU	848,000	763,200
7/11/2015	Two Bed D1	4121	Two Bed D1	4121	21 90% Repay Opt	977,000	7/11/2015	Perm ILU	977,000	879,300
2/20/2013	One Bed B1	4108	One Bed B1	4108	21 90% Repay Opt	523,000	9/5/2015	Perm ILU	523,000	470,700
10/5/2015	Two Bed C1	4103	Two Bed C1	4103	21 90% Repay Opt	834,000	10/5/2015	Perm ILU	834,000	750,600
11/2/2015	Two Bed C1	4219	Two Bed C1	4219	21 90% Repay Opt	834,000	11/2/2015	Perm ILU	834,000	750,600
5/23/2014	One Bed A1	4107	One Bed A1	4107	21 90% Repay Opt	485,000	11/21/2015	Temp NSU	485,000	436,500
Grand totals:						96,254,167			2,512,900	57,721,184

181,801 96,435,968

2,512,900

489,068

96,254,167

57,721,184

85 171

Unit #	Monthly fee billed
2019	4,456.00
2020	6,123.00
2021	4,673.00
2023	1,383.00
2023	6,123.00
2024	4,456.00
2026B	4,456.00
2027	4,456.00
2028	4,456.00
2029	6,726.00
2030	6,726.00
2031	6,234.00
2032	5,479.00
2033	7,270.00
2034	6,960.00
2035	6,416.00
2036	6,117.00
2037	1,383.00
2037	6,509.00
2040	6,960.00
2042	6,117.00
2102	4,456.00
2103	4,009.00
2104	4,456.00
2106	4,207.00
2108	6,836.00
2109A	4,456.00
2111A	4,456.00
2114	4,456.00
2115	6,836.00
2116B	4,456.00
2118	4,456.00
2119	4,456.00
2121	4,673.00
2122	4,456.00
2123	4,673.00
2124	4,456.00
2125	4,456.00
2126	4,456.00
2127	4,456.00
2128	4,467.00
2130	6,726.00
2131	6,960.00
2132	5,479.00
2133	6,509.00
2134	6,234.00

Saratoga

AC Unit 111

11/15

DRAFT
Subject to change

2135	1,383.00
2135	6,416.00
2136	6,117.00
2137	6,509.00
2139	6,022.00
2140	6,960.00
2140	1,383.00
2142	5,479.00
2144	6,117.00
2146	6,960.00
2148	6,117.00
2150	4,456.00
2152	6,836.00
2153	4,456.00
2155	4,207.00
2156	4,009.00
2159	4,456.00
2160	4,456.00
2161	4,456.00
2201	4,434.00
2202	6,836.00
2203	4,434.00
2205	4,434.00
2206	6,123.00
2209	6,836.00
2210	6,123.00
2249	4,009.00
2250	6,836.00
2251	4,456.00
2253	4,009.00
2255	4,207.00
2256	6,885.00
2256	1,383.00
2259	6,836.00
2260	3,699.00
2261	4,467.00

421,818.00

82.00

DRAFT
Subject to change

Payor	YTD avg census	11/30/15 Census
PUB	24.44	26
RES	10.38	9
HMO	0.85	2
Medicare	9.66	13
Medicaid	33.38	32
Hospice	1.41	0
total	80.12	82

SW Payor -
Mix



DRAFT
Subject to change

SNF Detail

**Saratoga Retirement Community
Health Center PPD Summary**
Year and month to date for the period ending November 30, 2015

	Actual 11/30/15	Budget 11/30/15	Variance	Actual YTD	Budget YTD	Variance
Medicare (A)						
3 rd party reimbursement	\$ 293,718	\$ 312,275	\$ (18,557)	\$ 1,848,971	\$ 2,539,836	\$ (690,865)
Ancillaries	21,012	26,477	(5,465)	151,532	215,336	(63,804)
Ancillary contractual allow	(21,012)	(26,477)	5,465	(151,532)	(215,336)	63,804
Therapy	85,016	99,017	(14,001)	594,435	805,332	(210,897)
Therapy contractual allow	(85,016)	(99,017)	14,001	(594,435)	(805,332)	210,897
Total revenue Medicare (A)	\$ 293,718	\$ 312,275	\$ (18,557)	\$ 1,848,971	\$ 2,539,836	\$ (690,865)
Patient days	374	405	(31)	2,357	3,294	(937)
Avg patients per day	12.5	13.5	(1.0)	9.7	13.5	(3.8)
Avg daily reimbursement	\$ 785	\$ 771	\$ 14	\$ 784	\$ 771	\$ 13
% of total revenue	33%	34%		27%	34%	
% of total patients	15%	16%		12%	16%	
Medicare (B)						
Ancillaries	0	0	0	0	0	0
Ancillary Contractual Allow	0	0	0	0	0	0
Therapy	4,643	13,722	(9,079)	100,278	111,600	(11,322)
Therapy Contractual Allow	(2,662)	(837)	(1,825)	(19,639)	(6,808)	(12,831)
Prior Period Cost Adj.	0	0	0	0	0	0
Total Revenue Medicare (B)	\$ 1,982	\$ 12,885	\$ (10,903)	\$ 80,639	\$ 104,792	\$ (24,153)
% of Total Revenue	0%	1%		1%	1%	
HMO (A)						
3 rd party reimbursement	\$ 23,230	\$ 38,250	\$ (15,020)	\$ 91,340	\$ 311,100	\$ (219,760)
Ancillaries	2,571	1,722	849	8,911	14,004	(5,093)
Ancillary contractual allow	(2,571)	(1,722)	(849)	5,104	(14,004)	19,108
Therapy	6,938	3,852	3,086	23,616	31,332	(7,716)
Therapy contractual allow	(6,938)	(3,852)	(3,086)	(19,800)	(31,332)	11,532

**Saratoga Retirement Community
Health Center PPD Summary**

Year and month to date for the period ending November 30, 2015

	Actual	Budget	Variance	Actual	Budget	Variance
	11/30/15	11/30/15		YTD	YTD	
Total revenue HMO	\$ 23,230	\$ 38,250	\$ (15,020)	\$ 109,171	\$ 311,100	\$ (201,929)
<i>Patient days</i>	61	90	(29)	207	732	(525)
<i>Avg patients per day</i>	2.0	3.0	(1.0)	0.8	3.0	(2.2)
Avg daily reimbursement	\$ 381	\$ 425	\$ (44)	\$ 527	\$ 425	\$ 102
% of total revenue	3%	4%		2%	4%	
% of total patients	2%	4%		1%	4%	
HMO (B)						
Ancillaries	0	0	0	0	0	0
Ancillary contractual allow	0	0	0	0	0	0
Therapy	293	368	(75)	7,683	2,996	4,687
Therapy contractual allow	(39)	0	(39)	(49)	0	(49)
Total revenue HMO (B)	\$ 255	\$ 368	\$ (113)	\$ 7,634	\$ 2,996	\$ 4,638
% of total revenue	0%	0%		0%	0%	

**Saratoga Retirement Community
Health Center PPD Summary**
Year and month to date for the period ending November 30, 2015

	Actual	Budget	Variance	Actual	Budget	Variance
	11/30/15	11/30/15		YTD	YTD	
Medicaid						
3rd Party Reimbursement	\$ 166,828	\$ 234,507	\$ (67,679)	\$ 1,754,671	\$ 1,907,324	\$ (152,653)
Ancillaries	5,349	5,657		64,008	46,000	18,008
Ancillary Contractual Allow	-5,349	-5,657		-64,008	-46,000	(18,008)
Total Revenue Medicaid	\$ 166,828	\$ 234,507	\$ (67,679)	\$ 1,754,671	\$ 1,907,324	\$ (152,653)
Patient Days	636	1005	-369	8055	8174	-119
Avg Patients per day	21.2	33.5	-12.30	33.0	33.5	-0.49
Avg Daily Reimbursement	\$ 262	\$ 233	\$ 29	\$ 218	\$ 233	\$ (16)
% of Total Revenue	19%	26%		26%	26%	
% of Total Patients	25%	40%		41%	40%	

	Hospice / Other		Variance	Hospice / Other		Variance
	Actual	Budget		Actual	Budget	
	11/30/15	11/30/15		YTD	YTD	
Hospice / Other						
3rd Party Reimbursement	\$ 35,251	\$ 24,334	\$ 10,917	\$ 64,633	\$ 197,472	\$ (132,839)
Ancillaries	1,060	164	896	1,060	1,336	(276)
Ancillary Contractual Allow	-1,060	-164	(896)	-1,060	-1,336	276
Therapy	0	0	0	0	0	0
Total Revenue Hospice	\$ 35,251	\$ 24,334	\$ 10,917	\$ 64,633	\$ 197,472	\$ (132,839)
Patient Days	343	90	253	343	732	-389
Avg Patients per day	11.4	3.0	8.43	1.4	3.0	-1.59
Avg Daily Reimbursement	\$ 103	\$ 270	\$ (168)	\$ 188	\$ 270	\$ (81)
% of Total Revenue	4%	3%		1%	3%	
% of Total Patients	14%	4%		2%	4%	

	Private (Contract Residents)		Variance	Private (Contract Residents)		Variance
	Actual	Budget		Actual	Budget	
	11/30/15	11/30/15		YTD	YTD	
Private (Contract Residents)						
Room Revenue	76,486	61,093	15,393	767,925	496,888	271,037
Ancillaries	1,446	848	598	17,405	6,896	10,509

**Saratoga Retirement Community
Health Center PPD Summary**

Year and month to date for the period ending November 30, 2015

	Actual 11/30/15	Budget 11/30/15	Variance	Actual YTD	Budget YTD	Variance
Ancillary Contractual Allow Therapy	0	0	0	0	0	0
Therapy Contractual Allow	739	338	401	5,477	2,748	2,729
Therapy Contractual Allow	0	0	0	0	0	0
Total Revenue Private	\$ 78,671	\$ 62,279	\$ 16,392	\$ 790,807	\$ 506,532	\$ 284,275
<i>Patient Days</i>	289	300	-11	2515	2440	75
<i>Avg Patients per day</i>	9.6	10.0	-0.37	10.3	10.0	0.31
Avg Daily Reimbursement	\$ 272	\$ 208	\$ 65	\$ 314	\$ 208	\$ 107
% of Total Revenue	9%	7%		12%	7%	
% of Total Patients	12%	12%		13%	12%	

	Actual 11/30/15	Budget 11/30/15	Variance	Actual YTD	Budget YTD	Variance
Private (Direct Admit)						
Room Revenue	288,007	226,390	61,617	2,118,185	1,841,304	276,881
Ancillaries	5,378	3,740	1,638	41,920	30,416	11,504
Ancillary Contractual Allow Therapy	0	0	0	0	0	0
Therapy Contractual Allow	0	0	0	0	0	0
Total Revenue Private	\$ 293,385	\$ 230,130	\$ 63,255	\$ 2,160,105	\$ 1,871,720	\$ 288,385
<i>Patient Days</i>	796	630	166	5956	5124	832
<i>Avg Patients per day</i>	26.5	21.0	5.53	24.4	21.0	3.41
Avg Daily Reimbursement	\$ 369	\$ 365	\$ 3	\$ 363	\$ 365	\$ (3)
% of Total Revenue	33%	25%		32%	25%	
% of Total Patients	32%	25%		31%	25%	

**Saratoga Retirement Community
Health Center PPD Summary
Year and month to date for the period ending November 30, 2015**

	Actual 11/30/15	Budget 11/30/15	Variance	Actual YTD	Budget YTD	Variance
Total private pay						
Room revenue	\$ 364,493	\$ 287,483	\$ 77,010	\$ 2,886,110	\$ 2,338,192	\$ 547,918
Other revenue	0	0	0	0	0	0
Ancillaries	6,825	4,588	2,237	59,325	37,312	22,013
Ancillary contractual allow	0	0	0	0	0	0
Therapy	739	338	401	5,477	2,748	2,729
Therapy contractual allow	0	0	0	0	0	0
Total revenue private	\$ 372,056	\$ 292,409	\$ 79,647	\$ 2,950,912	\$ 2,378,252	\$ 572,660
<i>Patient days</i>	1,085	930	155	8,471	7,564	907
<i>Avg patients per day</i>	36.2	31.0	5.2	34.7	31.0	3.7
Avg daily reimbursement	\$ 343	\$ 314	\$ 28	\$ 348	\$ 314	\$ 34
% of total revenue	42%	32%		44%	32%	
% of total patients	43%	37%		44%	37%	

	Actual 11/30/15	Budget 11/30/15	Variance	Actual YTD	Budget YTD	Variance
All payer type revenue						
Room revenue - private pay	\$ 364,493	\$ 287,483	\$ 77,010	\$ 2,886,110	\$ 2,338,192	\$ 547,918
3 rd party reimbursement	519,028	609,366	\$ (90,338)	3,759,615	4,955,732	(1,196,117)
Prior Period Cost Adj.	0	0	0	0	0	0
Ancillaries	36,815	38,608	(1,484)	284,835	313,988	(29,153)
Ancillary contractual allow	(29,991)	(34,020)	3,721	(211,496)	(276,676)	65,180
Therapy	97,630	117,297	(19,667)	731,490	954,008	(222,518)
Therapy contractual allow	(94,654)	(103,706)	9,052	(633,923)	(843,472)	209,549
Bad debt	(4,167)	(4,167)	0	(33,333)	(33,336)	3
Resident assistance	0	0	0	0	0	0
Total revenue all payers	\$ 889,154	\$ 910,861	\$ (21,707)	\$ 6,783,298	\$ 7,408,436	\$ (625,138)
All health center expense						

**Saratoga Retirement Community
Health Center PPD Summary**

Year and month to date for the period ending November 30, 2015

	Actual	Budget	Variance	Actual	Budget	Variance
	11/30/15	11/30/15		YTD	YTD	
Total salaries	\$ 294,882	\$ 319,820	\$ (24,938)	\$ 2,395,571	\$ 2,581,162	\$ (185,591)
Total payroll taxes & benefi	70,199	75,981	(5,782)	555,824	613,988	(58,164)
Total ancillary expense	41,994	42,080	(86)	292,683	342,264	(49,581)
Total other expense	17,445	17,648	(203)	120,233	141,184	(20,951)
Total therapy expense	56,508	67,050	(10,542)	416,433	545,340	(128,907)
Total HC housekeeping	18,466	16,000	2,466	138,531	128,000	10,531
Total expense health center	\$ 499,495	\$ 538,579	\$ (39,084)	\$ 3,919,274	\$ 4,351,938	\$ (432,664)
Total net health center	\$ 389,659	\$ 372,282	\$ 17,377	\$ 2,864,024	\$ 3,056,498	\$ (192,474)
Total patient days	2499	2520	-21	19433	20496	-1063
Avg patients per day	83.3	84.0	-0.70	79.6	84.0	-4.36
Available units	94	94	0	94	94	0
Health center occupancy	88.6%	89.4%		84.7%	89.4%	
Avg daily reimbursement PPD	\$ 356	\$ 361	\$ (6)	\$ 349	\$ 361	\$ (12)
Avg daily expense PPD	\$ 200	\$ 214	\$ (14)	\$ 202	\$ 212	\$ (11)
Total net health center PPD	\$ 156	\$ 148	\$ 8	\$ 147	\$ 149	\$ (2)
Gross margin	43.8%	40.9%		42.2%	41.3%	
Total FTE's	71.76	75.70	3.94	73.71	74.95	1.24
Ratio Residents to FTE's	1.16	1.11	0.05	1.08	1.12	(0.04)
Hours per patient day	4.97	5.20	(0.23)	5.25	5.06	0.19

**ODD FELLOWS HOME OF CALIFORNIA
SARATOGA RETIREMENT COMMUNITY
STATEMENTS OF ACTIVITIES
Years Ended March 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
CHANGES IN UNRESTRICTED NET ASSETS		
Revenues:		
Service fees	\$ 15,314,298	\$ 14,525,384
Health center revenues, net	9,493,037	9,691,033
Entrance fees earned	2,937,488	2,972,326
Contributions	3,757,626	428,557
Investment income	2,702,529	1,906,234
Other revenue	886,454	885,065
Total revenues	<u>35,091,432</u>	<u>30,408,599</u>
Net assets released from restrictions	17,059	18,765
Total revenue, gains, and support	<u>35,108,491</u>	<u>30,427,364</u>
Expenses:		
Program expenses:		
Dietary services	4,544,610	4,350,908
Facility services and utilities	4,437,550	4,199,552
Health and social services	5,952,609	6,053,875
Assisted living	2,083,997	2,036,295
General and administrative:		
Administrative and marketing	2,821,102	2,301,006
Interest	3,540,971	3,605,025
Depreciation	4,490,219	4,375,189
Fund disbursement	17,059	18,765
Management services	1,812,083	1,736,393
Loss on disposal of property and equipment	57,181	57,410
Total expenses	<u>29,757,381</u>	<u>28,734,418</u>
Operating income	5,351,110	1,692,946
Nonoperating income:		
Unrealized change in value of investments	1,181,832	1,366,197
Total nonoperating income	<u>1,181,832</u>	<u>1,366,197</u>
Change in unrestricted net assets	<u>6,532,942</u>	<u>3,059,143</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Contributions	54,340	52,050
Investment income	22,121	19,332
Unrealized change in value of investments	23,074	29,685
Fund disbursement	(31,911)	-
Net assets released from restrictions	(17,059)	(18,765)
Increase in temporarily restricted net assets	<u>50,565</u>	<u>82,302</u>
CHANGES IN NET ASSETS (DEFICIT)	<u>\$ 6,583,507</u>	<u>\$ 3,141,445</u>

Saratoga Retirement Community

Summary Operational Results

As of November 30, 2015

Occupancy						
	MTD	%	YTD Avg	%	Budget	%
IL	138.1	96.6%	138.0	96.5%	136.0	95.1%
IL - 2 nd person	49.3		47.2		47.0	
AL / RL	75.3	83.7%	83.9	93.1%	85.5	94.0%
AL / RL - 2 nd person	2.6		5.7		6.0	
Memory care	13.7	76.1%	13.1	72.7%	16.0	88.9%
Skilled nursing*	83.2	88.5%	79.6	84.7%	84.0	89.4%
Total occupied units *	310.3	89.9%	314.6	91.2%	321.5	92.9%

* Includes HC temps which are also included in either IL or RL

Skilled nursing detail						
	MTD	% Total	YTD Avg	% Total	Budget	% Total
CCRC residents	7.3	9%	8.3	10%	7.0	8%
CCRC temp residents	2.3	3%	2.0	3%	3.0	4%
Public	26.5	32%	24.4	31%	21.0	25%
Medicare	12.5	15%	9.7	12%	13.5	16%
Medicaid	21.2	25%	33.0	41%	33.5	40%
HMO	2.0	2%	0.8	1%	3.0	4%
Hospice	11.4	14%	1.4	2%	3.0	4%
Total skilled nursing	83.2	100%	79.6	100%	84.0	100%

Total residents	359.9		365.5		371.5	
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FTE's			
	YTD Avg	Budget	Variance
Admin & resident services	14.9	15.3	0.3
Dining	70.8	69.4	(1.4)
Health services (includes AL and recreation)	120.0	126.4	6.4
Facility services	37.0	35.2	(1.9)
Agency/contract labor	0.0	-	(0.0)
Other - Revenue Generating FTE's (Home Care, Pharmacy, Respite Care)	0.4	1.2	0.8
Total FTE's	243.2	247.4	4.2

Residents per FTE	1.5	1.5	
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Average hourly wage	\$ 19.55	\$ 19.77	\$ 0.22
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IL detail			
	YTD	Budget	Variance
Beginning IL occupancy	139.0	136.0	3.0
YTD IL unit sales	10.0	10.0	-
YTD IL unit turnover	(10.0)	(10.0)	-
Ending IL occupancy	139.0	136.0	3.0

Saratoga Retirement Community
Detail Statement of Activities - Unrestricted only
Year and month to date for the period ending November 30, 2015

	Actual Nov-15	Budget Nov-15	Variance	Actual YTD	Budget YTD	Variance
Operating revenues:						
<u>Service fees revenues</u>						
Monthly fees independent living	\$ 804,559	\$ 789,910	\$ 14,649	\$ 6,391,144	\$ 6,319,280	\$ 71,864
Monthly fees assisted / residential living	412,108	462,843	(50,735)	3,653,601	3,702,744	(49,143)
Monthly fees memory care	94,313	109,157	(14,844)	711,392	873,256	(161,864)
Monthly fees credits	(8,063)	(14,802)	6,739	(83,956)	(118,416)	34,460
Bad debt	(417)	(417)	0	(3,333)	(3,336)	3
Resident assistance	-	(167)	167	-	(1,336)	1,336
<u>Health center revenues</u>						
Monthly fees CCRC resident std rm & ancillaries	78,671	62,279	16,392	790,807	506,532	284,275
Monthly fees public resident std rm & ancillaries	293,385	230,130	63,255	2,160,105	1,871,720	288,385
Medicare revenues / std rm & ancillaries	295,700	325,160	(29,460)	1,929,610	2,644,628	(715,018)
Medicaid revenues / std rm & ancillaries	166,828	234,507	(67,679)	1,754,671	1,907,324	(152,653)
HMO revenues / std rm & ancillaries	23,485	38,618	(15,133)	116,806	314,096	(197,290)
Hospice / other	35,251	24,334	10,917	64,633	197,472	(132,839)
Bad debt	(4,167)	(4,167)	0	(33,333)	(33,336)	3
<u>Entrance fee revenues</u>						
Entrance fees earned amortization income	179,523	171,451	8,072	1,373,215	1,371,608	1,607
Entrance fee termination income	104,736	37,500	67,236	573,320	300,000	273,320
Contributions	34,100	34,000	100	275,702	272,000	3,702
<u>Other revenues</u>						
Level of care	33,586	36,230	(2,644)	295,196	289,840	5,356
Home care / private duty	860	2,990	(2,130)	4,020	23,920	(19,900)
Dietary	19,921	18,199	1,722	159,946	145,592	14,354
Other income - net	20,860	17,216	3,644	197,963	137,728	60,235
Release from restriction	200,000	-	200,000	203,200	-	203,200
Total operating revenues	\$ 2,785,240	\$ 2,574,971	\$ 210,269	\$ 20,534,708	\$ 20,721,316	\$ (186,608)
Operating expenses:						
Administration	\$ 200,837	\$ 211,906	\$ 11,069	\$ 1,663,943	\$ 1,731,459	\$ 67,516
Dietary	378,565	381,126	2,561	3,137,759	3,076,013	(61,746)
<u>Health and social services</u>						
Health services	499,495	538,579	39,084	3,919,274	4,351,938	432,664
Home care / private duty	2,333	4,280	1,947	12,325	34,745	22,420
Recreation / activities	13,772	17,854	4,082	141,183	143,664	2,481
Assisted / residential living	180,791	189,048	8,257	1,472,405	1,534,509	62,104
<u>Facility services and utilities</u>						
Facility services	249,807	241,101	(8,706)	2,120,628	1,945,890	(174,738)
Utilities	100,940	104,604	3,664	886,993	836,832	(50,161)
Depreciation	348,702	370,833	22,131	2,744,644	2,966,664	222,020
Fund disbursement	200,000	-	(200,000)	203,200	-	(203,200)
Fees to PRS MC LLC	-	-	-	-	-	-
Management services	156,786	156,786	(0)	1,234,391	1,234,550	159
Accounting services	6,000	8,736	2,736	48,000	69,888	21,888
Loss (gain) on disposal of property and equipment	-	-	-	-	-	-
Vacation accrual adjustment	19,099	-	(19,099)	(4,095)	-	4,095
Total operating expenses	\$ 2,357,128	\$ 2,224,853	\$ (132,275)	\$ 17,580,650	\$ 17,926,152	\$ 345,502
Excess revenue over expense - operating	\$ 428,112	\$ 350,118	\$ 77,994	\$ 2,954,057	\$ 2,795,164	\$ 158,893
Financing activities - unrestricted						
Investment income	\$ 124,818	\$ 85,967	\$ 38,851	\$ 907,037	\$ 687,736	\$ 219,301
Realized gain (loss)	35,730	77,175	(41,445)	685,862	617,400	68,462
Unrealized gain (loss)	(104,587)	100,450	(205,037)	(1,957,668)	803,600	(2,761,268)
Fees unrestricted funds	(21,661)	(3,000)	(18,661)	(183,476)	(267,000)	83,524
Total unrestricted financing income	34,300	260,592	(226,292)	(548,245)	1,841,736	(2,389,981)
Interest expense	258,140	258,140	(0)	2,101,804	2,101,802	(2)
LOC / remarketing & other fees	1,501	1,722	221	12,635	13,776	1,141
Amortization expense	24,084	24,084	(0)	192,676	192,672	(4)
Total unrestricted financing expense	283,725	283,946	221	2,307,114	2,308,250	1,136
Excess income over expense - financing	\$ (249,425)	\$ (23,354)	\$ (226,071)	\$ (2,855,359)	\$ (466,514)	\$ (2,388,845)
Change in unrestricted net assets before extraordinary items	\$ 178,687	\$ 326,764	\$ (148,077)	\$ 98,698	\$ 2,328,650	\$ (2,229,952)
Extraordinary items:						
Early retirement of issue costs	-	-	-	-	-	-
Extraordinary items	-	-	-	-	-	-
Start-up costs	-	-	-	-	-	-

Saratoga Retirement Community
Net Operating Margin & Adjusted Ratios
Year and month to date for the period ending November 30, 2015

2014
CARF/CCAC
Multi-site
75th%

	Actual Nov-15	Budget Nov-15	Actual YTD	Budget YTD	
Operating revenues:					
<u>Service fees revenues</u>					
Monthly fees independent living	\$ 804,559	\$ 789,910	\$ 6,391,144	\$ 6,319,280	
Monthly fees assisted / residential living	412,108	462,843	3,653,601	3,702,744	
Monthly fees memory care	94,313	109,157	711,392	873,256	
Monthly fees credits	(8,063)	(14,802)	(83,956)	(118,416)	
Bad debt	(417)	(417)	(3,333)	(3,336)	
Resident assistance	-	(167)	-	(1,336)	
<u>Health center revenues</u>					
Monthly fees CCRC resident std rm & ancillaries	78,671	62,279	790,807	506,532	
Monthly fees public resident std rm & ancillaries	293,385	230,130	2,160,105	1,871,720	
Medicare revenues / std rm & ancillaries	295,700	325,160	1,929,610	2,644,628	
Medicaid revenues / std rm & ancillaries	166,828	234,507	1,754,671	1,907,324	
HMO revenues / std rm & ancillaries	23,485	38,618	116,806	314,096	
Hospice / other	35,251	24,334	64,633	197,472	
Bad debt	(4,167)	(4,167)	(33,333)	(33,336)	
<u>Other revenues</u>					
Level of care	33,586	36,230	295,196	289,840	
Home care / private duty	860	2,990	4,020	23,920	
Dietary	19,921	18,199	159,946	145,592	
Other income - net	20,860	17,216	197,963	137,728	
Total operating revenues (cash)	\$ 2,266,881	\$ 2,332,020	\$ 18,109,271	\$ 18,777,708	

Operating expenses:					
Administration	\$ 200,837	\$ 211,906	\$ 1,663,943	\$ 1,731,459	
Dietary	378,565	381,126	3,137,759	3,076,013	
<u>Health and social services</u>					
Health services	499,495	538,579	3,919,274	4,351,938	
Home care / private duty	2,333	4,280	12,325	34,745	
Recreation / activities	13,772	17,854	141,183	143,664	
Assisted / residential living	180,791	189,048	1,472,405	1,534,509	
<u>Facility services and utilities</u>					
Facility services	249,807	241,101	2,120,628	1,945,890	
Utilities	100,940	104,604	886,993	836,832	
Fees to PRS MC LLC					
Management services	156,786	156,786	1,234,391	1,234,550	
Accounting services	6,000	8,736	48,000	69,888	
Vacation accrual adjustment	19,099	-	(4,095)	-	
Total operating expenses (cash)	\$ 1,808,426	\$ 1,854,020	\$ 14,632,807	\$ 14,959,488	

Excess revenue over expense - operating	\$ 458,455	\$ 478,000	\$ 3,476,464	\$ 3,818,220	
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Net operating margin ratio	20.22%	20.50%	19.20%	20.33%	11.1%
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Net proceeds from entrance fees YTD			\$ 4,370,576	\$ 4,400,667	
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Net operating margin ratio adjusted			34.91%	35.46%	
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Net operating margin calculation: (Resident revenue less resident expense) / (resident revenue)
The net operating margin ratio looks at the core, sustainable business of a CCRC, that is, the cash revenues and cash expenses realized solely in the delivery of services to residents.

Net operating margin adjusted calculation: (resident revenue, plus net proceeds from entrance fees, less resident expense) / (resident revenue, plus net proceeds from entrance fees)
Very similar to the net operating margin, but includes net entrance fees in the calculation.

Saratoga Retirement Community
Consolidated Statement of Activities and Changes in Net Assets
Year to date for the period ending November 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues:				
Service fees	\$ 10,668,847	\$ -	\$ -	\$ 10,668,847
Health center revenue	6,783,298	-	-	6,783,298
Entrance fees earned	1,946,535	-	-	1,946,535
Contributions	275,702	212,995	-	488,697
Investment income, net*	1,409,423	21,007	-	1,430,430
Other revenue, net	657,125	-	-	657,125
Total revenues	21,740,931	234,002	-	21,974,933
Net assets released from restriction	203,200	(203,200)	-	-
Total revenues, gains, and support	\$ 21,944,131	\$ 30,802	\$ -	\$ 21,974,933
Expenses:				
Program expenses:				
Dietary	\$ 3,137,759	\$ -	\$ -	\$ 3,137,759
Facility services and utilities	3,007,621	-	-	3,007,621
Health and social services	4,072,782	-	-	4,072,782
Assisted living	1,472,405	-	-	1,472,405
General and administrative expenses:				
Administrative and marketing	1,663,943	-	-	1,663,943
Interest expense and financing fees*	2,307,114	-	-	2,307,114
Depreciation	2,744,644	-	-	2,744,644
Fund disbursement	203,200	20,651	-	223,851
Fees to PRS MC LLC				
Management services	1,234,391	-	-	1,234,391
Accounting services	48,000	-	-	48,000
Loss (gain) on disposal of property and equipment	-	-	-	-
Vacation accrual adjustment	(4,095)	-	-	(4,095)
Total expenses	\$ 19,887,765	\$ 20,651	\$ -	\$ 19,908,416
Operating income	\$ 2,056,366	\$ 10,151	\$ -	\$ 2,066,517
Nonoperating income (loss):				
Unrealized change in value of investments	\$ (1,957,668)	\$ (19,642)	\$ -	\$ (1,977,310)
Start-up costs	-	-	-	-
Total nonoperating changes	\$ (1,957,668)	\$ (19,642)	\$ -	\$ (1,977,310)
Change in net assets	\$ 98,698	\$ (9,491)	\$ -	\$ 89,207
Net assets, beginning of year	\$ (24,823,975)	\$ 840,174	\$ 71,718	\$ (23,912,083)
Net assets, end of year	\$ (24,725,277)	\$ 830,683	\$ 71,718	\$ (23,822,877)

*Part of Financing Activities on Detail Statement of Activities

Saratoga Retirement Community

Detail Statement of Activities - Unrestricted only

Year and month to date for the period ending November 30, 2015

Consolidated statement of activities variance analysis

1 - Our IL occupancy in October was 96.6% vs budgeted 95.1% with a resultant positive monthly variance of \$14.6K & \$72K YTD. This is an increase from last month as we had 3 families move to SRC in Nov. We currently have one committed apartment and three apartments that are available. One of the vacancies is a cottage and we have interested people that are touring. AL census is 83.7% vs budget of 94%. This has been a big focus for the past six weeks as we have had multiple residents move to other levels of care. We currently have 13 apartments that are vacant with 4 committed. 1- one bedroom, but the others are studios (4 with suboptimal views). The negative variance is \$50.7K for the month and \$49K YTD. Memory care is at 76.1% vs budget of 88.9%. Our negative variance is \$14.8K for the month which adds to the YTD negative variance of \$162K.

2 - Health Care is at 88.5% occupancy vs budget of 89.4%. Payor breakdown is Medicare 12.5 vs budget of 13.5 average days, Medi-Cal 21.2 vs budget of 33.5 average days, CCRC at 9.6 vs budget of 10, private pay at 26.5 vs budget of 21 and HMO 2.0 vs budget of 3.0. We saw an increase in our Medicare rehab census in November. Revenues from HC are off budget by \$21K with the higher MedA census. YTD, HC has a negative revenue to budget of \$625K. In the proposed FY17 budget, we are adjusting the MedA expectation to 10.5 which is closer to experience.

3 - Entrance fee amortization and terminations are both positive for the month and YTD. Termination income is the most significant variance to budget with \$273K positive YTD. In this calendar year, SRC has collected 10 entrance fees with 1/2 of those being traditional and 1/2 being refundable. Total collected for 2015 to date is \$7.15M.

4 - Level of care is off budget by \$2.6K in November, Home Care is off budget by \$2.1K (staff is now filling other vacancies in reception, activities), Dietary is over budget by \$1.7K and other revenue is over budget by \$3.6K. \$200K line item is the pass-through of the EAF that was distributed to staff after taxes were taken. The employer part of the SSI + Medicare tax was approximately \$15K that was included in departmental payroll expenses. Without this included, actual revenue has a positive variance of \$10K for Nov.

5 - Adm. category breakdown: administration is \$3.2K over budget with main factors being board expense over budget by \$8.1K, liability over by \$4.9K (payments for D&O and CCIC insurance) travel over by \$1.3K and no legal expense with \$10.4K positive off-setting. Correct monthly expense for liability is \$17.86K but FY16 budget incorrectly accounted for the yearly refund, so monthly liability expense will have negative variance of \$4.9K for the remainder of the year. This year's refund was received in April for \$29.9K which is the reason that the YTD expense is only over budget by \$9.8K. Marketing is \$9.9K less than budget for Nov. with main underages being salary, postage and MC marketing expense. Accounting is \$2.7K less than budget due to salaries and consultant. HR is \$2.9K over budget with all of this being related to more expense needed in hiring staff in all depts. The combined Adm category is \$11K under budget for Nov. and \$67K YTD.

6 - The variance in dietary expenses for November is positive by \$2.5k bringing the YTD variance of \$61.7K (before revenue additions). The largest contributor to the negative variance this month continues to be salary expenses. The contributing factors for variance in salary expenses was over time (8.38K) and vacation pay. Food expenses were managed appropriately to allow for a probable increase in December food expenses. Main challenges in dining are staffing shortages in wait staff and kitchen positions. The Director of Dining recently met with local school district employment training program in a continued effort to improve recruiting and staffing. We have extended referral bonuses to staff who refer production staff (prep cook, cook 1 and cook 2 positions) and sign on bonuses for these positions.

7 - Health Services expenses were \$39K less than budget due to staffing challenges. We had \$30K of OT expense which was necessary to cover staffing challenges secondary to early maternity leaves and loss of 2 FT employees to school. Although, decreases in census does decrease staffing requirements. There was some increase in travel expense due to added expense for interim DON travel. Our new DON started 2 weeks ago. In Ancillaries, we were \$10.6K less than budget with largest variances being PT (\$5.1 positive variance), OT (\$5.1K positive variance), Pharmacy (\$2.4K positive variance) and Oxygen (\$3.9K negative variance). FYI- there are 18 items in the ancillary category which include transportation, vaccines, lab, x-ray, and medical supplies in addition to the therapies.

Home Care is \$1.9K under budget but this role has really helped us staff in other necessary areas including reception and AL/MC activities. HC is now located in AL and is helping with needs throughout the building.

8- Recreation and activities remain close to budget YTD and fluctuates monthly.

9 - Assisted Living is \$8.2K under budget for November with staffing being the main reason. We are down our senior LVN due to maternity leave, activities staff, Med Tech, and C.N.A. positions. YTD, we are \$62K less than budget.

10 - Both FS monthly and YTD are over budget (\$8.7K/\$174.7K). November has the maintenance supervisor salary position gone, we have replaced that role with a FS Coordinator. The main role for this position is quality control and the conduit to marketing & FS work flow. Environmental Services is at budget but OT is being used to make up for some staffing challenges. We continue to look for an extra custodian and housekeeper to cover for vacancies, rather than relying on OT. Maintenance is over by \$8.3K due to campus curb painting \$9K, gutter cleaning lift expense that was realized in Nov, and Les Carmichael \$3.6K consultation. Unbudgeted FS Director in this line item and we have needed maintenance tech OT \$9.4K to complete campus work. Still working to hire one additional tech.

Utilities is \$3.6K under budget in Nov., but \$50K over budget YTD with the seasonal expected swings in electricity and natural gas. Electricity is \$9.4K under budget for Nov, but \$47K over YTD. Cable TV is \$1K over for Nov, and \$6.5K YTD. Water/sewer/irrigation are over budget by \$2.8K in Nov. and \$19K YTD. Natural Gas is \$1K over for Nov. but under budget by \$25.6K YTD.

11 -Total operating expenses are \$132.3K over budget for Nov., but this is due to the fund distribution for EAF. The real expense without this expense that is counterbalanced by the \$200K to revenue is \$67.7K positive expense variance. YTD, our operating expense is under budget by \$346K with most of that coming through HC.

12 - Net operating is positive by \$78K in November and YTD by \$159K on \$2.9M.

13 & 14- Financial volatility continues in the markets with another negative month. Total unrestricted financing income is \$226K less than budget in Nov. and \$2.4M YTD. Bottom line for November is \$148K less than budget and \$2.2M less than budget on \$98.7K of net change.

Saratoga Retirement Community
 Summary Operational Results
 For budget year 2016/17

*Operate for
 2016/17
 budget*

Occupancy	Budget 2015/16		12 Months @ 09/15		Budget 2016/17	
		%		%		%
IL	135.6	94.8%	138.9	97.1%	136.0	95.1%
IL - 2nd person	46.9		46.9		47.0	
AL / RL	85.3	94.7%	84.9	93.7%	84.0	93.3%
AL / RL - 2nd person	6.0		6.1		6.0	
Memory care	16.0	88.6%	12.7	70.6%	15.0	83.3%
Skilled nursing*	83.8	89.1%	79.8	84.9%	83.5	88.8%
Total occupied units*	320.6	92.9%	316.2	91.5%	318.5	92.3%

* Includes HC temps which are also included in either IL or RL

Skilled nursing details	Budget 2015/16		12 Months @ 09/15		Budget 2016/17	
		% Total		% Total		% Total
CCRC residents	7.0	8%	8.6	11%	9.0	11%
CCRC temp residents	3.0	4%	1.6	2%	2.0	2%
Public	20.9	25%	23.1	29%	23.0	28%
Medicare	13.5	16%	10.2	13%	10.5	13%
Medicaid	33.4	40%	34.9	44%	37.0	44%
HMO	3.0	4%	1.0	1%	2.0	2%
Hospice	3.0	4%	0.4	1%	0.0	0%
Total skilled nursing	83.8	100%	79.8	100%	83.5	100%

Total residents	370.5	367.6	369.5
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FTE's	Budget 2015/16	As of 09/15	Budget 2016/17
Admin & resident services	15.28	15.22	15.48
Dining	69.37	71.38	70.57
Health services (includes AL and recreation)	126.67	120.43	127.35
Facility services	35.15	36.87	36.11
Agency/contract labor	-	-	-
Other - Revenue Generating FTE's (Home Care, Pharmacy, Res	1.20	0.37	0.90
Total FTE's	247.67	244.27	250.41

Residents per FTE	1.5	1.5	1.5
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Average hourly wage	\$ 19.74	\$ 19.36	\$ 20.85
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IL unit sales	Budget 2015/16	12 Months @ 09/15	Budget 2016/17
YTD IL unit sales	15.0	13.0	14.0
YTD IL unit turnover	(15.0)	(18.0)	(14.0)

Saratoga Retirement Community
 Detail Statement of Activities - Unrestricted only
 For budget year 2016/17

Amortization expense	289,013	293,601	279,474	(9,539)	(14,127)
Total unrestricted financing expense	3,459,757	3,502,154	3,387,254	(92,503)	(134,900)
				-3.3%	-4.8%
				-2.7%	-3.9%
Excess income over expense - financing	\$ (656,657)	\$ (3,487,245)	\$ (387,981)	\$ 268,676	\$ 3,079,285
				-40.9%	-88.8%
Change in unrestricted net assets before extraordinary items	\$ 3,405,413	\$ 771,536	\$ 3,638,909	\$ 233,796	\$ 2,867,373
				6.9%	371.6%
Extraordinary items:					
Early retirement of issue costs	-	-	-	-	0.0%
Extraordinary items	-	-	-	-	0.0%
Start-up costs	-	-	-	-	0.0%
Nonoperating revenues	-	-	-	-	0.0%
Change in unrestricted net assets after extraordinary items	\$ 3,405,413	\$ 771,536	\$ 3,638,909	\$ 233,796	\$ 2,867,373
				6.9%	371.6%

DRAFT
Subject to change

DRAFT - FOR DISCUSSION PURPOSES AND INTERNAL USE ONLY

Saratoga Retirement Community
 Projected Statements of Activities and Changes in Net Assets (Deficit)
 For the Fiscal Years Ending March 31st
 (in thousands of dollars)

	Audit		Est. Actual		2019	2020	2021
	2015	2016	2017	2018			
Revenues:							
Service fees	15,314	15,852	16,515	17,088	17,735	18,408	19,106
Health center revenue, net	9,493	10,475	10,933	11,231	11,538	11,855	12,183
Entrance fees earned	2,937	2,967	2,863	3,308	3,644	3,995	4,365
Contributions	3,758	400	408	408	408	408	408
Investment income, net	2,703	1,969	1,825	1,438	1,606	1,777	1,963
Other Revenue	886	941	1,010	1,042	1,077	1,113	1,151
Total Revenues	35,091	32,604	33,554	34,515	36,008	37,556	39,176
Net assets released from restriction	17	203	7	7	8	8	8
Total revenue, gains, and support	35,108	32,807	33,561	34,522	36,016	37,564	39,184
Expenses:							
Program expenses:							
Dietary services	4,545	4,661	4,901	5,067	5,244	5,428	5,618
Facility services and utilities	4,438	4,480	4,434	4,588	4,748	4,915	5,087
Health and social services	5,953	6,087	6,800	7,011	7,228	7,452	7,685
Assisted Living	2,084	2,181	2,269	2,348	2,430	2,516	2,604
General and administrative expenses:							
Administrative and marketing	2,822	2,927	2,766	2,862	2,963	3,066	3,174
Interest	3,243	3,156	3,088	2,832	2,706	2,574	2,436
Depreciation	4,490	4,269	4,455	4,929	5,261	5,605	5,963
Amortization	298	289	279	270	259	248	237
Management Services	1,812	1,902	1,994	2,064	2,141	2,221	2,304
Fund Disbursement	17	203	7	7	8	8	8
Loss (gain) on disposal of property and equipment	57	47	115				
Total expenses	29,759	30,202	31,108	31,978	32,988	34,033	35,116
Operating income	5,349	2,605	2,453	2,544	3,028	3,531	4,068
Nonoperating income (loss):							
Unrealized change in value of investments	1,182	(1,556)	1,154	1,438	1,605	1,777	1,962
Total nonoperating changes	1,182	(1,556)	1,154	1,438	1,605	1,777	1,962
Change in unrestricted net assets	6,531	1,049	3,607	3,982	4,633	5,308	6,030

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Temporarily restricted net assets:									
Total changes in Temporarily restricted net assets	50	(203)	-	-	-	-	-	-	-
Temporarily restricted net assets:	50	(203)	-	-	-	-	-	-	-
Permanently restricted net assets:									
Total changes in Permanently restricted net assets	-	-	-	-	-	-	-	-	-
Permanently restricted net assets:	-	-	-	-	-	-	-	-	-
Change in net assets	6,581	846	3,607	3,982	4,633	5,308	6,030		
Net assets, beginning of year	(30,495)	(23,911)	(23,065)	(19,458)	(15,476)	(10,843)	(5,535)		
Net assets, end of year	(23,914)	(23,065)	(19,458)	(15,476)	(10,843)	(5,535)	495		
			(32)						

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Saratoga Retirement Community
 Projected Statements of Cash Flows
 For the Fiscal Years Ending March 31st
 (in thousands of dollars)

	Audit		Est Actual		2017	2018	2019	2020	2021
	2015	2016	2016	2017	2017	2018	2019	2020	2021
Cash flows from operating activities									
Change in net assets	6,581	846	846	3,607	3,982	4,633	5,308	6,030	
Adjustments to reconcile change in net assets to net cash provided by operating activities:									
Depreciation (net of Disposals)	4,490	4,269	4,269	4,455	4,929	5,261	5,605	5,963	
Change in value of interest rate swap agreement	-	-	-	-	-	-	-	-	
Amortization included in financing fees	298	289	289	279	270	259	248	237	
Interest CAP agreement (gain) loss	-	-	-	-	-	-	-	-	
Non Refund - Entrance fees received from new residents	4,037	2,437	2,437	3,096	3,688	3,776	4,014	4,193	
Non Refund - Entrance fee refunds (refundable period)	(57)	(284)	(284)	-	-	-	-	-	
Entrance fees earned	(2,937)	(2,967)	(2,967)	(2,863)	(3,308)	(3,644)	(3,995)	(4,365)	
Unrealized change in value of investments	(1,205)	1,556	1,556	-	-	-	-	-	
Realized (gain) loss and reinvested income on investments	(2,716)	(995)	(995)	-	-	-	-	-	
Restricted Cash and Investments	(9)	-	-	115	-	-	-	-	
Loss (gain) on disposal of property and equipment	57	47	47	-	-	-	-	-	
Loss on early extinguishment of debt	-	-	-	-	-	-	-	-	
Non Cash Contribution	(3,344)	-	-	-	-	-	-	-	
Net changes in:									
Accounts receivable, net	(296)	870	870	(622)	(78)	(87)	(89)	(93)	
Supplies and prepaid expenses	35	(95)	(95)	110	(14)	(15)	(16)	(16)	
Accounts payable and accrued expenses	638	(457)	(457)	330	172	180	187	194	
Refundable deposits	(113)	337	337	-	-	-	-	-	
Due to affiliate, net	(254)	84	84	-	-	-	-	-	
Other liabilities	(1)	(2)	(2)	-	-	-	-	-	
Net cash provided by operating activities	5,204	5,935	5,935	8,507	9,641	10,363	11,262	12,143	
Cash flows from investing activities									
Purchase of property and equipment	(1,471)	(2,895)	(2,895)	(3,121)	(3,246)	(3,376)	(3,511)	(3,651)	
Proceeds from sale of investments	-	3,344	3,344	-	-	-	-	-	
Purchase of investments	(4,169)	(3,550)	(3,550)	(6,659)	(6,746)	(6,974)	(7,856)	(8,410)	
Change in assets restricted under bond indenture agreement, net of realized gain	(17)	25	25	(53)	-	(65)	(71)	(78)	
Net Assets Release from Restriction	-	-	-	-	-	-	-	-	
Net cash used in investing activities	(5,657)	(3,076)	(3,076)	(9,833)	(9,992)	(10,415)	(11,438)	(12,139)	

DRAFT - FOR DISCUSSION PURPOSES AND INTERNAL USE ONLY

Cash flows from financing activities									
Initial entrance fees received	-	-	-	-	-	-	-	-	-
Refundable Contract - Entrance Fees Received	8,231	7,312	6,409	7,633	7,817	8,308	8,679		
Refundable Contract - Entrance Fee Refunds Paid	(3,990)	(3,148)	(3,503)	(3,771)	(4,130)	(4,377)	(4,799)		
Repayments on long-term debt	(2,445)	(2,515)	(2,615)	(2,720)	(2,860)	(3,000)	(3,150)		
Bond premium	(697)	(675)	(653)	(630)	(606)	(580)	(553)		
Net cash used in financing activities	1,099	974	(362)	512	221	351	177		
Net increase (decrease) in cash and cash equivalents									
Cash and cash equivalents, beginning of year	646	3,833	(1,688)	161	169	175	181		
Cash and cash equivalents, end of year	2,016	2,661	6,494	4,806	4,967	5,136	5,311		
Change in cash & short-term investments									
	2,662	6,494	4,806	4,967	5,136	5,311	5,492		
	6,821	4,971	6,907	7,143	8,031	8,591			

DRAFT
Subject to change

DRAFT - FOR DISCUSSION PURPOSES AND INTERNAL USE ONLY

Saratoga Retirement Community
 Projected Statements of Financial Position
 For the Fiscal Years Ending March 31st
 (in thousands of dollars)

	Audit		Est Actual				
	2015	2016	2017	2018	2019	2020	2021
Assets							
Current Assets			(0)				
Cash & Cash Equivalents	2,662	6,494	4,806	4,967	5,136	5,311	5,492
Short term investments	51,199	54,188	60,847	67,593	74,567	82,423	90,833
Subtotal	53,861	60,682	65,653	72,560	79,703	87,734	96,325
Accounts Receivable - net	2,726	1,857	2,479	2,557	2,644	2,733	2,826
Supplies and Prepaid Expenses	445	540	430	444	459	475	491
Current Portion of Assets Restricted Under Bond Indenture Agreements	4,553	4,528	4,581	4,581	4,646	4,717	4,795
Total Current Assets	61,585	67,607	73,143	80,142	87,452	95,659	104,437
Property and Equipment							
Property and Equipment	116,820	119,667	122,788	126,034	129,410	132,921	136,572
Less: Accumulated Depreciation	(49,012)	(53,281)	(57,851)	(62,780)	(68,041)	(73,646)	(79,609)
Property and Equipment, Net	67,808	66,386	64,937	63,254	61,369	59,275	56,963
Other Assets							
Assets restricted under bond indenture agreement	7,179	7,179	7,179	7,179	7,179	7,179	7,179
Debt Service Reserve Fund - Existing	7,179	7,179	7,179	7,179	7,179	7,179	7,179
Subtotal	14,358	14,358	14,358	14,358	14,358	14,358	14,358
Bond issue costs and other financing costs, net	3,528	3,239	2,960	2,690	2,431	2,183	1,946
Assets held for sale	3,344	5	5	5	5	5	5
Assets held in trust	5	5	5	5	5	5	5
Total Other Assets	14,056	10,423	10,144	9,874	9,615	9,367	9,130
Total Assets	143,449	144,416	148,223	153,269	158,435	164,300	170,529
Liabilities							
Current Liabilities							
Accounts Payable	545	543	574	593	613	634	656
Current Portion of Entrance Fees Due Upon Reoccupancy	332	675	529	547	566	585	605
Accrued Expenses	4,044	3,586	4,031	4,166	4,307	4,454	4,606
Refundable Deposits	290	627	627	627	627	627	627
Current Portion of Long Term Debt	2,515	2,615	2,720	2,860	3,000	3,150	3,310

SENIOR HOUSING INVESTMENT

S U R V E Y

VOLUME 21

SENIOR LIVING VALUATION SERVICES, INC.

SPRING 2015

The *Senior Housing Investment Survey* provides information concerning the investment criteria currently used or perceived to be used in the evaluation of senior housing properties. Survey participants included owners/operators, financial institutions/investors, brokers/mortgage bankers, appraisers and consultants.

Survey Methodology

The 21st annual Senior Housing Investment Survey was sent to 371 potential respondents including those with membership in various national senior housing associations, parties responding to the survey in previous years and others involved in the senior housing industry and known to the editor. As of a May 22, 2015 cutoff date, 62 surveys or 17% of the total sent had been returned. Of the respondents, 24% represent market principals such as owner/operators or financial institutions/investors, a slightly lower percentage compared with previous years.

Survey Results

Survey respondents were geographically dispersed throughout the country with a slight weighting toward the West. Geographic location did not appear to bias the survey results as responses were not materially different between differing portions of the country. Approximately 59% of respondents this year identified themselves as having a national perspective, a higher percentage compared to previous years. The respondents indicated a material difference between annual cash flow growth factors in revenue (3.2% average) and expense (2.7% average) projections. Both cash flow growth factors were above projections of overall inflation (2.5% average).

62% of all respondents noted that capitalization rates for senior housing properties in general are not expected to significantly change in the next 12 months (near the 66% from last year). No respondents expect capitalization rates to increase or decrease by over 100 basis points in the next year. 17% of respondents expect capitalization rates to decrease up to 100 points in the next year (slightly above the 11% of last year). 21% of respondents expect capitalization rates to increase up to 100 basis points in the next year (the same percentage from last year). The weighted average responses are expecting no material change in capitalization rates during the next year, different from the expected weighted average slight increase from last year.

The specific overall capitalization rates, discount rates (internal rate of return) and equity dividend rates (cash on cash return) used or perceived to be used by respondents is presented on the following pages. The range and average of all responses and the range and average of all responses less the 5% highest and 5% lowest responses are shown.

The rate averages range from the lowest for age restricted apartments to the highest for licensed subacute skilled nursing facilities. These results are not surprising given the higher degree of management specialization, smaller profit margins and higher degree of licensing as one moves up the continuum of senior housing from age restricted apartments to unlicensed congregate facilities to licensed assisted living and memory care to licensed long term and subacute skilled nursing facilities. Rates for continuing care retirement communities which are typically combinations of each of the above categories of senior projects, fell near the average range of the other categories of senior housing types.

Highlights of the 2015 survey results include the continuation of a five year downward trend in overall capitalization rates for all categories of senior housing. However, the decline in 2015 is greater than in previous years. Capitalization rates for all types of senior housing and care declined from 2014 to 2015 by 20 to 70 basis points. The spread between the overall capitalization rates of unlicensed congregate living projects and licensed assisted living projects increased slightly from 80 basis points in 2014 to 90 basis points in 2015, an insignificant difference. The cap rate spread between licensed assisted living and licensed memory care also increased by an immaterial 10 basis points from 2014 to 2015. The cap rate spread between long term nursing care and subacute nursing care also increased by only 10 basis points in 2014 to 2015.

One of the more significant results of the 2015 survey was the decreasing difference between overall capitalization rates and discount rates for most senior housing property types. Declines in discount rates ranged from

**SENIOR LIVING VALUATION SERVICES, INC.
2015 SENIOR HOUSING INVESTMENT SURVEY**

Indicate the classification that best describes your company or profession (% of total responses):

<u>20%</u>	Owner/Operator	<u>34%</u>	Appraiser
<u>4%</u>	Financial Institution/Investor	<u>5%</u>	Consultant
<u>37%</u>	Broker/Mortgage Banker		

Indicate the region with which you are involved with/knowledgeable of (% of total responses):

<u>7%</u>	East	<u>22%</u>	West
<u>7%</u>	South	<u>59%</u>	National
<u>5%</u>	Midwest		

What annual growth factors are you using (or perceived to be used by others) for cash flow projections of senior housing properties in general:

Range	Average	
<u>1%-5%</u>	<u>3.2%</u>	Revenues
<u>2%-4%</u>	<u>2.7%</u>	Expenses
<u>1.5%-3%</u>	<u>2.5%</u>	General Inflation

What are your expectations of overall capitalization rate changes for senior housing properties in general over the next 12 months (% of total responses):

2015		2014	2013
<u>0%</u>	Increase more than 100 basis points	<u>0%</u>	<u>0%</u>
<u>21%</u>	Increase 0 to 100 basis points	<u>21%</u>	<u>6%</u>
<u>62%</u>	Flat, no significant change	<u>66%</u>	<u>49%</u>
<u>17%</u>	Decrease 0 to 100 basis points	<u>11%</u>	<u>45%</u>
<u>0%</u>	Decrease more than 100 basis points	<u>2%</u>	<u>0%</u>

Overall Capitalization Rate

	2015		2015		Basis Point Change from 2014
	<u>All Responses</u>		<u>Adjusted Responses</u> ⁽¹⁾		
	Range	Average	Range	Average	
Age Restricted Apartments	5%-8%	6.0%	5%-7%	5.9%	-70
Unlicensed Congregate Living	5.5%-10%	6.6%	5.8%-8%	6.5%	-70
Licensed Assisted Living	5.8%-11%	7.5%	6.5%-8.5%	7.4%	-60
Licensed Memory Care	5.8%-12%	8.0%	7%-9%	7.9%	-50
Licensed Skilled Nursing-Long Term Care	9%-13%	11.7%	11%-13%	11.8%	-30
Licensed Skilled Nursing-Subacute Care	9%-15%	11.9%	10%-13%	12.0%	-20
Continuing Care Retirement Community	6%-11%	8.6%	6.5%-10%	8.6%	-50

Internal Rate of Return (Discount Rate)

	2015		2015		Basis Point Change from 2014
	<u>All Responses</u>		<u>Adjusted Responses</u> ⁽¹⁾		
	Range	Average	Range	Average	
Age Restricted Apartments	7%-11%	8.3%	7%-9.7%	8.2%	-150
Unlicensed Congregate Living	7.5%-20%	9.9%	8%-11%	9.2%	-80
Licensed Assisted Living	7.8%-20%	10.6%	9%-11.5%	10.1%	-100
Licensed Memory Care	7.8%-18%	11.0%	9%-12%	10.6%	-110
Licensed Skilled Nursing-Long Term Care	11%-15%	13.7%	12%-15%	13.9%	-60
Licensed Skilled Nursing-Subacute Care	11%-17%	14.2%	12%-15.5%	14.3%	-60
Continuing Care Retirement Community	8%-12.5%	10.9%	10%-12%	11.0%	-80

Equity Dividend Rate (Cash on Cash Return)

	2015		2015		Basis Point Change from 2014
	<u>All Responses</u>		<u>Adjusted Responses</u> ⁽¹⁾		
	Range	Average	Range	Average	
Age Restricted Apartments	5%-16%	9.8%	6.5%-10.5%	9.5%	-90
Unlicensed Congregate Living	5.5%-20%	10.9%	8%-15%	10.4%	-40
Licensed Assisted Living	5.8%-20%	12.0%	9.5%-18%	11.6%	-50
Licensed Memory Care	5.8%-20%	12.4%	9%-19%	12.0%	-60
Licensed Skilled Nursing-Long Term Care	7%-25%	15.8%	10.5%-20%	15.5%	-20
Licensed Skilled Nursing-Subacute Care	10.5%-25%	16.5%	12%-20%	16.1%	+40
Continuing Care Retirement Community	6%-25%	12.8%	8%-17%	12.3%	-10

(1) Minus 5% Highest and 5% Lowest Responses

60 to 150 basis points in 2015 from 2014. In our opinion, the relationship between the cap rates and discount rates reflected in the survey results in 2015 is more indicative of a market relationship, or that used by most appraisers. The indicated spread between cap rates and discount rates appears to have been too high in the previous year given the forecasts of annual revenue and expense increases. Most appraisers rely on an industry accepted relationship between overall cap rates and discount rates that can be summarized in the following formula: overall cap rate plus annual cash flow growth rate less 100 basis points = discount rate. This formula does not appear to be widely used or known by many (non-appraiser) senior housing industry participants. The discount rate (also known as the yield rate or the internal rate of return rate) is a difficult financial concept that is subject to varying interpretations.

Equity dividend rates in 2015 decreased for most senior housing property types, licensed subacute nursing care being the only exception. This decrease is probably reflecting greater competition and demand by potential buyers for all types of senior housing and care. Equity dividend rate averages ranged from approximately 9.5% to 16.1%.

Survey Relevance

2014/2015 saw active and healthy markets across the spectrum of senior housing and care. Interest rates have increased only slightly during the past year and are still historically low. The increased availability of financing including new construction financing, REIT competition (including for the first time in 2014/2015, for entry fee CCRCs), a growing number of investors and developers and strengthening upward trends in local real estate prices, all have contributed to the recent declining trend in capitalization rates, industry mergers and higher sale prices per unit and per bed. New senior housing construction is increasingly active for all types of senior housing and care including the emergence of develop-

ers with little previous experience in the industry. With little new supply having been added to most markets in the recent past, indications of pent-up demand for new senior housing are generally positive although development pipelines are filling in many markets, especially in the assisted living and memory care market segments. Sale activity has been relatively active as a larger number of adequately financed buyers are seeking senior housing assets for purchase. Overall prospects for continued industry strength and escalating new construction are good, supported by the industry's undeniable favorable long term demographics (only 10 years to the first baby boomers turning 80 years old!) and still low interest rates.

The results of this survey can be an asset in the evaluation of new development or acquisitions by lenders and investors. However, market illiquidity and the specialized management driven characteristics of the industry overall and on individual properties specifically, mute the impact of more traditional measures of analyzing real estate such as capitalization, discount and return on equity analysis. Other limiting factors include a lack of confidence in the uniform application and understanding of these criteria - especially for non-stabilized or more complicated properties, the difficulty in quantifying general and specific property risk and illiquidity, concerns over reliable future cash flow projections and their unproven relevance for some not-for-profit owners/investors.

Other investment criteria used include the terms and availability of debt and equity financing, debt coverage ratios, market share, portfolio affect, geographic concentration value surcharges and opportunities for significant cash flow gains in distressed or underutilized properties. These criteria have their own significant limitations such as the inability to objectively account for property specific risk and to comprehensively assess the impact of a potential default and resale of a property.

The Senior Housing Investment Survey is compiled and produced by Senior Living Valuation Services, Inc., a San Francisco based firm that specializes in the appraisal of all forms of senior housing. Readers are advised that Senior Living Valuation Services, Inc. does not represent the data contained herein to be definitive. The contents of this publication should also not be construed as a recommendation of policies or actions. Quotation and reproduction of this material are permitted with credit to Senior Living Valuation Services, Inc.

Inquiries, comments or requests of interested parties wanting to participate in the 2016 survey can be directed to:

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Series 2012 Bonds

NEW ISSUE - BOOK ENTRY ONLY

Rating: Standard & Poor's: "A-"
(See "RATING" herein)

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual and corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS."

\$98,550,000
ABAG FINANCE AUTHORITY FOR NONPROFIT CORPORATIONS
Insured Senior Living Revenue Bonds
(Odd Fellows Home of California)
2012 Series A

Dated: Date of Delivery

Due: April 1, as shown below

The 2012 Series A Bonds (the "Bonds") are issuable in fully registered form only in denominations of \$5,000 or any integral multiple thereof and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Beneficial owners of Bonds will not receive physical certificates representing the Bonds purchased but will receive a credit balance on the books of the nominees of such purchasers. So long as Cede & Co. is the registered owner of the Bonds, principal of and premium, if any, and interest on the Bonds will be paid by U.S. Bank National Association, as bond trustee (the "Bond Trustee"), to DTC, which, in turn, will remit such principal, premium, if any, and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds, as described herein. Interest on the Bonds is payable on April 1 and October 1 of each year, commencing April 1, 2013.

The Bonds are limited obligations of ABAG Finance Authority for Nonprofit Corporations (the "Authority") issued pursuant to and secured by an Indenture (the "Indenture") between the Authority and the Bond Trustee, and the principal thereof and the premium, if any, and interest thereon will be payable from Loan Repayments made by Odd Fellows Home of California, a California nonprofit public benefit corporation (the "Borrower"), under a Loan Agreement between the Authority and the Borrower and from certain other funds held under the Indenture.

The Bonds are subject to optional, mandatory and extraordinary optional redemption prior to maturity as described herein.

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM AND SECURED BY THE PLEDGE OF REVENUES PURSUANT TO THE INDENTURE. NONE OF THE AUTHORITY, THE ASSOCIATION OF BAY AREA GOVERNMENTS ("ABAG"), THE MEMBERS OF THE AUTHORITY OR ABAG OR PROGRAM PARTICIPANTS OF THE AUTHORITY OR ABAG SHALL BE DIRECTLY OR INDIRECTLY OR CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS OF THE AUTHORITY, ABAG OR ANY OF THEIR MEMBERS TO PAY ALL OR ANY PORTION OF DEBT SERVICE DUE ON THE BONDS. THE BONDS AND THE OBLIGATION TO PAY PRINCIPAL THEREOF AND INTEREST THEREON AND ANY REDEMPTION PREMIUM WITH RESPECT THERETO DO NOT CONSTITUTE AN INDEBTEDNESS OR AN OBLIGATION OF THE AUTHORITY OR ABAG, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION, OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF ANY OF THEM, BUT SHALL BE PAYABLE SOLELY FROM THE REVENUES DESCRIBED HEREIN (EXCEPT TO THE EXTENT EXPRESSLY PROVIDED THROUGH THE INSURANCE PROGRAM DESCRIBED HEREIN). NO OWNER OF THE BONDS SHALL HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF TO PAY ANY PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THE BONDS (EXCEPT TO THE EXTENT EXPRESSLY PROVIDED THROUGH THE INSURANCE PROGRAM DESCRIBED HEREIN). NEITHER THE AUTHORITY NOR ABAG HAS ANY TAXING POWER.

Pursuant to the California Constitution Article XVI, Section 4, and California Health and Safety Code, Division 107, Part 6, Chapter 1, payment of the principal of and interest on the Bonds will be insured by the Office of Statewide Health Planning and Development of the State of California, and all debentures issued in payment of any claims under such insurance will be fully and unconditionally guaranteed by the State of California, all as more fully described herein. See "CALIFORNIA HEALTH FACILITY CONSTRUCTION LOAN INSURANCE PROGRAM" herein.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

MATURITY SCHEDULE

Maturity (April 1)	Principal Amount	Interest Rate	Yield	CUSIP*
2013	\$1,150,000	3.000%	0.600%	00037G AM3
2014	2,695,000	3.000%	0.840%	00037G AN1
2015	2,770,000	4.000%	1.000%	00037G AP6
2016	2,880,000	4.000%	1.200%	00037G AQ4
2017	3,000,000	5.000%	1.500%	00037G AR2
2018	3,150,000	5.000%	1.850%	00037G AS0
2019	3,305,000	5.000%	2.180%	00037G AT8
2020	3,475,000	5.000%	2.450%	00037G AU5
2021	3,645,000	5.000%	2.750%	00037G AV3
2022	3,825,000	5.000%	2.900%	00037G AW1
2023	4,020,000	5.000%	3.050%	00037G AX9
2024	4,220,000	5.000%	3.150%	00037G AYT

\$42,295,000 5.000% Term Bonds due April 1, 2032 - Priced at 111.808% to Yield 3.630%

\$13,120,000 5.000% Term Bonds due April 1, 2042 - Priced at 108.015% to Yield 4.050%

\$5,000,000 4.125% Term Bonds due April 1, 2042 - Priced at 99.000% to Yield 4.184%

The Bonds are offered when, as and if issued and received by the Underwriter, subject to prior sale, withdrawal or modification of the offer without notice and to approval of the legality of the Bonds and certain other legal matters by Orrick, Herrington & Sutcliffe, Portland, Oregon, Bond Counsel to the Authority. Certain legal matters will be passed upon for the Authority by its special counsel, Jones Hall, A Professional Law Corporation, San Francisco, California; for the Borrower by its counsel, Hanson Bridgett LLP, San Francisco, California; for the Office by its staff counsel; and for the Underwriter by its counsel, Foley & Lardner LLP, San Francisco, California. It is expected that the Bonds in definitive form will be available for delivery through the facilities of DTC on or about October 25, 2012.

CAIN BROTHERS

Dated: September 26, 2012.

* CUSIP® is a registered trademark of the American Bankers Association.

ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth the annual debt service requirements for the Bonds, including amounts required to be made available for payment of principal of the Bonds from mandatory sinking account redemption.

Year Ending April 1	2012 Series A Bonds		Total Debt Service
	Principal	Interest	
2013	1,150,000.00	\$2,058,484.99	\$3,208,484.99
2014	2,695,000.00	4,715,850.00	7,410,850.00
2015	2,770,000.00	4,635,000.00	7,405,000.00
2016	2,880,000.00	4,524,200.00	7,404,200.00
2017	3,000,000.00	4,409,000.00	7,409,000.00
2018	3,150,000.00	4,259,000.00	7,409,000.00
2019	3,305,000.00	4,101,500.00	7,406,500.00
2020	3,475,000.00	3,936,250.00	7,411,250.00
2021	3,645,000.00	3,762,500.00	7,407,500.00
2022	3,825,000.00	3,580,250.00	7,405,250.00
2023	4,020,000.00	3,389,000.00	7,409,000.00
2024	4,220,000.00	3,188,000.00	7,408,000.00
2025	4,430,000.00	2,977,000.00	7,407,000.00
2026	4,650,000.00	2,755,500.00	7,405,500.00
2027	4,880,000.00	2,523,000.00	7,403,000.00
2028	5,125,000.00	2,279,000.00	7,404,000.00
2029	5,385,000.00	2,022,750.00	7,407,750.00
2030	5,655,000.00	1,753,500.00	7,408,500.00
2031	5,935,000.00	1,470,750.00	7,405,750.00
2032	6,235,000.00	1,174,000.00	7,409,000.00
2033	1,455,000.00	862,250.00	2,317,250.00
2034	1,525,000.00	793,131.28	2,318,131.28
2035	1,600,000.00	720,687.52	2,320,687.52
2036	1,675,000.00	644,712.50	2,319,712.50
2037	1,755,000.00	565,118.76	2,320,118.76
2038	1,840,000.00	481,568.76	2,321,568.76
2039	1,925,000.00	393,987.50	2,318,987.50
2040	2,015,000.00	302,418.76	2,317,418.76
2041	2,115,000.00	206,437.50	2,321,437.50
2042	2,215,000.00	105,675.00	2,320,675.00
Total	\$98,550,000.00	\$68,590,522.57	\$167,140,522.57

\$ 91,935,000 @ 11/16

SOURCES AND USES OF FUNDS

ISSUER TBD (ABAG?)
00 Insured Bank Drawdown

Dated Date 05/01/2016
Delivery Date 05/01/2016

Series
2016
Bonds
←

Sources:

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Bond Proceeds:	
Par Amount	71,429,000.00
Other Sources of Funds:	
Equity cash	9,000,000.00
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	80,429,000.00
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Uses:

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Project Fund Deposits:	
Project Fund	73,690,827.00
Other Fund Deposits:	
Debt Service Reserve Fund	921,360.04
Delivery Date Expenses:	
Cost of Issuance	1,428,580.00
23 Mo Funded interest 6.2016-4.2018	2,700,266.00
Cal-Mortgage Prem: 1.85% x TDS	1,401,746.67
Cal-Mortgage Inspection: 0.40% x par	285,716.00
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	5,816,308.67
Other Uses of Funds:	
Additional Proceeds	504.29
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	80,429,000.00
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BOND SUMMARY STATISTICS

ISSUER TBD (ABAG?)
00 Insured Bank Drawdown

Dated Date	05/01/2016
Delivery Date	05/01/2016
Last Maturity	04/01/2031
Arbitrage Yield	3.305279%
True Interest Cost (TIC)	3.305279%
Net Interest Cost (NIC)	1.604972%
All-In TIC	3.910813%
Average Coupon	1.604972%
Average Life (years)	3.787
Weighted Average Maturity (years)	3.787
Duration of Issue (years)	3.637
Par Amount	71,429,000.00
Bond Proceeds	71,429,000.00
Total Interest	4,341,090.00
Net Interest	4,341,090.00
Bond Years from Dated Date	270,477,583.33
Bond Years from Delivery Date	270,477,583.33
Total Debt Service	75,770,090.00
Maximum Annual Debt Service	64,718,442.48
Average Annual Debt Service	5,079,559.11
Underwriter's Fees (per \$1000)	
Average Takedown	-
Other Fee	-
Total Underwriter's Discount	-
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life
EF Bonds due 4/1/2019	62,397,000.00	100.000	1.114%	2.917
30 Yr Term (2020 - 2046)	9,032,000.00	100.000	2.614%	9.797
	71,429,000.00			3.787

	TIC	All-In TIC	Arbitrage Yield
Par Value	71,429,000.00	71,429,000.00	71,429,000.00
+ Accrued Interest	-	-	-
+ Premium (Discount)	-	-	-
- Underwriter's Discount	-	-	-
- Cost of Issuance Expense	-	-1,428,580.00	-
- Other Amounts	-4,387,728.67	-4,387,728.67	-4,387,728.67
Target Value	67,041,271.33	65,612,691.33	67,041,271.33
Target Date	05/01/2016	05/01/2016	05/01/2016
Yield	3,305279%	3,910813%	3,305279%

NET DEBT SERVICE

ISSUER TBD (ABAG?)
00 Insured Bank Drawdown

Period Ending	Principal	Interest	Total Debt Service	Debt Service Reserve Fund	Net Debt Service
04/01/2019	62,397,000	2,321,442.48	64,718,442.48	-	64,718,442.48
04/01/2020	627,000	293,540.04	920,540.04	-	920,540.04
04/01/2021	648,000	273,162.48	921,162.48	-	921,162.48
04/01/2022	669,000	252,102.48	921,102.48	-	921,102.48
04/01/2023	691,000	230,360.04	921,360.04	-	921,360.04
04/01/2024	713,000	207,902.52	920,902.52	-	920,902.52
04/01/2025	736,000	184,730.04	920,730.04	-	920,730.04
04/01/2026	760,000	160,809.96	920,809.96	-	920,809.96
04/01/2027	785,000	136,110.00	921,110.00	-	921,110.00
04/01/2028	810,000	110,597.52	920,597.52	-	920,597.52
04/01/2029	837,000	84,272.52	921,272.52	-	921,272.52
04/01/2030	864,000	57,069.96	921,069.96	-	921,069.96
04/01/2031	892,000	28,989.96	920,989.96	-921,360.04	-370.08
	71,429,000	4,341,090.00	75,770,090.00	-921,360.04	74,848,729.96

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NET DEBT SERVICE

ISSUER TBD (ABAG?)
00 Insured Bank Drawdown

Period Ending	Principal	Interest	Total Debt Service	Debt Service Reserve Fund	Net Debt Service
10/01/2018	-	1,160,721.24	1,160,721.24	-	1,160,721.24
04/01/2019	62,397,000	1,160,721.24	63,557,721.24	-	63,557,721.24
10/01/2019	-	146,770.02	146,770.02	-	146,770.02
04/01/2020	627,000	146,770.02	773,770.02	-	773,770.02
10/01/2020	-	136,581.24	136,581.24	-	136,581.24
04/01/2021	648,000	136,581.24	784,581.24	-	784,581.24
10/01/2021	-	126,051.24	126,051.24	-	126,051.24
04/01/2022	669,000	126,051.24	795,051.24	-	795,051.24
10/01/2022	-	115,180.02	115,180.02	-	115,180.02
04/01/2023	691,000	115,180.02	806,180.02	-	806,180.02
10/01/2023	-	103,951.26	103,951.26	-	103,951.26
04/01/2024	713,000	103,951.26	816,951.26	-	816,951.26
10/01/2024	-	92,365.02	92,365.02	-	92,365.02
04/01/2025	736,000	92,365.02	828,365.02	-	828,365.02
10/01/2025	-	80,404.98	80,404.98	-	80,404.98
04/01/2026	760,000	80,404.98	840,404.98	-	840,404.98
10/01/2026	-	68,055.00	68,055.00	-	68,055.00
04/01/2027	785,000	68,055.00	853,055.00	-	853,055.00
10/01/2027	-	55,298.76	55,298.76	-	55,298.76
04/01/2028	810,000	55,298.76	865,298.76	-	865,298.76
10/01/2028	-	42,136.26	42,136.26	-	42,136.26
04/01/2029	837,000	42,136.26	879,136.26	-	879,136.26
10/01/2029	-	28,534.98	28,534.98	-	28,534.98
04/01/2030	864,000	28,534.98	892,534.98	-	892,534.98
10/01/2030	-	14,494.98	14,494.98	-	14,494.98
04/01/2031	892,000	14,494.98	906,494.98	-921,360.04	-14,865.06
	71,429,000	4,341,090.00	75,770,090.00	-921,360.04	74,848,729.96

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QUALIFICATIONS OF MICHAEL G. BOEHM, MAI, CRE

Work Experience

Formed Senior Living Valuation Services, Inc. which exclusively offers nationwide appraisal and consulting services for all forms of senior housing (1991 - present).

Six years as commercial real estate appraiser with Arthur Gimmy Company, San Francisco, California. General real estate appraisal and market analysis experience with specialization in all forms of senior housing (1985 - 1991).

Two years as litigation consultant with Peterson & Company, Chicago, Illinois. Involved in all types of financial analysis needed to clarify and resolve legal disputes including deposition/trial preparation and expert witness testimony (1983 - 1985).

Three years as senior auditor with Arthur Andersen & Company, Chicago, Illinois. Responsible for planning, coordinating and supervising engagements concentrated in the financial services industry (1978 - 1981).

Education

Graduate of Northwestern University, Evanston, Illinois, with Masters of Management (MBA) degree and concentrations in finance and managerial economics (1983).

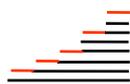
Cum laude graduate of Northern Illinois University, DeKalb, Illinois, with Bachelor of Science degree in Accounting (1978).

Professional Designations/Affiliations

Member, Appraisal Institute (#8869).
Counselor of Real Estate (#2740).
State of California Certified General Real Estate Appraiser (#AG001509).
Member, American Seniors Housing Association.
Certified Public Accountant, May, 1978 (Illinois).

Publications

Elderly Housing: A Guide to Appraisal, Market Analysis, Development and Financing published by the Appraisal Institute in July, 1988.



Senior Living Valuation Services, Inc.



Business, Consumer Services & Housing Agency
BUREAU OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

Michael G. Boehm

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser.”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 001509

Effective Date: November 16, 2014
Date Expires: November 15, 2016

Jim Martin
Jim Martin, Bureau Chief, BREAA

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THIS DOCUMENT CONTAINS A TRUE WATERMARK - HOLD UP TO LIGHT TO SEE - BREA - 10/11