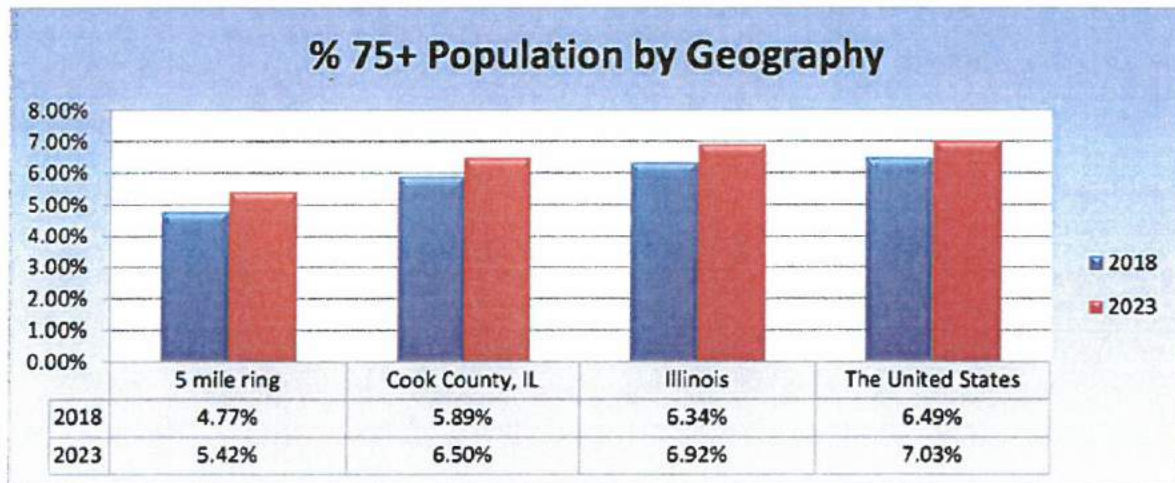


PMA POPULATION BY AGE		
Population by Age	2018	2023
0-4	7.32%	7.06%
5-9	7.11%	7.09%
10-14	6.85%	6.91%
15-17	4.15%	4.14%
18-20	3.88%	3.83%
21-24	5.29%	5.11%
25-34	14.40%	12.51%
35-44	14.17%	14.85%
45-54	12.65%	12.67%
55-64	11.82%	11.51%
65-74	7.59%	8.88%
75-84	3.34%	4.07%
85+	1.43%	1.35%

Source: Claritas, Inc

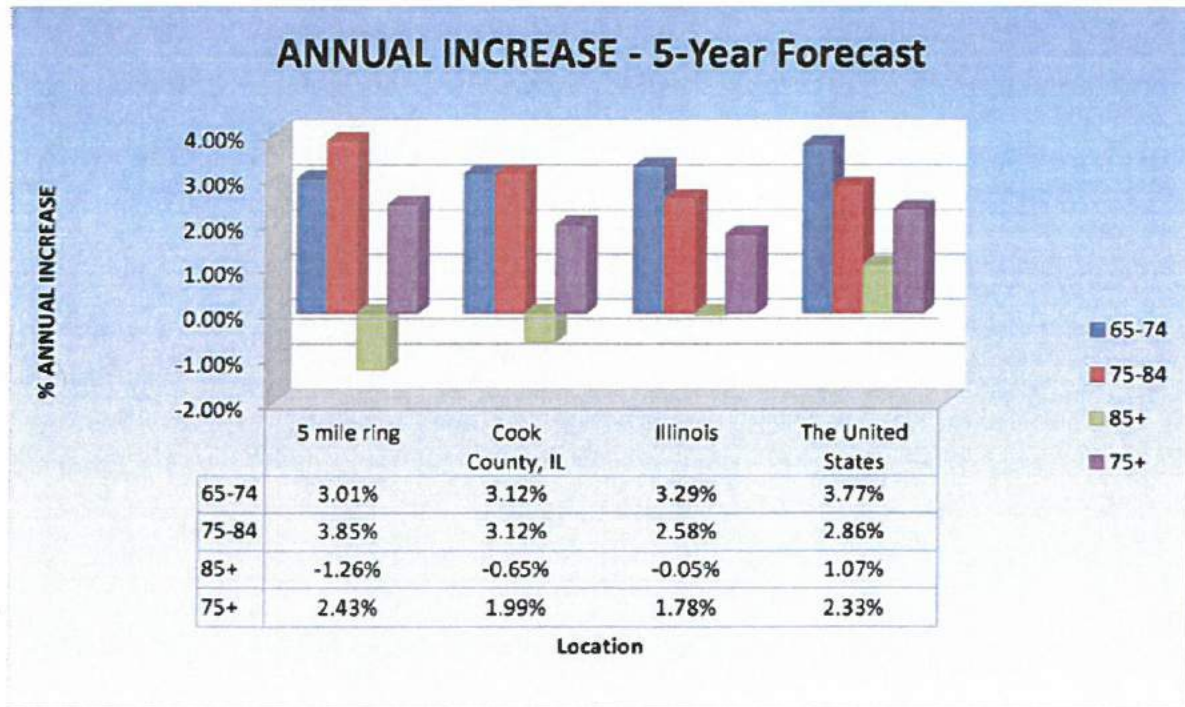
Further, the PMA indicates the concentration of the senior population (75+) relative to the SMA, state and nation as follows:



Relative population growth historically and going forward for the subject's PMA and broader region are as follows:

ANNUAL POPULATION GROWTH COMPARISON				
	5 mile ring	Cook County, IL	Illinois	The United States
<i>Annual Growth 2010 - 2018</i>				
45-64	-0.09%	0.14%	-0.06%	0.42%
65-74	3.76%	3.56%	3.73%	4.38%
75-84	0.18%	0.27%	0.68%	1.54%
75+	0.16%	0.40%	0.78%	1.67%
85+	0.10%	0.69%	1.03%	1.96%
Total	-0.23%	-0.01%	-0.06%	0.70%
<i>Annual Growth 2018 - 2023</i>				
45-64	-0.42%	-0.24%	-0.65%	0.00%
65-74	3.01%	3.12%	3.29%	3.77%
75-84	3.85%	3.12%	2.58%	2.86%
75+	2.43%	1.99%	1.78%	2.33%
85+	-1.26%	-0.65%	-0.05%	1.07%
Total	-0.19%	-0.03%	-0.04%	0.69%

Source: Claritas, Inc.

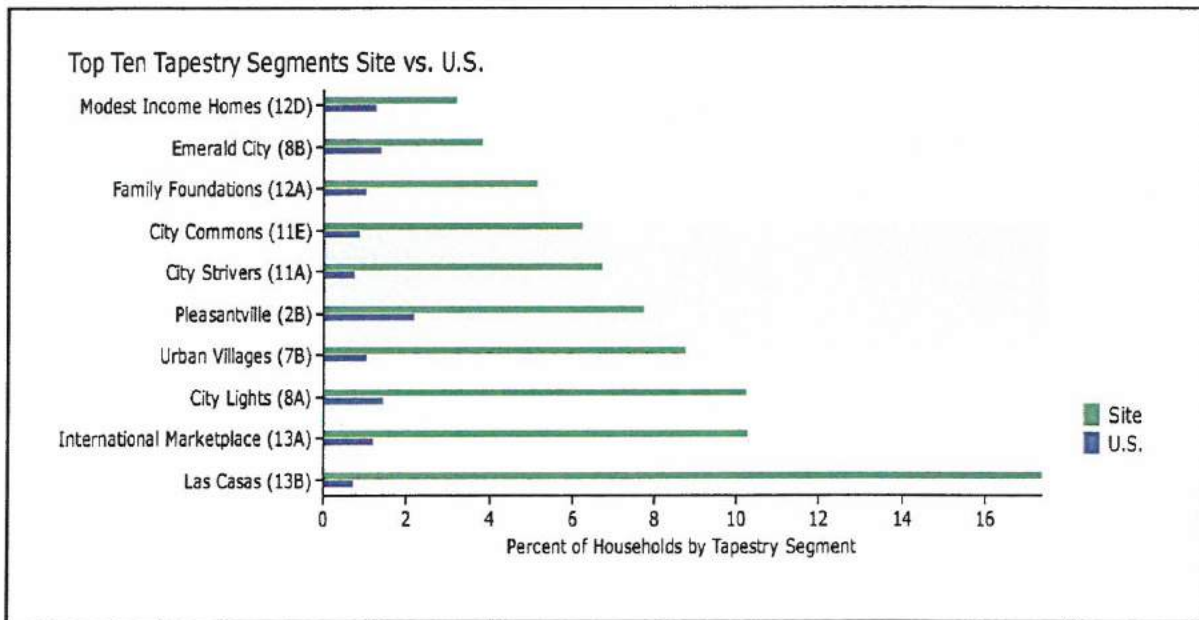


In terms of median household income, the subject's PMA relative to the broader market indicated the following:

MEDIAN INCOME COMPARISON			
Geography	2010	2018	2023
5 mile ring	\$42,628	\$52,472	\$59,713
Cook County, IL	\$46,410	\$63,794	\$71,621
Illinois	\$47,014	\$64,872	\$70,562
The United States	\$42,728	\$61,045	\$66,452

Source: Claritas, Inc.

ESRI Business Information Solutions estimates the following demographics for the PMA compared to national trends:



Source: ESRI Business Information Solutions, Inc.



LifeMode Group: Next Wave

Las Casas

13B

Households: 888,000

Average Household Size: 4.09

Median Age: 27.8

Median Household Income: \$37,000

WHO ARE WE?

Cultural differences depict Las Casas, a family-oriented market distinguished by multigenerational households. Their spending reflects their children—baby food and furniture or children's apparel—and convenience—fast food and family restaurants. Consumer choices also focus on personal style, as well as the latest trends and fashions. Although young and predominantly renters, this market is stable, affected more by immigration from abroad than local moves.

OUR NEIGHBORHOOD

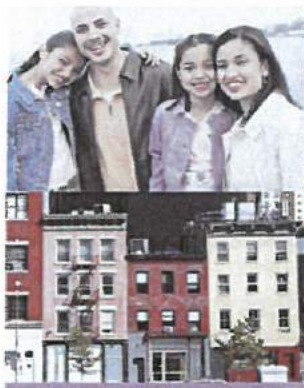
- Older neighborhoods, which can be found in the urban periphery of large metropolitan areas, primarily on the West Coast.
- Most of the housing built before 1950; 25% built before 1940.
- Housing a mix of single-family homes (less than half) and apartments, primarily in buildings with 2-4 units.
- Primarily renter-occupied homes, with an average rent of \$1,000 monthly.
- Family market, primarily married couples with children, but also a number of multigenerational households, average household size at 4.09.

SOCIOECONOMIC TRAITS

- More than 42% of the population was born abroad (Index 329); 30% of the households have members who speak only Spanish (Index 641).
- Unemployment is high at 12.5%; labor force participation is average (Index 99).
- They're trendy consumers who focus on style.
- Brand loyalty and environmentally safe products also guide purchasing choices, although these consumers are open to new products.
- They use but do not rely on technology.



Notes: The total population, number of households, and the 2010 data are provided by the U.S. Census Bureau. All other data are derived from the 2010 Census.



LifeMode Group: Next Wave

International Marketplace

13A

Households: 1,469,000

Average Household Size: 3.04

Median Age: 32.3

Median Household Income: \$41,000

WHO ARE WE?

International Marketplace neighborhoods are a rich blend of cultures, found in densely populated urban and suburban areas, almost entirely in the Middle Atlantic (especially in New York and New Jersey) or in California. Almost 40% of residents are foreign-born; 1 in 4 households are linguistically isolated. Young, Hispanic families renting apartments in older buildings dominate this market; about two-fifths of households have children. Over one-fifth of households have no vehicle, typically those living in the city. Workers are mainly employed in white collar and service occupations (especially food service and building maintenance). One-fifth of workers commute using public transportation and more walk or bike to work than expected. Median household income is lower, but home values are higher, reflecting the metropolitan areas in which they live. Consumers are attentive to personal style; purchases reflect their youth and their children. True to their culture, residents visit Spanish language websites, watch programs on Spanish TV networks, and listen to Hispanic music.




OUR NEIGHBORHOOD

- Densely settled urban periphery of large metropolitan areas, East and West Coasts.
- Young, diverse family market; 41% families with children (married couple or single parent), plus married couples without children and a notable proportion of multigenerational households (Index 174).
- Approximately 72% of householders in multiunit apartment buildings, 30% in 2-4 unit structures (Index 375).
- Majority of apartments built before 1970 (68%), 30% built before 1940 (Index 223).
- 1 or 2 vehicles for two-thirds of households; 22% have no vehicle (Index 246).

SOCIOECONOMIC TRAITS

- Almost 40% of the population were born abroad; almost 1 in 4 households have residents who do not speak English.
- 29% have no high school diploma (Index 201); 29% have a high school diploma only (Index 101).
- Labor force participation rate is 68% and higher than the US average; unemployment is also higher, at 10.9%.
- These are hard-working consumers, striving to get ahead; style matters to them.
- Preserving the environment and being in tune with nature are very important.
- Media used most often is the Internet.

Note: This report is based on the data of the segment of the population that is 18 years of age and older. Data are based on 2000 Census data.



LifeMode Group: Middle Ground

City Lights

Households: 1,759,000

Average Household Size: 2.56

Median Age: 38.8

Median Household Income: \$60,000

8A

WHO ARE WE?

City Lights, a densely populated urban market, is the epitome of equality. The wide-ranging demographic characteristics of residents mirror their passion for social welfare and equal opportunity. Household types range from single person to married-couple families, with and without children. A blend of owners and renters, single-family homes and town homes, midrise and high-rise apartments, these neighborhoods are both racially and ethnically diverse. Many residents have completed some college or a degree, and they earn a good income in professional and service occupations. Willing to commute to their jobs, they work hard and budget well to support their urban lifestyles, laying the foundation for stable financial futures.



OUR NEIGHBORHOOD

- Half of the homes are single-family residences or townhomes.
- Tenure is 50-50; half of households are owned and half are rented. Median home value (Index 182) and average gross rent (Index 129) exceed US values.
- Households include families, both married couples and single parents, as well as singles. The distribution is similar to the US, with slightly more single-person households (Index 109).
- Housing is older in this market: 2 out of 3 homes were built before 1970.
- Most households own one vehicle, but public transportation is still a necessity for daily commutes.

SOCIOECONOMIC TRAITS

- City Lights residents earn above average incomes, but lag the nation in net worth.
- Labor force participation exceeds the US average (Index 105). Residents work hard in professional and service occupations but also seek to enjoy life.
- These consumers save for the future, often to achieve their dream of home ownership. They often engage in discussion about financial products and services among their peers. They earn dividend incomes from their portfolios but steer away from risky investments.
- These consumers are price savvy but will pay for quality brands they trust.
- Reflecting the diversity of their neighborhoods, residents stand by their belief in equal opportunity.
- Attuned to nature and the environment, and when they can, purchase natural products.

Note: Household Income is the sum of the segment data by the US. Age is calculated by US Census and population estimates compiled from census data.



LifeMode Group: Ethnic Enclaves
Urban Villages

7B

Households: 1,293,000

Average Household Size: 3.75

Median Age: 33.3

Median Household Income: \$58,000

WHO ARE WE?

Urban Villages residents are multicultural, multigenerational, and multilingual. Trendy and fashion conscious, they are risk takers. However, these consumers focus on their children and maintain gardens. They are well connected with their smartphones, but more likely to shop in person or via the Home Shopping Network. Their favorite stores are as diverse as they are, Costco or Whole Foods, Target or Nordstrom.

OUR NEIGHBORHOOD

- Older homes (most built before 1970) are found in the urban periphery of large metropolitan markets.
- Married couples with children, and grandparents; many households are multigenerational (Index 322). Average household size is 3.75.
- Homes are older, primarily single family, with a higher median value of \$228,000 (Index 128) and a lower vacancy rate of 5.2%.

SOCIOECONOMIC TRAITS

- Multicultural market including recent immigrants (Index 271) and some language barriers (Index 303).
- Education: more than half the population aged 25 or older have a high school diploma or some college.
- Labor force participation rate higher than the US, but so is the unemployment rate at 10.5%.
- Brand conscious but not necessarily brand loyal; open to trying new things.
- Status-conscious consumers; choices reflect their youth—attention to style and pursuit of trends.
- Comfortable with technology and interested in the latest innovations.



Note: This data represents a slice of the overall market. It has been derived from a statistical analysis of the market data.



LifeMode Group: Upscale Avenues
Pleasantville

2B

Households: 2,674,000

Average Household Size: 2.86

Median Age: 41.9

Median Household Income: \$85,000

WHO ARE WE?

Prosperous domesticity best describes the settled denizens of Pleasantville. Situated principally in older housing in suburban areas in the Northeast (especially in New York and New Jersey) and secondarily in the West (especially in California), these slightly older couples move less than any other market. Many couples have already transitioned to empty nesters; many are still home to adult children. Families own older, single-family homes and maintain their standard of living with dual incomes. These consumers have higher incomes and home values and much higher net worth (Index 400). Older homes require upkeep; home improvement and remodeling projects are a priority—preferably done by contractors. Residents spend their spare time participating in a variety of sports or watching movies. They shop online and in a variety of stores, from upscale to discount, and use the Internet largely for financial purposes.

**OUR NEIGHBORHOOD**

- Suburban periphery of large metropolitan areas, primarily in Middle Atlantic or Pacific states.
- Most homes owned (and mortgaged) (Index 141).
- Households composed of older married-couple families, more without children under 18, but many with children over 18 years (Index 141).
- Older, single-family homes: two-thirds built before 1970, close to half from 1950 to 1969.
- One of the lowest percentages of vacant housing units at 4.7% (Index 42).
- Suburban households with 1 or 2 vehicles and a longer travel time to work (Index 119).

SOCIOECONOMIC TRAITS

- Education: 64% college educated, 34% with a bachelor's degree or higher.
- Low unemployment at 7.8%; higher labor force participation rate at 67% (Index 107); higher proportion of HHs with 2 or more workers (Index 116).
- Many professionals in finance, information/technology, or management.
- Median household income denotes affluence, with income primarily from salaries, but also from investments (Index 131) or Social Security (Index 108) and retirement income (Index 124).
- Not cost-conscious, these consumers willing to spend more for quality and brands they like.
- Prefer fashion that is classic and timeless as opposed to trendy.
- Use all types of media equally (newspapers, magazines, radio, Internet, TV).

Note: The index represents the total 1995-1999 segment size in the U.S. and is not the 1995-1999 Consumer Affluence index score as shown in the table.



LifeMode Group: Midtown Singles

City Strivers

11A

Households: 933,000

Average Household Size: 2.75

Median Age: 34.4

Median Household Income: \$41,000

WHO ARE WE?

These high density city neighborhoods are characterized by a relatively young foreign-born population who have embraced the American lifestyle, yet retained their cultural integrity. To support their lifestyle, City Strivers residents commute long distances to find work in the service or retail industry. Their hard-earned wages and salary income goes toward relatively high rents in older multiunit buildings, but they've chosen these neighborhoods to maintain ties to their culture. Single parents are often the recipients of Supplemental Security Income and public assistance, but their close-knit community provides the invaluable support needed while they work. City Strivers consumers are bold in their purchasing decisions; they seek out deals on branded clothing, sometimes indulge in restaurants and personal services, and splurge on their cable TV package.



OUR NEIGHBORHOOD

- Densely populated neighborhoods located primarily in New York, Boston, Washington, or Chicago.
- Primarily renters living in older, multiunit structures built before 1950; smaller buildings with 2-4 units the most popular in this market; relatively high rental rates at more than \$1,000 monthly (Index 108).
- A blend of family households, married couples and single parents with younger or adult children, as well as single-person households; average household size 2.75
- Work outside their county of residence, with almost one-fourth commuting 60 or more minutes to work; average travel time to work of 37 minutes the highest of any Tapestry market; use of public transportation common.

SOCIOECONOMIC TRAITS

- One in five households here are in poverty, but City Strivers residents rely more on wage and salary income. Almost half have some college education.
- Labor force participation is above average, but so is the unemployment rate.
- They work in health care, transportation, social services, and protective services.
- Style and image are important to these consumers. Current trends are a strong influence on their shopping habits.
- They often make impulse purchases and try new brands and technologies, but do look for the approval of their friends.
- These sociable consumers exhibit boldness in their decisions and aren't afraid to share their opinion. They share strong cultural integrity.

Note: The data represents the total of the population in the US who match the 11A consumer segmentation, including the data by ZIP code.



LifeMode Group: Midtown Singles
City Commons

11E

Households: 1,082,000

Average Household Size: 2.66

Median Age: 27.6

Median Household Income: \$17,000

WHO ARE WE?

This segment is one of Tapestry's youngest and largest markets, primarily comprised of single-parent and single-person households living within large, metro cities. While more than a third have a college degree or spent some time in college, nearly a third have not finished high school, which has a profound effect on their economic circumstance. However, that has not dampened their aspiration to strive for the best for themselves and their children.

OUR NEIGHBORHOOD


- Single parents (Index 315), primarily female, and singles head these young households.
- Average household size is slightly higher than the US at 2.66.
- City Commons are found in large metropolitan cities, where most residents rent apartments in midrise buildings.
- Neighborhoods are older, built before 1960 (Index 150), with high vacancy rates.
- Typical of the city, many households own either one vehicle or none, and use public transportation (Index 309) or taxis (Index 354).

SOCIOECONOMIC TRAITS

- Although some have college degrees, nearly one in three have not graduated from high school.
- Unemployment is very high at 24% (Index 274); labor force participation is low at 54% (Index 86).
- Most households receive income from wages or salaries, but nearly one in four receive contributions from Social Security (Index 306) and public assistance (Index 420).
- Consumers endeavor to keep up with the latest fashion trends.
- Most families prefer the convenience of fast-food restaurants to cooking at home.



Note: The information on the face of this segment is based on the US population aged 18-34.
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LifaMode Group: Hometown
Family Foundations

12A

Households: 1,282,000
 Average Household Size: 2.70
 Median Age: 38.8
 Median Household Income: \$40,000

WHO ARE WE?

Family and faith are the cornerstones of life in these communities. Older children, still living at home, working toward financial independence, are common within these households. Neighborhoods are stable. Little household growth has occurred for more than a decade. Many residents work in the health care industry or public administration across all levels of government. Style is important to these consumers, who spend on clothing for themselves and their children, as well as on smartphones.

OUR NEIGHBORHOOD

- Family Foundations residents are a mix of married couples, single parents, grandparents, and children, young and adult.
- Average household size is slightly higher at 2.70.
- Neighborhoods are found in principal cities of major metropolitan areas throughout the South and West.
- Two-thirds are homeowners living in single family houses built before 1970.
- Nearly three-fourths of all households have one or two vehicles at their disposal; average commute time is slightly higher.

SOCIOECONOMIC TRAITS

- More than half have either attended college or obtained a degree; one-third have only finished high school.
- Unemployment rate is high at 15% (Index 178); labor force participation rate is slightly lower at 60% as workers begin to retire.
- Over one-third of households currently receive Social Security benefits; more than a quarter draw income from retirement accounts.
- A strong focus is on religion and character.
- Style and appearance is important.



Note: The data contained herein is for informational purposes only and is not intended to be used for any other purpose. © 2013 HealthTrust. All rights reserved. 100-1000-101



LifeMode Group: Middle Ground
Emerald City

8B

Households: 1,677,000

Average Household Size: 2.05

Median Age: 36.6

Median Household Income: \$52,000

WHO ARE WE?

Emerald City's denizens live in lower-density neighborhoods of urban areas throughout the country. Young and mobile, they are more likely to rent. Well educated and well employed, half have a college degree and a professional occupation. Incomes close to the US median come primarily from wages and self-employment. This group is highly connected, using the internet for entertainment and making environmentally friendly purchases. Long hours on the internet are balanced with time at the gym. Many embrace the "foodie" culture and enjoy cooking adventurous meals using local and organic foods. Music and art are major sources of enjoyment. They travel frequently, both personally and for business.

OUR NEIGHBORHOOD

- There are mostly older, established neighborhoods with homes built before 1960; around 30% built before 1940.
- Just over half of all homes are renter occupied.
- Single-person and nonfamily types make up over half of all households.
- Median home value and average rent are slightly above the US levels; around half of owned homes are worth \$150,000-\$300,000.

SOCIOECONOMIC TRAITS

- Well educated, these consumers research products carefully before making purchases.
- They buy natural, green, and environmentally friendly products.
- Very conscious of nutrition, they regularly buy and eat organic foods.
- Cell phones and text messaging are a huge part of everyday life.
- They place importance on learning new things to keep life fresh and variable.
- They are interested in the fine arts and especially enjoy listening to music.



Note: The data supports the fact of the segment, but the charts created by ESRI Consumer Intelligence are not based on actual data from the US.



LifeMode Group: Hometown

Modest Income Homes

12D

Households: 1,632,000

Average Household Size: 2.56

Median Age: 36.1

Median Household Income: \$22,000

WHO ARE WE?

Families in this urban segment may be nontraditional; however, their religious faith and family values guide their modest lifestyles. Many residents are primary caregivers to their elderly family members. Jobs are not always easy to come by, but wages and salary income are still the main sources of income for most households. Reliance on Social Security and public assistance income is necessary to support single-parent and multigenerational families. High poverty rates in this market make it difficult to make ends meet. Nonetheless, rents are relatively low (Index 73), public transportation is available, and Medicaid can assist families in need.

OUR NEIGHBORHOOD

- Households are single person or single parent (usually female householders). Multigenerational families are also present.
- Homes are predominantly single family; values reflect the age of the housing, built more than 60 years ago.
- Over half of the homes are renter occupied; average rent is lower than the US average.
- Most households have no vehicle or one car, with a high dependence on public transportation.

SOCIOECONOMIC TRAITS

- Almost a quarter of adults aged 25 or more have no high school diploma.
- Labor force participation is only 50%, with unemployment at more than double the US rate.
- Income is less than half of the US median income; one in three households are in poverty, dependent on Social Security, public assistance, and Supplemental Security Income.
- Consumers in this market consider traditional gender roles and religious faith very important.
- This market lives for today, choosing to save only for a specific purpose.
- They favor TV as their media of choice and will purchase a product with a celebrity endorsement.

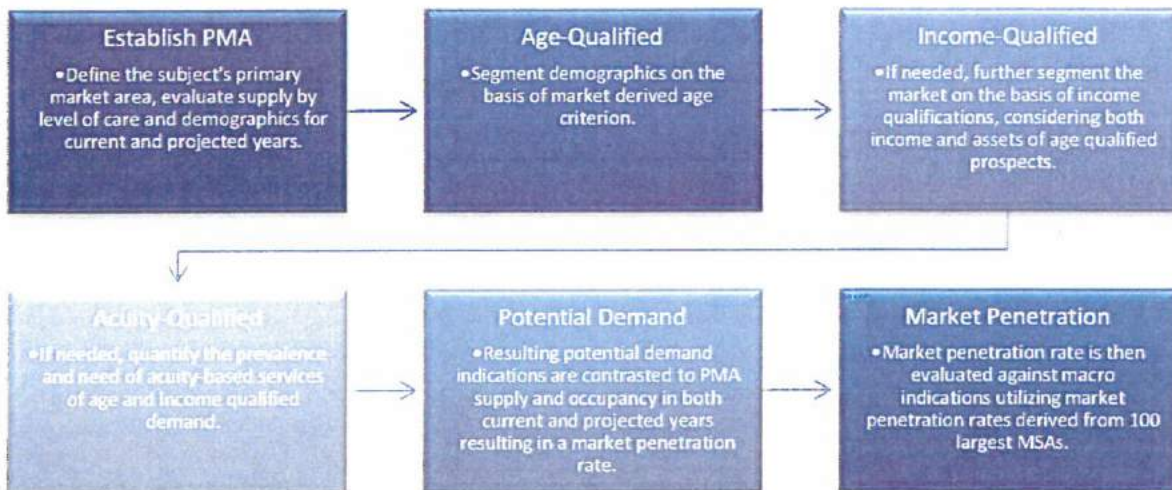


Notes: Data represents the area of the largest city in the US as measured by US Census. Demographics are estimated from data by SAHAR.

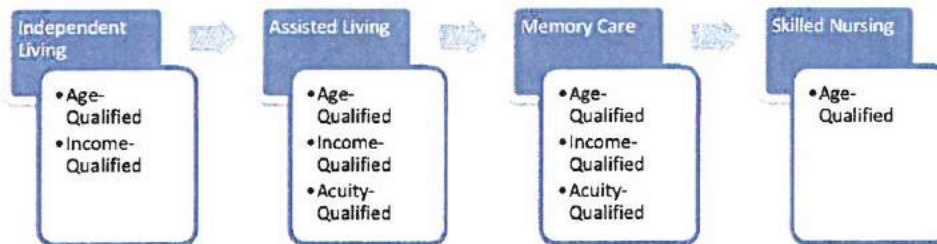
Based on the tapestry data, the subject’s PMA is comprised primarily of “Las Casas”, “International Marketplace”, and “City Lights” neighborhood segments. Most of these segments represent important referral sources and are segments that represent a prospective resident to the subject.

Demand

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



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



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

RESIDENCE PRIOR TO MOVING INTO AN ALR		
	AL/MC	IL/AL
Private Home	71.6%	70.1%
Family Residence	9.5%	6.9%
Different ALR	6.1%	6.9%
Independent Living Community	6.8%	13.8%
Nursing Home	6.1%	2.3%

Source: 2009 Overview of Assisted Living

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

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

Source: 2009 Overview of Assisted Living

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

$$\begin{aligned}
 \text{Claritas Household Demand}/90.8\% &= 100\% \text{ of IL demand} \\
 &= 1/0.908 \\
 &= 1.10
 \end{aligned}$$

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

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

Therefore for assisted living and memory care, we have adjusted the household figures by dividing the adjusted 75 and up population by the number of 75 and up households. The adjusted population is calculated by subtracting the institutionalized nursing home population from the overall population. This is referred to as the Household/Population Factor in the following tables.

Independent Living

According to the American Seniors Housing Association (ASHA) 2009 study *The Independent Living Report* surveyed residents of independent living communities, and found the following conclusions and key findings:

- Only 6% of new independent living residents reported having difficulty with an Activity of Daily Living (ADL).
- A statistically greater proportion of ILC residents have long term care insurance when compared to those not residing in an ILC.
- 20% of independent living residents reported incomes of less than \$25,000.
- Smaller communities were more likely to attract an older clientele who are single. Conversely, larger residences tend to attract a younger, wealthier and married clientele.
- More than 50% of new residents had been hospitalized in the previous two years prior to moving in to the independent living community.

Additionally, a previous ASHA study in 2003, *The Benefits of Independent Living Communities*, which surveyed both residents and non-residents, found the following:

- Residents and non-residents view their health status equally, despite residents having been more likely to have been in a hospital, used an assistive device, report difficulty in climbing stairs and lift heavy objects in the previous two years.
- There were no differences between the abilities of residents of an ILC and those who are not in walking, getting out of bed, bathing, dressing, or toileting.

The 2009 report goes on to survey the primary reasons for residents choosing the particular community, which included:

- Community was close to their family and friends
- Unit they wanted was available
- Safety, security decisions were made
- To be with people
- Easy lifestyle

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

- Deterioration of health
- Unable to manage by themselves
- Death of a spouse
- Deterioration of their spouses' health
- Old age

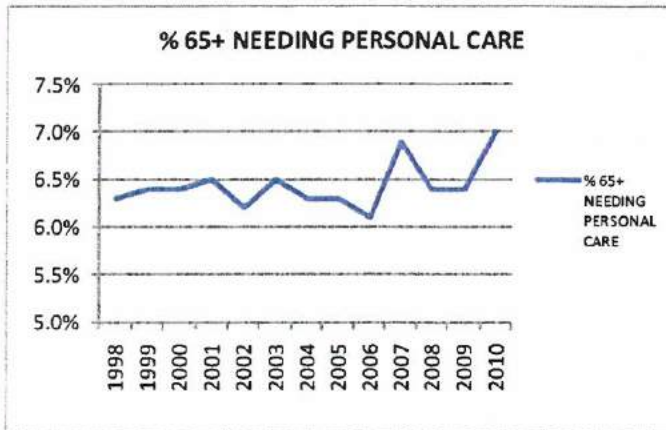
Overall, independent living is ultimately viewed as a lifestyle choice, as opposed to a need based service. Consequently, we have only viewed the age and income criterion as driving factors for residency at the subject.

Assisted Living

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

% 65+ NEEDING PERSONAL CARE		
Year	%	95% CI Interval
1998	6.3%	5.9% - 6.8%
1999	6.4%	5.8% - 6.9%
2000	6.4%	5.9% - 6.9%
2001	6.5%	6.0% - 7.0%
2002	6.2%	5.7% - 6.7%
2003	6.5%	6.0% - 7.1%
2004	6.3%	5.8% - 6.8%
2005	6.3%	5.8% - 6.8%
2006	6.1%	5.4% - 6.7%
2007	6.9%	6.2% - 7.6%
2008	6.4%	5.8% - 7.0%
2009	6.4%	5.8% - 6.9%
2010	7.0%	6.4% - 7.6%

Source: NHIS



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

PERSONAL CARE NEEDS	
Age Group	Percent
65-74	3.2%
75-84	6.9%
85+	19.9%

Source: CDC National Health Interview Survey United States 5/2016

Alzheimer's Care

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

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

Source: GAO Alzheimer's Disease

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

Income-Qualifications (IL/AL/MC)

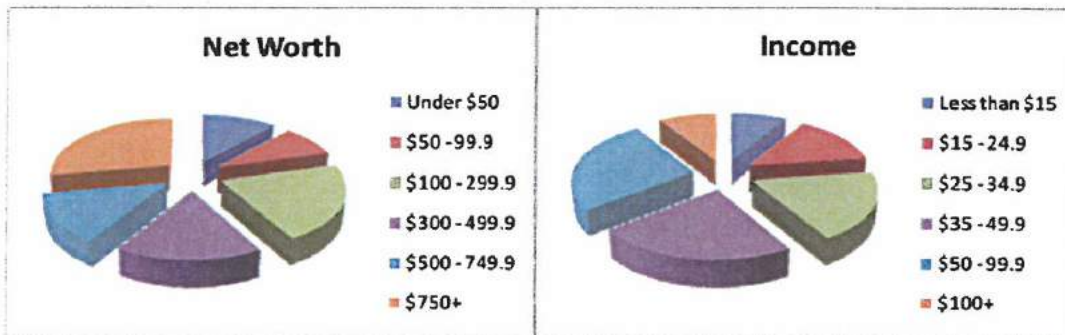
Based on the subject's estimated rents and rental comparables, we have estimated a minimum monthly fee for the subject, multiplied by 12 months and assuming that the rental fee would account for 75% of all living expenses. We note it is inappropriate to utilize an average rent as we are estimating the actual demand for units in the subject's price range. Additionally, based on *The Independent Living Report*, the resident's monthly fee accounts for 59% to 88% of a residents spending in a given month. Therefore, the following annual minimum incomes (rounded) would be required:

ANNUAL INCOME THRESHOLD		
Level of Care	Minimum Monthly Rate	Income Threshold
Independent Living	\$2,500	\$40,000
Assisted Living	\$4,500	\$72,000
Memory Care	\$5,600	\$89,600

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

INCOME AND NET WORTH OF RESIDENTS					
	Overall	Independent Living*	Assisted Living	CCRC	
Income					
In Thousands	Less than \$15	8.4%	8%	\$11.5 Lower Quartile	
	\$15 - 24.9	14.3%	13%	\$18.9 Median	\$21 Median for AL
	\$25 - 34.9	18.8%	16%		\$27.5 Median for SNF
	\$35 - 49.9	22.9%	17%	\$36.0 Upper Quartile	\$48.8 Median for IL
	\$50 - 99.9	26.4%	32%		
	\$100+	9.1%	14%		
Net Worth					
In Thousands	Under \$50	11.5%	9%		
	\$50 - 99.9	9.1%	9%	\$62 Lower Quartile	\$250 Median for SNF
	\$100 - 299.9	21.3%	18%	\$205 Median	\$281 Median for AL
	\$300 - 499.9	16.8%	15%		
	\$500 - 749.9	13.6%	15%	\$564 Upper Quartile	\$569 Median for IL
	\$750+	27.7%	33%		

Source: American Seniors Housing Association *The Independent Living Report, 2009*; *Inclusive of IL Entrance Fee residents Assisted Living Federation of America, with AAHSA, ASHA, NCAL and NIC, *Overview of Assisted Living, 2009*. American Association of Homes and Services for the Aging, with ASHA and NIC, *Continuing Care Retirement Communities: 2005 Profile*



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

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

Source: 2006 and 2009 Overview of Assisted Living

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

INCOME TO CHARGE COMPARISON					
	Average Monthly Rate [^]	Annual Income Threshold [*]	Median Income of Resident ^{**}	\$ Shortfall	% Shortfall
Independent Living	\$2,862	\$45,792	\$40,000	\$-5,792	-12.65%
Assisted Living	\$4,473	\$71,569	\$18,900	\$-52,669	-73.59%

[^]NIC MAP 4th Quarter 2016

^{*}Average Monthly Rate/75%*12

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

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

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

Consequently, we have adjusted our income-qualifications below that of the income threshold calculated previously to account for these additional sources of income. We have viewed those residents indicating incomes of \$35,000 and up for assisted living and \$50,000 and up for memory care. We note that the difference between the required minimal income and the concluded income qualification used reflects spending down of assets associated with a resident's net worth, assistance from adult children and other sources including long-term care insurance.

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

DEMAND INDICATIONS				
Assisted Living				
	PMA		SMA	
	2018	2023	2018	2023
75+ Population	14,844	17,011	38,249	42,597
Nursing Home Population	1,488	1,488	2,981	2,982
Adjusted 75+ Population [^]	13,356	15,523	35,268	39,615
75+ Households	10,136	11,452	25,388	27,738
Annual Minimum Income Threshold	\$72,000		\$72,000	
Median Owner-Occupied House Value	\$239,652	\$258,173	\$217,700	\$241,699
Income Qualification:	\$35,000 and up		\$35,000 and up	
Age and Income Qualified Households				
75-84	3,152	4,169	6,645	8,212
85+	968	990	2,166	2,147
Personal Care Factor by Age				
75-84	6.90%	6.90%	6.90%	6.90%
85+	19.90%	19.90%	19.90%	19.90%
Households Meeting Income and Acuity	410	485	890	994
Household/Population Factor*	1.32	1.36	1.39	1.43
Nielsen Factor	1.18	1.18	1.18	1.18
Potential Assisted Living Demand	640	778	1,464	1,682
Memory Care				
	PMA		SMA	
	2018	2023	2018	2023
75+ Population	14,844	17,011	38,249	42,597
Nursing Home Population	1,488	1,488	2,981	2,982
Adjusted 75+ Population [^]	13,356	15,523	35,268	39,615
75+ Households	10,136	11,452	25,388	27,738
Annual Minimum Income Threshold	\$89,600		\$89,600	
Median Owner-Occupied House Value	\$239,652	\$258,173	\$217,700	\$241,699
Income Qualification:	\$50,000 and up		\$50,000 and up	
Age and Income Qualified Households				
75-84	2,150	2,971	4,123	5,286
85+	599	657	1,289	1,327
AD Factor by Age				
75-84	3.53%	3.53%	3.53%	3.53%
85+	14.54%	14.54%	14.54%	14.54%
Households Meeting Income and Acuity	163	200	333	380
Household/Population Factor*	1.32	1.36	1.39	1.43
Nielsen Factor	1.18	1.18	1.18	1.18
Potential Memory Care Demand	255	322	548	643
*Adjusted Population/Households				
[^] General Population less Nursing Home Population				
Source: Nielsen GAO, CDC, HealthTrust, LLC				

Penetration Analysis

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

$$[\text{Market Occupancy} \times \text{Supply} \times \text{Ratio from the PMA}] / \text{Income-Qualified Demand}$$

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

PENETRATION ANALYSIS			
Assisted Living			
	PMA		
	2018	2023	
Total Supply	420	549	
Market Occupancy	95%	95%	
Total Potential Demand	640	778	
Penetration Rate	62.14%	66.82%	
Memory Care			
	PMA		
	2018	2023	
Total Supply	48	85	
Market Occupancy	90%	90%	
Total Potential Demand	255	322	
Penetration Rate	16.97%	23.76%	

Source: HealthTrust, LLC

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

- Markets with high penetration rates have better-educated populations with regards to the seniors housing product type. Further, among the 100 MSAs, there is a positive correlation between penetration rates and occupancy levels. Conversely, as penetration rates increase, average rents decrease, indicative of a competitive market.
- Based on our analysis of the 100 largest MSAs, we find a significant variance in assisted living and memory care penetration rates for the largest 31 MSAs relative to that of the smaller MSAs (32-100). Generally, the latter indicates on average, 25% to 35% higher penetration rates,

depending on age and income qualifications. Further, in our experience, we find this variance to be even more pronounced within tertiary markets. While, it's anecdotal, we attribute this to the following:

- Greater in-migration from rural out bounding areas due to availability of healthcare resources.
 - Fewer living options available within the secondary markets relative to the larger, metropolitan markets.
 - Smaller sized markets allow for increased education and product awareness.
- Adult Children (45-64 age cohorts) play a primary role in the decision process for a prospective resident with regard to assisted living and even more so to memory care. Higher penetration rates among adult children reflect net-in migration for the particular service and result in increased penetration. This is not necessarily the case for independent living, where no correlation is found among adult children.
- Availability of State Assistance (Medicaid) is a driving demand force for senior housing properties. The utilization of such programs allows for increased access to residents who could otherwise not afford the product, thereby resulting in higher penetration rates. States with high utilization of State Assistance include North Carolina, Oregon and Washington.

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

Market Categorization

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

INDEPENDENT LIVING								
	Top 100 MSA Benchmark			MSA Chicago, IL	Subject PMA		Subject SMA	
	Median	Lower Quartile	Upper Quartile		2018	2023	2018	2023
Average Occupancy	92.29%	89.62%	94.51%	90.30%	95.67%	95.67%	92.48%	92.48%
Average Monthly Rent	\$2,862	\$2,548	\$3,179	\$3,020	N/A	N/A	N/A	N/A
Median House Value	\$184,167	\$152,157	\$238,454	\$230,719	\$239,652	\$258,173	\$217,700	\$241,699
Adult Child Prevalence	3.70%	2.60%	4.61%	3.36%	2.33%	2.07%	1.80%	1.93%
Penetration Rates								
\$35,000 and up	9.2%	7.2%	11.0%	10.6%	7.2%	5.7%	4.9%	5.0%

ASSISTED LIVING								
	Top 100 MSA Benchmark			MSA Chicago, IL	Subject PMA		Subject SMA	
	Median	Lower Quartile	Upper Quartile		2018	2023	2018	2023
Average Occupancy	88.09%	85.10%	90.08%	86.18%	94.74%	94.74%	93.85%	93.85%
Average Monthly Rent	\$4,473	\$4,289	\$5,004	\$5,336	N/A	N/A	N/A	N/A
Median House Value	\$183,657	\$151,834	\$237,908	\$230,719	\$239,652	\$258,173	\$217,700	\$241,699
Adult Child Prevalence	5.07%	3.63%	6.88%	3.27%	2.84%	3.30%	2.82%	2.86%
Penetration Rates								
\$35,000 and up	66.8%	32.8%	92.5%	69.0%	62.1%	66.8%	50.7%	50.0%

MEMORY CARE								
	Top 100 MSA Benchmark			MSA	Subject PMA		Subject SMA	
	Median	Lower Quartile	Upper Quartile	Chicago, IL	2018	2023	2018	2023
Average Occupancy	86.51%	82.12%	89.24%	81.37%	90.00%	90.00%	90.00%	90.00%
Average Monthly Rent	\$5,724	\$5,341	\$6,265	\$6,884	N/A	N/A	N/A	N/A
Median House Value	\$184,167	\$152,266	\$238,454	\$230,719	\$239,652	\$258,173	\$217,700	\$241,699
Adult Child Prevalence	1.22%	0.94%	1.63%	0.88%	0.31%	0.49%	0.16%	0.28%
Penetration Rates								
\$50,000 and up	40.4%	19.3%	58.6%	45.3%	17.0%	23.8%	7.9%	13.0%

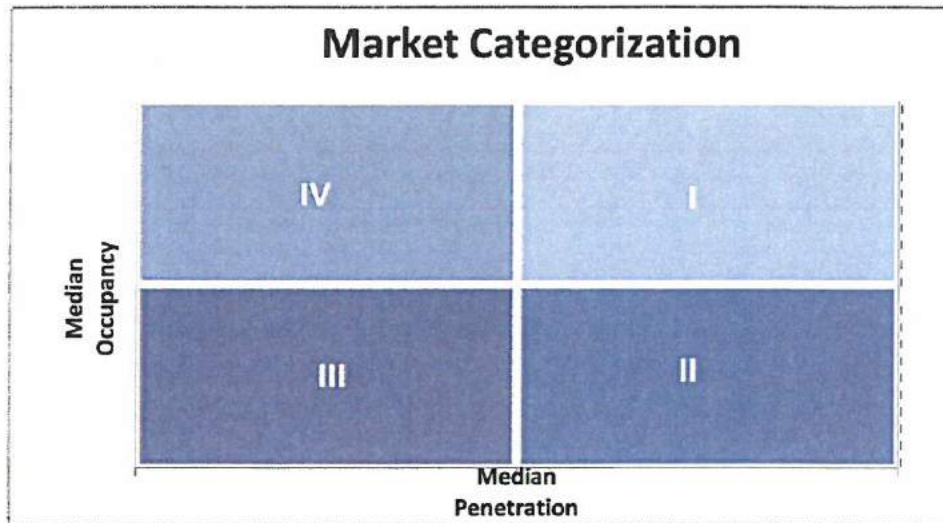
Conclusions

Based on its estimated stabilized occupancy level, we find the market’s IL penetration rate is below the median of the 100 MSAs while the AL penetration rate is below the median and the memory care penetration rate is below the median of the 100 MSAs.

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

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

Source: HealthTrust, LLC



The subject's PMA is best characterized as a Type IV market, meaning that the PMA has significant potential and is under-served with high rate growth and occupancy. This is indicating unmet demand in the market. While this model is not an indicator of outright feasibility for the subject, this does suggest that at present, and over the next five years, the market risk will not increase significantly enough to offset demand and that were the subject introduced during this period, it would not cause a significant change in the current balance between supply and demand. Therefore, our review of the local market indicates that there is positive demand for seniors housing properties to support development of the subject.

Capture Analysis

By utilizing market derived penetration rates, we are able to capture the prevailing demand that will be the users of the subject's services, recognizing that there will be prospective residents that choose to stay home, utilize home health services, or move-in with family members.

Because our methodology is prescribed equally to both the subject's market as well as the broader markets, allowing for reliable and valid comparisons. Thus, utilizing the various penetration rate indications, we have reconciled to a capture rate for the market, whereby we have forecasted the appropriate level of demand for the subject's market, as seen in the following chart:

MARKET CAPTURE ANALYSIS - PMA						
	Independent Living		Assisted Living		Memory Care	
	2018	2023	2018	2023	2018	2023
Penetration Rates						
MAP 100 Quartile Range	7.24% - 10.98%	---	32.77% - 92.46%	---	19.28% - 58.62%	---
MAP 100 Median	9.2%	---	66.8%	---	40.4%	---
MAP 31	8.9%	---	56.8%	---	34.1%	---
MAP 32-100	9.4%	---	71.9%	---	44.3%	---
Midwest	9.5%	---	83.9%	---	35.9%	---
MSA	10.6%	---	69.0%	---	45.3%	---
PMA	7.2%	5.7%	62.1%	66.8%	17.0%	23.8%
Reconciled HT Market Capture	10.0%	10.0%	80.0%	80.0%	30.0%	30.0%
Potential Demand	4,537	5,682	640	778	255	322
Total Demand*	454	568	512	623	76	97
Occupied Supply	326	326	398	520	43	77
Net Excess/(Deficit) Demand	128	242	114	103	33	20
*Reconciled Capture Rate x Potential Demand						

Overall, we expect that the market capture to be above the PMA in all three markets and closed to the Midwest capture rates. The subject is location in the River Forest Village which is more affluent and wealthy relative to the areas more than three miles of the subject, which makes the subjects more immediate are more desirability. Based on our reconciled market capture rate, the PMA suggests current unsatisfied demand of 128 units for IL, 114 units for AL and 33 units for MC as of the date of this report. The IL market represents the most excess demand now and in the future. We would also like to not that the suggested unit mix for the subject are included in the 2023 supply. Additionally, the market is able to support the proposed subject as projected excess demand grows over five years.

Furthermore, as seen in the following table, the subject property, being the newest property within the PMA, we expect that they will be able to attain their appropriate share of the market. Thus, at the subject's proportionate share of the market, there is also excess demand for independent living, assisted living and memory care beds.

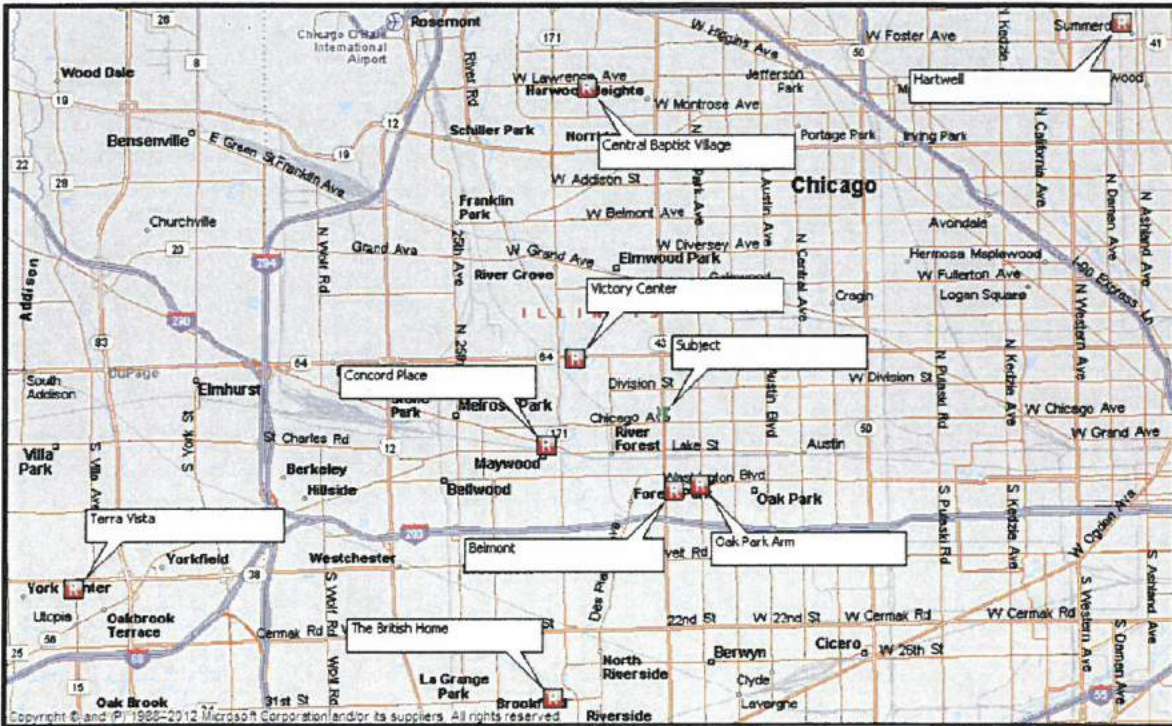
SUBJECT CAPTURE ANALYSIS - PMA						
	Independent Living		Assisted Living*		Memory Care	
	2018	2023	2018	2023	2018	2023
Supply (excl Subject)	241	241	350	479	23	60
Market Occupancy*	95.67%	95.67%	95%	95%	90%	90%
Subject Units	100	100	70	70	25	25
Subject Stab Occupancy	92%	92%	91%	91%	90%	90%
Subject Market Share						
Total Units Indication	29%	29%	17%	13%	52%	29%
Occupied Units Indication	29%	29%	16%	12%	52%	29%
Reconciled HT Subject Capture	29%	29%	16%	16%	50%	40%
Total Demand	454	568	512	623	76	97
Subject Capture	132	165	82	100	38	39
*Supply and Occupancy includes Memory Care						

RATE ANALYSIS

Rate and Absorption Analysis

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

RENT COMPARABLE MAP





RENTAL COMPARABLE #1

Record ID: 8100852
 Property Type: Continuing Care Retirement Community
 Name: Cantata / The British Home
 Address: 8700 West 31st Street, Brookfield, DuPage, IL, 60513
 Verification:
 With: Jackie at 708-485-1155
 Management: Cantata Adult Life Services

BUILDING CHARACTERISTICS			
Year Opened:	1920	Quality:	Above Average
Number Of Buildings:	—	Condition:	Above Average
Number Of Stories:	—	Construction Type:	Unknown
Land Area:	10 acres	Gross Building Area:	—

PROPERTY MIX			
Level	Capacity	% Occupancy	Meals
IL	66 units	80%	0
AL	93 beds	77%	3 daily
ALZ	—	—	—
SN	72 beds	64%	3 daily

LEVEL OF CARE TYPE			
Level	Type	Min	Max
AL	Levels	\$540	\$1,040
ALZ - AL	—	—	—
Other	—	—	—

PROJECT AMENITIES

- Activity rooms
- Arts & crafts rooms
- Assistance w/ ADLs
- Beauty/barber shop
- Computer room
- Courtyard
- Dining room - main
- Dining room - private
- Exercise facilities
- Game/billiards rooms
- Housekeeping
- Laundry facilities
- Library
- Linen Service
- Lounge areas
- Medications
- Reception Area
- Scheduled transportation
- Skilled nursing care
- Social activities
- Spa/Whirlpool
- Therapy Room
- Utilities

UNIT AMENITIES

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

SERVICE PACKAGE

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

INDEPENDENT LIVING RENTAL ANALYSIS

Unit Type	Fee basis	Min Fee	Max Fee	Community Fee Min	Community Fee Max	Beds	Units	Min Size	Max Size
1-Bedroom	Monthly	\$2,850	—	\$5,000	—	—	—	465	—
2-Bedroom	Monthly	\$3,250	—	\$5,000	—	—	—	585	—

RENTAL COMPARABLE #1

ASSISTED LIVING RENTAL ANALYSIS

Unit Type	Fee basis	Min Fee	Max Fee	Community Fee Min	Community Fee Max	Beds	Units	Min Size	Max Size
Studio	Monthly	\$4,440	\$4,733	\$4,440	\$4,733	---	---	326	326
1-Bedroom	Monthly	\$4,965	---	\$4,965	---	---	---	420	420
2-Bedroom	Monthly	\$5,439	---	\$5,439	---	---	---	---	---

SKILLED NURSING RENTAL ANALYSIS

Unit Type	Fee basis	Min Fee	Max Fee	Community Fee Min	Community Fee Max	Beds	Units	Min Size	Max Size
Private	Daily	\$341	---	\$682	---	---	---	---	---
Semi-Private	Daily	\$262	---	\$524	---	---	---	---	---

CENSUS

Care Level	Payor Type	% of Current Census
SN	Private pay	15.0%
SN	Medicare	85.0%

REMARKS: The British House was founded in 1920 by the Daughters of the British Empire. The British House is the skilled nursing segment of the Cantata CCRC campus located in Brookfield. The campus also offers; IL, AL, Home Care, Rehabilitation, and Handyman Services. The assisted living unit (The Woodlands) opened in 2003.

The entrance fee is a two-month deposit for long-term care, one month's rent for AL and \$5,000 for IL.



RENTAL COMPARABLE #2

Record ID: 8105668
 Property Type: Independent and Assisted Living Community
 Name: Oak Park Arm
 Address: 408 S Oak Park Avenue, Oak Park, Cook, IL, 60302

Verification:
 With: Heather at 708-386-4040

BUILDING CHARACTERISTICS			
Year Opened:	1978	Quality:	Average
Number Of Buildings:	1	Condition:	Average
Number Of Stories:	5	Construction Type:	Masonry
Land Area:	24.51 acres	Gross Building Area:	—

PROPERTY MIX			
Level	Capacity	% Occupancy	Meals
IL	142 units	91%	2 daily
AL	49 beds	91%	3 daily
ALZ	—	—	—
SN	—	—	—

LEVEL OF CARE TYPE			
Level	Type	Min	Max
AL	Levels	\$200	\$700
ALZ - AL	—	—	—
Other	—	—	—

PROJECT AMENITIES

- Activity rooms
- Assistance w/ ADLs
- Dining room - main
- Health center
- Housekeeping
- Laundry facilities
- Linen Service
- Lounge areas
- Medications
- Pharmacy
- Reception Area
- Security 24 hour
- Social activities
- Therapy Room

UNIT AMENITIES

- Cable/satellite TV
- Emergency pull-cords
- Fire/smoke detectors

SERVICE PACKAGE

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

INDEPENDENT LIVING RENTAL ANALYSIS S

Unit Type	Fee basis	Min Fee	Max Fee	Community Fee Min	Community Fee Max	Beds	Units	Min Size	Max Size
Studio	Monthly	\$1,780	\$1,880	—	—	—	—	300	—
1-Bedroom	Monthly	\$2,130	\$2,480	—	—	—	—	450	—
2-Bedroom	Monthly	\$2,530	\$2,680	—	—	—	—	550	—

ASSISTED LIVING RENTAL ANALYSIS

Unit Type	Fee basis	Min Fee	Max Fee	Community Fee Min	Community Fee Max	Beds	Units	Min Size	Max Size
Studio	Monthly	\$3,785	\$4,155	—	—	—	—	—	—
1-Bedroom	Monthly	\$4,525	\$4,680	—	—	—	—	—	—

REMARKS: Independent living also offers rents that don't include meals and rents that include all three meals. Its \$120 more per month for three meals or \$180 less per month with no meals.



RENTAL COMPARABLE #3

Record ID: 201802063
 Property Type: Assisted Living/Memory Care Residence
 Name: Belmont Village of Oak Park
 Address: 1035 Madison Street, Oak Park, Cook, IL, 60302

Verification:
 With: Mary at (708) 848-7200

BUILDING CHARACTERISTICS			
Year Opened:	2004	Quality:	Good
Number Of Buildings:	1	Condition:	Good
Number Of Stories:	6	Construction Type:	Masonry
Land Area:	---	Gross Building Area:	---

PROPERTY MIX			
Level	Capacity	% Occupancy	Meals
IL	---	---	---
AL	78 beds	90%	3 daily
ALZ	48 beds	90%	3 daily
SN	---	---	---

LEVEL OF CARE TYPE			
Level	Type	Min	Max
AL	Levels	\$600	\$1,500
ALZ - AL	All-inclusive	---	---
Other	---	---	---

PROJECT AMENITIES

- Activity rooms
- Assistance w/ ADLs
- Beauty/barber shop
- Concierge service
- Courtyard
- Dining room - main
- Dining room - private
- Exercise facilities
- Health center
- Housekeeping
- Laundry facilities
- Linen Service
- Lounge areas
- Medications
- Postal services
- Reception Area
- Game/billiards rooms
- Scheduled transportation
- Security 24 hour
- Social activities
- Theater/Auditorium
- Utilities
- Wanderer Mgt. System

UNIT AMENITIES

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

SERVICE PACKAGE

- Water/Sewer
- Electricity
- High Speed Internet
- Housekeeping

ASSISTED LIVING RENTAL ANALYSIS

Unit Type	Fee basis	Min Fee	Max Fee	Community Fee Min	Community Fee Max	Beds	Units	Min Size	Max Size
Studio	Monthly	\$3,950	---	\$3,950	---	---	---	---	---
1-Bedroom	Monthly	\$5,500	---	\$5,500	---	---	---	---	---
2-Bedroom	Monthly	\$10,000	---	\$10,000	---	---	---	---	---

MEMORY CARE RENTAL ANALYSIS

Unit Type	Fee basis	Min Fee	Max Fee	Community Fee Min	Community Fee Max	Beds	Units	Min Size	Max Size
Studio	Monthly	\$6,900	\$9,000	\$6,900	---	---	---	---	---



RENTAL COMPARABLE #4

Record ID: 8105659
 Property Type: Assisted Living Residence
 Name: Victory Center of River Woods
 Address: 1800 Riverwoods Drive, Melrose Park, Cook, IL, 60160

Verification:
 With: Barb at 708-547-5800

BUILDING CHARACTERISTICS			
Year Opened:	2003	Quality:	Average
Number Of Buildings:	1	Condition:	Above Average
Number Of Stories:	4	Construction Type:	Masonry
Land Area:	---	Gross Building Area:	---

PROPERTY MIX			
Level	Capacity	% Occupancy	Meals
IL	---	---	---
AL	107 units	97%	3 daily
ALZ	---	---	---
SN	---	---	---

LEVEL OF CARE TYPE			
Level	Type	Min	Max
AL	All-inclusive	\$0	---
ALZ - AL	---	---	---
Other	---	---	---

PROJECT AMENITIES

- Activity rooms
- Assistance w/ ADLs
- Dining room - main
- Housekeeping
- Laundry facilities
- Library
- Linen Service
- Lounge areas
- Medications
- Pharmacy
- Postal services
- Reception Area
- Security 24 hour
- Therapy Room

UNIT AMENITIES

- Cable/satellite TV
- Emergency pull-cords
- Fire/smoke detectors

SERVICE PACKAGE

- Water/Sewer
- Cable/Satellite TV
- Electricity
- High Speed Internet
- Housekeeping

ASSISTED LIVING RENTAL ANALYSIS

Unit Type	Fee basis	Min Fee	Max Fee	Community Fee Min	Community Fee Max	Beds	Units	Min Size	Max Size
Semi-Private	Monthly	\$3,280	---	\$0	---	---	---	---	---
Studio	Monthly	\$3,870	---	\$0	---	---	---	---	---

REMARKS: This community is a part of a state program that helps provide affordable senior housing. There is no community fee.



RENTAL COMPARABLE #5

Record ID: 8116304
 Property Type: Independent and Assisted Living Community
 Name: Concord Place
 Address: 401 West Lake Street, Northlake, Cook, IL, 60164
 Verification: staff at 708-365-9251
 With: staff at 708-365-9251
 Management: F & F Realty

BUILDING CHARACTERISTICS			
Year Opened:	1974	Quality:	Average
Number Of Buildings:	1	Condition:	Average
Number Of Stories:	16	Construction Type:	Masonry
Land Area:	8.89 acres	Gross Building Area:	318,181

PROPERTY MIX			
Level	Capacity	% Occupancy	Meals
IL	263 units	90%	0 daily
AL	144 units	100%	3 daily
ALZ	---	---	---
SN	---	---	---

LEVEL OF CARE TYPE			
Level	Type	Min	Max
AL	All-inclusive	---	---
ALZ - AL	---	---	---
Other	---	---	---

PROJECT AMENITIES

- Activity rooms
- Housekeeping
- Spa/Whirlpool
- Assistance w/ ADLs
- Library
- Swimming Pool
- Beauty/barber shop
- Lounge areas
- Theater/Auditorium
- Courtyard
- Medications
- Therapy Room
- Dining room - main
- Postal services
- General store
- Game/billiards rooms
- Reception Area
- Utilities

UNIT AMENITIES

- Cable/satellite TV
- Emergency pull-cords
- Fire/smoke detectors

SERVICE PACKAGE

- Water/Sewer
- High Speed Internet
- Electricity
- Cable/Satellite TV
- Housekeeping

INDEPENDENT LIVING RENTAL ANALYSIS

Unit Type	Fee basis	Min Fee	Max Fee	Community Fee Min	Community Fee Max	Beds	Units	Min Size	Max Size
Studio	Monthly	\$1,200	\$1,650	---	---	202	202	275	---
1-Bedroom	Monthly	\$2,150	---	---	---	51	51	550	---
2-Bedroom	Monthly	---	---	---	---	10	10	550	---

ASSISTED LIVING RENTAL ANALYSIS

Unit Type	Fee basis	Min Fee	Max Fee	Community Fee Min	Community Fee Max	Beds	Units	Min Size	Max Size
Studio	Monthly	\$3,000	---	---	---	124	124	275	---
1-Bedroom	Monthly	\$4,000	---	---	---	16	16	550	---

REMARKS: Concord Place offers independent and assisted living. There are a la carte services that independent living residents can purchase if they are just needing minimal assistance. Supportive assisted living rates are all inclusive of care. There are never any entrance fees.



RENTAL COMPARABLE #6

Record ID: 8115787
Property Type: Continuing Care Retirement Community
Name: Central Baptist Village
Address: 4747 N. Canfield Ave, Norridge, Cook, IL, 60706

Verification:
With: Gail at 708-583-8500

BUILDING CHARACTERISTICS			
Year Opened:	1956	Quality:	Good
Number Of Buildings:	1	Condition:	Average
Number Of Stories:	---	Construction Type:	Masonry
Land Area:	8.76 acres	Gross Building Area:	---

PROPERTY MIX			
Level	Capacity	% Occupancy	Meals
IL	97 units	100%	2 daily
AL	30 beds	100%	3 daily
ALZ	---	---	---
SN	120 beds	90%	3 daily

LEVEL OF CARE TYPE			
Level	Type	Min	Max
AL	All-inclusive	\$0	---
ALZ - AL	---	---	---
Other	---	---	---

PROJECT AMENITIES

- Activity rooms
- Arts & crafts rooms
- Assistance w/ ADLs
- Beauty/barber shop
- Chapel
- Coffee Shop/Deli
- Courtyard
- Dining room - main
- Dining room - private
- Exercise facilities
- Game/billiards rooms
- Housekeeping
- Laundry facilities
- Library
- Linen Service
- Lounge areas
- Medications
- Postal services
- Reception Area
- Scheduled transportation
- Security 24 hour
- Skilled nursing care
- Social activities
- Therapy Room
- Utilities
- Walking/nature trails
- Woodworking shop

UNIT AMENITIES

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

SERVICE PACKAGE

- Water/Sewer
- Electricity
- Housekeeping

INDEPENDENT LIVING RENTAL ANALYSIS

Unit Type	Fee basis	Min Fee	Max Fee	Community Fee Min	Community Fee Max	Beds	Units	Min Size	Max Size
Studio	Monthly	\$2,143	---	\$3,000	---	---	---	350	---
1-Bedroom	Monthly	\$2,887	---	\$3,000	---	---	---	450	550
2-Bedroom	Monthly	\$3,645	---	\$3,000	---	---	---	750	800
Extra Person	Monthly	\$541	---	---	---	---	---	---	---

ASSISTED LIVING RENTAL ANALYSIS

Unit Type	Fee basis	Min Fee	Max Fee	Community Fee Min	Community Fee Max	Beds	Units	Min Size	Max Size
Studio	Monthly	\$5,954	---	\$3,000	---	30	30	251	---



RENTAL COMPARABLE #7

Record ID: 8117576
 Property Type: Assisted Living/Memory Care Residence
 Name: Hartwell Place
 Address: 5520 N Paulina St, Chicago, Cook, IL, 60640

Verification:
 With: Arielle at 773-596-2215

BUILDING CHARACTERISTICS			
Year Opened:	2000	Quality:	Above Average
Number Of Buildings:	1	Condition:	Above Average
Number Of Stories:	4	Construction Type:	Wood Frame
Land Area:	—	Gross Building Area:	—

PROPERTY MIX			
Level	Capacity	% Occupancy	Meals
IL	—	—	—
AL	—	—	—
ALZ	28 beds	100%	3 daily
SN	—	—	—

LEVEL OF CARE TYPE			
Level	Type	Min	Max
AL	—	—	—
ALZ - AL	All-inclusive	—	—
Other	—	—	—

PROJECT AMENITIES

- Activity rooms
- Laundry facilities
- Reception Area
- Assistance w/ ADLs
- Linen Service
- Scheduled transportation
- Beauty/barber shop
- Lounge areas
- Security 24 hour
- Dining room - main
- Medications
- Social activities
- Housekeeping
- Postal services
- Utilities

UNIT AMENITIES

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

SERVICE PACKAGE

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

MEMORY CARE RENTAL ANALYSIS

Unit Type	Fee basis	Min Fee	Max Fee	Community Fee Min	Community Fee Max	Beds	Units	Min Size	Max Size
Studio	Monthly	\$3,530	\$7,370	\$1,000	—	—	—	—	—

REMARKS: Hartwell Place is associated with Covenant Home of Chicago, which is also in the area. Hartwell Place is dedicated to just memory care residents. There are 28 private units and six different size floorplans. The rates vary based on the size of apartment and level of care. Rates are all inclusive of care.



RENTAL COMPARABLE #8

Record ID: 8108491
 Property Type: Assisted Living/Memory Care Residence
 Name: Terra Vista of Oakbrook Terrace
 Address: 1635 S Ardmore Ave, Oakbrook Terrace, DuPage, IL, 60181
 Verification: Ellen at 630-534-0886
 With:
 Management: Terra Vista

BUILDING CHARACTERISTICS			
Year Opened:	2016	Quality:	Excellent
Number Of Buildings:	1	Condition:	Excellent
Number Of Stories:	2	Construction Type:	Wood Frame
Land Area:	---	Gross Building Area:	---

PROPERTY MIX			
Level	Capacity	% Occupancy	Meals
IL	---	---	---
AL	---	---	---
ALZ	103 units	40%	3 daily
SN	---	---	---

LEVEL OF CARE TYPE			
Level	Type	Min	Max
AL	---	---	---
ALZ - AL	All-inclusive	---	---
Other	---	---	---

PROJECT AMENITIES

- Activity rooms
- Assistance w/ ADLs
- Courtyard
- Dining room - main
- Linen Service
- Lounge areas
- Medications
- Reception Area
- Scheduled transportation
- Social activities
- Utilities
- Walking/nature trails
- Wanderer Mgt. System

UNIT AMENITIES

- Cable/satellite TV
- Emergency pull-cords
- Fire/smoke detectors

SERVICE PACKAGE

- Water/Sewer
- Electricity
- Housekeeping

MEMORY CARE RENTAL ANALYSIS

Unit Type	Fee basis	Min Fee	Max Fee	Community Fee Min	Community Fee Max	Beds	Units	Min Size	Max Size
Studio	Monthly	\$6,475	---	\$2,000	---	---	---	---	---

REMARKS: Terra Vista opened in October of 2016 and currently have 41 apartments filled. There is one rate which is all inclusive of care.

Estimates of Market Rent - Seniors Housing

In addition to the base rates, assisted living services are provided via a variety of pricing models, the most common being:

- All-inclusive, whereby all services, including personal care and assistance with activities of daily living, are included in the monthly fee.
- Levels or point systems, where the base rent includes meals, housekeeping, activities, maintenance and security, but assistance with ADLs and personal care are charged based on the health assessment of each resident.
- Ala carte, where the base rent includes meals, housekeeping, activities, maintenance and security, but every need (toileting, incontinence, medication reminders, showers) has a separate charge.

In this market, the comparables report the following systems:

SUMMARY OF CARE PRICING - AL			
Community	Service Type	Min Fee	Max Fee
Proposed Seniors Housing	Levels	--	--
Cantata / The British Home	Levels	\$540	\$1,040
Oak Park Arm	Levels	\$200	\$700
Belmont Village of Oak Park	Levels	\$600	\$1,500
Victory Center of River Woods	All-inclusive	\$0	\$0
Concord Place	All-inclusive	--	--
Central Baptist Village	All-inclusive	--	--

SUMMARY OF CARE PRICING - MC			
Community	Service Type	Min Fee	Max Fee
Proposed Seniors Housing	All-inclusive	--	--
Belmont Village of Oak Park	All-inclusive	--	--
Hartwell Place	All-inclusive	--	--
Terra Vista of Oakbrook Terrace	All-inclusive	--	--

We note the subject will be a good quality property, with a good location and good amenities. We have surveyed properties located in and near the PMA to gain a better understanding of market rents. We have further compared the subject to the market on the basis of many characteristics. A summary of our adjustments include:

Quality/Condition: Adjustments were made to comparables for inferior quality and condition. All of the properties range from good to average quality and condition. Upwards adjustments have been made to those deemed inferior relative to the subject.

Unit Type: Based on the variance in base rate between unit types at each comp, we have made a market adjustment similar to the range for those properties not offering both unit types.

Location: We have made upward adjustments to those properties deemed to have inferior locations and downward adjustments to those with better locations.

Amenities: Amenities at the comparables range from average to good. As the subject will offer good amenities, those deemed inferior have been adjusted upwards:

INDEPENDENT LIVING MARKET SUMMARY					
	Reconciled	Average	Median	Mode	Street Rate Range*
	0	\$2,500	#N/A	#N/A	#N/A
	0	\$3,000	#N/A	#N/A	#N/A
	0	\$3,500	#N/A	#N/A	#N/A
ASSISTED LIVING MARKET SUMMARY					
	Reconciled	Average	Median	Mode	Street Rate Range*
Studio	\$4,500	\$4,236	\$4,053	--	\$3,000 - \$5,954
1-Bedroom	\$5,400	\$4,734	\$4,680	--	\$4,000 - \$5,500
2-Bedroom	\$6,000	\$7,720	\$7,720	--	\$5,439 - \$10,000
MEMORY CARE MARKET SUMMARY					
	Reconciled	Average	Median	Mode	Street Rate Range*
Studio	\$6,800	\$6,655	\$6,900	--	\$3,530 - \$9,000
Semi-Private	\$5,600	--	--	--	N/A

Source: HealthTrust LLC; *Unadjusted Market Range

Therefore, we have made comparisons to the competitive supply relative to the subject property for each unit type. Adjustments were made on the following basis:

INDEPENDENT LIVING RENTAL ADJUSTMENT GRID													
Property City, State	Subject Chicago, Illinois	Camtata / The British Home Brookfield, IL			Oak Park, IL			Concord Place Northlake, IL			Central Baptist Village Norridge, IL		
Characteristic	Studio	1-Bedroom	Adjustment	Studio	Adjustment	Studio	Adjustment	Studio	Adjustment	Studio	Adjustment	Studio	Adjustment
Unit Type	3/8/2018	3/8/2018	\$0	3/8/2018	\$0	3/8/2018	\$0	3/8/2018	\$0	3/8/2018	\$0	3/8/2018	\$0
Effective Date	Excellent	Above Average	\$100	Average	\$150	Average	\$150	Average	\$150	Good	\$50	Good	\$50
Quality	Excellent	Above Average	\$100	Average	\$150	Average	\$150	Average	\$150	Average	\$150	Average	\$150
Condition	Average	Average	\$0	Average	\$0	Average	\$0	Average	\$0	Average	\$0	Average	\$0
Location	2018	1920	\$0	1978	\$0	1978	\$0	1974	\$0	1956	\$0	1956	\$0
Year Built	Average	Average	\$0	Average	\$0	Average	\$0	Average	\$0	Average	\$0	Average	\$0
Amenities	3	0	\$200	2	\$100	2	\$100	0	\$200	2	\$100	2	\$100
Service Package	Yes	Yes		Yes		Yes		Yes		Yes		Yes	
Water/Sewer	Yes	Yes		Yes		Yes		Yes		Yes		Yes	
Cable/Satellite TV	Yes	Yes		Yes		Yes		Yes		Yes		Yes	
Electricity	Yes	Yes		Yes		Yes		Yes		Yes		Yes	
Phone	No	No		No		No		No		No		No	
High Speed Internet	Yes	No		Yes		Yes		Yes		Yes		Yes	
Housekeeping	Yes	Yes		Yes		Yes		Yes		Yes		Yes	
Total Service Package	-	465	-\$200	300	\$0	300	\$0	275	\$100	350	\$0	350	\$0
Unit Size	Independent Living	Independent Living	-\$200	Independent Living	\$0	Independent Living	\$0	Independent Living	\$0	Independent Living	\$0	Independent Living	\$0
Service Type	No	No	\$0	No	\$0	No	\$0	No	\$0	No	\$0	No	\$0
Concessions	Studio	1-Bedroom	-\$500	Studio	\$0	Studio	\$0	Studio	\$600	Studio	\$0	Studio	\$0
Unit Type			-\$300		\$400		\$400		\$600		\$0		\$300
Net Adjustment													
Average Asking Rate			\$2,850	\$1,830	\$1,425	\$1,425	\$2,143	\$2,143	\$2,443	\$2,143	\$2,143	\$2,143	\$2,143
Adjusted Rate			\$3,550	\$2,230	\$2,025	\$2,025	\$2,443	\$2,443	\$2,443	\$2,443	\$2,443	\$2,443	\$2,443
Characteristic	1-Bedroom	1-Bedroom	Adjustment	1-Bedroom	Adjustment	1-Bedroom	Adjustment	1-Bedroom	Adjustment	1-Bedroom	Adjustment	1-Bedroom	Adjustment
Unit Type	3/8/2018	3/8/2018	\$0	3/8/2018	\$0	3/8/2018	\$0	3/8/2018	\$0	3/8/2018	\$0	3/8/2018	\$0
Effective Date	Excellent	Above Average	\$100	Average	\$150	Average	\$150	Average	\$150	Good	\$50	Good	\$50
Quality	Excellent	Above Average	\$100	Average	\$150	Average	\$150	Average	\$150	Average	\$150	Average	\$150
Condition	Average	Average	\$0	Average	\$0	Average	\$0	Average	\$0	Average	\$0	Average	\$0
Location	2018	1920	\$0	1978	\$0	1978	\$0	1974	\$0	1956	\$0	1956	\$0
Year Built	Average	Average	\$0	Average	\$0	Average	\$0	Average	\$0	Average	\$0	Average	\$0
Amenities	3	0	\$200	2	\$100	2	\$100	0	\$200	2	\$100	2	\$100
Service Package	Yes	Yes		Yes		Yes		Yes		Yes		Yes	
Water/Sewer	Yes	Yes		Yes		Yes		Yes		Yes		Yes	
Cable/Satellite TV	Yes	Yes		Yes		Yes		Yes		Yes		Yes	
Electricity	Yes	Yes		Yes		Yes		Yes		Yes		Yes	
Phone	No	No		No		No		No		No		No	
High Speed Internet	Yes	No		Yes		Yes		Yes		Yes		Yes	
Housekeeping	Yes	Yes		Yes		Yes		Yes		Yes		Yes	
Total Service Package	-	465	\$0	450	\$0	450	\$0	550	\$0	450-550	\$0	450-550	\$0
Unit Size	1-Bedroom	1-Bedroom	\$0	1-Bedroom	\$0	1-Bedroom	\$0	1-Bedroom	\$0	1-Bedroom	\$0	1-Bedroom	\$0
Service Type	Independent Living	Independent Living	\$0	Independent Living	\$0	Independent Living	\$0	Independent Living	\$0	Independent Living	\$0	Independent Living	\$0
Concessions	No	No	\$400	No	\$400	No	\$400	No	\$500	No	\$500	No	\$500
Net Adjustment													
Average Asking Rate			\$2,850	\$2,305	\$2,150	\$2,150	\$2,887	\$2,887	\$2,650	\$2,887	\$2,887	\$2,887	\$2,887
Adjusted Rate			\$3,250	\$2,705	\$2,650	\$2,650	\$3,187	\$3,187	\$3,187	\$3,187	\$3,187	\$3,187	\$3,187

INDEPENDENT LIVING RENTAL ADJUSTMENT GRID (CONT.)											
Property	Subject	Cantata / The British Home			Oak Park Arm			Concord Place		Central Baptist Village	
City, State	Chicago, Illinois	Brookfield, IL			Oak Park, IL			Northlake, IL		NorrIDGE, IL	
Characteristic	2-Bedroom	2-Bedroom	2-Bedroom	2-Bedroom	2-Bedroom	2-Bedroom	1-Bedroom	2-Bedroom	2-Bedroom	Adjustment	Adjustment
Unit Type	3/8/2018	3/8/2018	Above Average	Average	Average	Average	Average	3/8/2018	Good	\$0	\$0
Effective Date	Excellent	Above Average	Above Average	\$100	\$150	\$150	\$150	Average	Average	\$150	\$50
Quality	Excellent	Average	Average	\$0	\$0	\$0	\$0	Average	Average	\$150	\$150
Condition	Average	1920	1978	\$0	\$0	\$0	1974	Average	Average	\$0	\$0
Location	2018	Average	Average	\$0	\$0	\$0	Average	Average	Average	\$0	\$0
Year Built	Average			\$0	\$0	\$0				\$0	\$0
Amenities				\$0	\$0	\$0				\$0	\$0
Service Package				\$0	\$0	\$0				\$0	\$0
Meals	3	0	2	\$200	\$100	\$100	0	2	2	\$200	\$100
Water/Sewer	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Cable/Satellite TV	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No
Electricity	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Phone	No	Yes	No	Yes	No	No	No	No	No	No	No
High Speed Internet	Yes	No	Yes	No	Yes	Yes	Yes	Yes	No	No	No
Housekeeping	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Total Service Package				\$0	\$0	\$0				\$0	\$0
Unit Size		585	550	\$0	\$0	\$0	550	750 - 800	750 - 800	\$0	\$0
Unit Type	2-Bedroom	2-Bedroom	2-Bedroom	\$0	\$0	\$0	1-Bedroom	2-Bedroom	2-Bedroom	\$0	\$0
Service Type	Independent Living	Independent Living	Independent Living	\$0	\$0	\$0	Independent Living	Independent Living	Independent Living	\$0	\$0
Concessions	No	No	No	\$0	\$0	\$0	No	No	No	\$0	\$0
Net Adjustment		\$400	\$400	\$400	\$400	\$400		\$1,000	\$300	\$0	\$300
Average Asking Rate		\$3,250	\$2,605	\$2,150	\$2,605	\$2,150	\$2,150	\$3,645	\$3,645	\$3,645	\$3,945
Adjusted Rate		\$3,650	\$3,005	\$2,550	\$3,005	\$2,550	\$2,550	\$3,645	\$3,645	\$3,645	\$3,945

		ASSISTED LIVING RENTAL ADJUSTMENT GRID									
Property		Oak Park, IL		Oak Park, IL		Oak Park, IL		Oak Park, IL		Oak Park, IL	
City, State		Chicago, Illinois		Cantara / The Irish Home Brookfield, IL		Belmont Village of Oak Park		Victory Center of River Woods Melrose Park, IL		Concord Place Northlake, IL	
Subject		Studio		Studio		Studio		Studio		Studio	
Characteristic		3/8/2018		3/8/2018		3/8/2018		3/8/2018		3/8/2018	
Unit Type	Studio	3	3	3	3	3	3	3	3	3	3
Effective Date	3/8/2018	3/8/2018	3/8/2018	3/8/2018	3/8/2018	3/8/2018	3/8/2018	3/8/2018	3/8/2018	3/8/2018	3/8/2018
Quality	Excellent	Above Average	Above Average	Above Average	Good	Good	Good	Average	Average	Good	Good
Condition	Excellent	\$100	\$100	\$150	\$150	\$150	\$150	\$100	\$100	\$150	\$150
Location	Average	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Year Built	2018	1970	1970	2004	2004	2004	2003	2003	1974	1956	1956
Amenities	Average	\$0	\$0	\$0	Average	Average	Average	Average	Average	Average	Average
Service Package											
Meals	3	3	3	3	3	3	3	3	3	3	3
Water/Sewer	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Cable/Satellite TV	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Electricity	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Phone	No	Yes	No	No	No	No	No	No	No	No	No
High Speed Internet	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Housekeeping	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Total Service Package											
Unit Size	350 - 500	326 - 376	326 - 376	326 - 376	326 - 376	326 - 376	326 - 376	326 - 376	326 - 376	326 - 376	326 - 376
Unit Type	Studio	Studio	Studio	Studio	Studio	Studio	Studio	Studio	Studio	Studio	Studio
Level of Care	Levels	Levels	Levels	Levels	Levels	Levels	Levels	Levels	Levels	Levels	Levels
Service Type	Assisted Living	Assisted Living	Assisted Living	Assisted Living	Assisted Living	Assisted Living	Assisted Living	Assisted Living	Assisted Living	Assisted Living	Assisted Living
State Subsidies	No	No	No	No	No	No	No	No	No	No	No
Net Adjustment		\$200	\$200	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300
Average Asking Rate		\$4,587	\$4,787	\$4,970	\$4,270	\$3,950	\$3,870	\$4,120	\$3,000	\$5,954	\$5,154
Adjusted Rate		\$4,787	\$4,787	\$4,270	\$4,270	\$4,050	\$4,120	\$4,120	\$3,300	\$5,154	\$5,154
Unit Type	1-Bedroom	1-Bedroom	1-Bedroom	1-Bedroom	1-Bedroom	1-Bedroom	1-Bedroom	1-Bedroom	1-Bedroom	1-Bedroom	1-Bedroom
Effective Date	3/8/2018	3/8/2018	3/8/2018	3/8/2018	3/8/2018	3/8/2018	3/8/2018	3/8/2018	3/8/2018	3/8/2018	3/8/2018
Quality	Excellent	Above Average	Above Average	Above Average	Good	Good	Good	Average	Average	Good	Good
Condition	Excellent	\$100	\$100	\$150	\$150	\$150	\$150	\$100	\$100	\$150	\$150
Location	Average	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Year Built	2018	1970	1978	2004	2004	2004	2003	2003	1974	1956	1956
Amenities	Average	\$0	\$0	\$0	Average	Average	Average	Average	Average	Average	Average
Service Package											
Meals	3	3	3	3	3	3	3	3	3	3	3
Water/Sewer	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Cable/Satellite TV	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Electricity	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Phone	No	Yes	No	No	No	No	No	No	No	No	No
High Speed Internet	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Housekeeping	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Total Service Package											
Unit Size	450 - 650	420 - 420	420 - 420	420 - 420	420 - 420	420 - 420	420 - 420	420 - 420	420 - 420	420 - 420	420 - 420
Unit Type	1-Bedroom	1-Bedroom	1-Bedroom	1-Bedroom	1-Bedroom	1-Bedroom	1-Bedroom	1-Bedroom	1-Bedroom	1-Bedroom	1-Bedroom
Level of Care	Levels	Levels	Levels	Levels	Levels	Levels	Levels	Levels	Levels	Levels	Levels
Service Type	Assisted Living	Assisted Living	Assisted Living	Assisted Living	Assisted Living	Assisted Living	Assisted Living	Assisted Living	Assisted Living	Assisted Living	Assisted Living
State Subsidies	No	No	No	No	No	No	No	No	No	No	No
Net Adjustment		\$200	\$200	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300
Average Asking Rate		\$4,965	\$5,165	\$4,603	\$4,903	\$5,500	\$3,870	\$4,620	\$4,300	\$5,954	\$5,654
Adjusted Rate		\$5,165	\$5,165	\$4,903	\$4,903	\$5,600	\$4,620	\$4,620	\$4,300	\$5,654	\$5,654

Property		ASSISTED LIVING RENTAL ADJUSTMENT GRID (CONT.)													
City, State		Oak Park, IL		Oak Park, IL		Oak Park, IL		Oak Park, IL		Oak Park, IL		Northlake, IL		Northlake, IL	
Subject		Brookfield, IL		Oak Park, IL		Oak Park, IL		Oak Park, IL		Oak Park, IL		Northlake, IL		Northlake, IL	
Characteristic		Cantata / The British Home		Oak Park, IL		Oak Park, IL		Oak Park, IL		Oak Park, IL		Northlake, IL		Northlake, IL	
Unit Type		2-Bedroom		1-Bedroom		2-Bedroom		2-Bedroom		2-Bedroom		1-Bedroom		Studio	
Effective Date		3/8/2018		3/8/2018		3/8/2018		3/8/2018		3/8/2018		3/8/2018		3/8/2018	
Quality		Above Average		Average		Good		Above Average		Average		Average		Good	
Condition		Excellent		Average		Average		Above Average		Average		Average		Average	
Location		1920		1978		2004		2003		2003		1974		1956	
Year Built		Average		Average		Average		Average		Average		Average		Average	
Amenities		Average		Average		Average		Average		Average		Average		Average	
Service Package		Average		Average		Average		Average		Average		Average		Average	
Meals		3		3		3		3		3		3		3	
Water/Sewer		Yes		Yes		Yes		Yes		Yes		Yes		Yes	
Cable/Satellite TV		Yes		Yes		No		Yes		Yes		Yes		No	
Electricity		Yes		Yes		Yes		Yes		Yes		Yes		Yes	
Phone		Yes		No		No		No		No		No		No	
High Speed Internet		Yes		Yes		Yes		Yes		Yes		Yes		Yes	
Housekeeping		Yes		Yes		Yes		Yes		Yes		Yes		Yes	
Total Service Package		N/A		N/A		N/A		N/A		N/A		N/A		N/A	
Unit Size		600 - 800		600 - 800		600 - 800		600 - 800		600 - 800		600 - 800		600 - 800	
Unit Type		2-Bedroom		1-Bedroom		2-Bedroom		2-Bedroom		2-Bedroom		1-Bedroom		Studio	
Level of Care		Levelk		Levels		Levelk		Levelk		Levelk		All-Inclusive		Studio	
Service Type		Assisted Living		Assisted Living		Assisted Living		Assisted Living		Assisted Living		Assisted Living		All-Inclusive	
Concessions		No		No		No		No		No		No		No	
Net Adjustment		\$200		\$4,603		\$800		\$100		\$1,250		-\$1,000		\$0	
Average Asking Rate		\$5,439		\$5,403		\$800		\$100		\$1,250		-\$1,000		\$0	
Adjusted Rate		\$5,639		\$5,403		\$800		\$100		\$1,250		-\$1,000		\$0	

MEMORY CARE RENTAL ADJUSTMENT GRID						
Property	Subject	Belmont Village of Oak Park Oak Park, IL	Hartwell Place Chicago, IL	Terra Vista of Oakbrook Terrace Oakbrook Terrace, IL		
City, State	Chicago, Illinois					
Characteristic						
Unit Type	Studio	Studio	Studio	Studio	Studio	Studio
Effective Date	3/8/2018	3/8/2018	3/8/2018	3/8/2018	3/8/2018	3/8/2018
Quality	Excellent	Excellent	Above Average	Above Average	Excellent	Excellent
Condition	Excellent	Excellent	Above Average	Above Average	Excellent	Excellent
Location	Average	Average	0	0	0	Average
Year Built	2018	2004	2000	2000	2016	2016
Amenities	Average	Average	0	0	0	0
Total Service Package						
Unit Size	250 - 500	N/A	N/A	N/A	N/A	N/A
Unit Type	Studio	Studio	Studio	Studio	Studio	Studio
Level of Care	All-inclusive	All-inclusive	All-inclusive	All-inclusive	All-inclusive	All-inclusive
Service Type	Memory Care	Memory Care	Memory Care	Memory Care	Memory Care	Memory Care
Concessions	No	No	No	No	No	No
Net Adjustment						
Average Asking Rate		\$7,950	\$5,450	\$5,450	\$6,475	\$6,475
Adjusted Rate		\$7,950	\$5,650	\$5,650	\$6,475	\$6,475
Property						
City, State	Chicago, Illinois	Belmont Village of Oak Park Oak Park, IL	Hartwell Place Chicago, IL	Terra Vista of Oakbrook Terrace Oakbrook Terrace, IL		
Characteristic						
Unit Type	Semi-Private	Studio	Studio	Studio	Studio	Studio
Effective Date	3/8/2018	3/8/2018	3/8/2018	3/8/2018	3/8/2018	3/8/2018
Quality	Excellent	Good	Above Average	Above Average	Excellent	Excellent
Condition	Excellent	Good	Above Average	Above Average	Excellent	Excellent
Location	Average	Average	0	0	0	Average
Year Built	2018	2004	2000	2000	2016	2016
Amenities	Average	Average	0	0	0	0
Total Service Package						
Unit Type	Semi-Private	Studio	Studio	Studio	Studio	Studio
Level of Care	All-inclusive	All-inclusive	All-inclusive	All-inclusive	All-inclusive	All-inclusive
Service Type	Memory Care	Memory Care	Memory Care	Memory Care	Memory Care	Memory Care
Concessions	No	No	No	No	No	No
Net Adjustment						
Average Asking Rate		\$7,950	\$5,450	\$5,450	\$6,475	\$6,475
Adjusted Rate		\$6,450	\$4,150	\$4,150	\$4,975	\$4,975

SUMMARY OF ADJUSTED RATES							
Assisted Living							
Unit Type	Range	Average	Avg Adjustment	Median	Lower Quartile	Upper Quartile	Reconciled Rate
Studio	\$3,300 - \$5,154	\$4,280	1%	\$4,195	\$4,068	\$4,657	\$4,500
1-Bedroom	\$4,300 - \$5,654	\$5,040	5%	\$5,034	\$4,691	\$5,491	\$5,400
2-Bedroom	\$4,800 - \$10,100	\$6,203	10%	\$5,521	\$5,191	\$6,025	\$6,000
Memory Care							
Unit Type	Range	Average	Avg Adjustment	Median	Lower Quartile	Upper Quartile	Reconciled Rate
Studio	\$5,650 - \$7,950	\$6,692	1%	\$6,475	\$6,063	\$7,213	\$6,800
Semi-Private	\$4,150 - \$6,450	\$5,192	-22%	\$4,975	\$4,563	\$5,713	\$5,600

As the subject will be the newest property in the market, with good amenities, we have reconciled rates towards the upper quartile of the adjusted range. As most communities offer care thorough a number of levels, we expect the subject to offer care based on a similar pricing system for AL and MC.

Stabilized Occupancy

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

OCCUPANCY ANALYSIS		
Property	AL	ALZ
Proposed Seniors Housing	0%	0%
Cantata / The British Home	77%	--
Oak Park Arm	91%	--
Belmont Village of Oak Park	90%	90%
Victory Center of River Woods	97%	--
Concord Place	100%	--
Central Baptist Village	100%	--
Hartwell Place	--	100%
Terra Vista of Oakbrook Terrace	--	40%
Median	91%	65%
Average	93%	63%
Mode	100%	--
Range	0% - 100%	0% - 100%
PMA Average Occupancy	95%	90%

The average market occupancy is at 90-100% and expected to remain generally at or above 90%, we have estimated a stabilized occupancy level for the subject of approximately 92% for IL and AL and MC, reconciling between market indications and current occupancy. Additionally, we have reconciled to an occupancy slightly lower than the current market average as the addition of supply is expected to lower the occupancy rate. However, a new, good quality community will should outperform the market average in the future.

Absorption

For the purposes of this discussion, we have defined absorption as the move-in rate (net number of units filled divided by the number of months open) at which a property fills to stabilized occupancy. Below is a chart of median move-in rates by selected markets as published by NIC MAP data as follows:

MEDIAN MOVE-IN RATES BY MSA									
Market	IL	AL	MC	SNF	Market	IL	AL	MC	SNF
All 31 MSAs	5.1	2.2	1.2	5.3	New York	3.3	1.5	--	7.4
Atlanta	5.1	3.4	2.7	--	Orlando	--	--	--	--
Baltimore	7.5	--	--	5.9	Philadelphia	5.8	2.8	0.8	--
Boston	4.7	3.2	1.1	2.8	Phoenix	22.3	2.0	1.1	--
Chicago	2.2	7.2	2.0	5.3	Pittsburgh	--	--	--	--
Cincinnati	--	4.0	1.9	5.2	Portland	4.1	0.7	0.4	--
Cleveland	4.9	1.6	4.3	3.2	Riverside	4.6	--	0.5	--
Dallas	6.6	2.1	1.7	7.1	Sacramento	--	2.2	0.9	--
Denver	4.0	1.5	6.0	2.6	St. Louis	10.0	1.2	--	2.9
Detroit	4.7	1.9	1.1	2.4	San Antonio	--	5.0	--	5.5
Houston	4.6	--	1.6	8.4	San Diego	--	--	--	--
Kansas City	8.6	2.3	0.6	1.5	San Francisco	--	2.4	--	--
Las Vegas	--	--	--	--	San Jose	--	2.6	2.5	--
Los Angeles	--	--	1.1	3.7	Seattle	4.0	1.5	0.8	3.1
Miami	6.9	--	--	--	Tampa	--	6.0	--	33.0
Minneapolis	4.1	2.9	1.4	--	Washington DC	107.5	2.2	--	--
Median	11.0	2.7	1.7	6.2					
Average	4.9	2.2	1.2	5.2					
Mode	4	2.2	N/A	N/A					
Range	2.2 - 107.5	0.7 - 7.2	0.4 - 6	1.5 - 33					

Source: NIC MAP

We have also outlined recently opened properties in Illinois below:

ABSORPTION COMPS						
Property	Open Date	Occupancy	IL	AL	MC	SNF
Clarendale, Algonquin IL	Sep-16	70%	5.2	3.8	3.7	0.0
Green Oaks, Libertyville IL	Aug-17	25%	9.4	4.0	2.3	0.0
Park Place, Elmhurst IL	Sep-12	77%	5.9	1.7	1.0	1.8
Terra Vista, Oakbrook Terrace IL	Oct-16	40%	0.0	0.0	2.4	0.0

Source: HealthTrust, LLC

The independent living absorption comparables we found are high compared to what is typically seen in the market. As a result, we expect the subject to fill at a rate of about 4 units per month, which is lower than the range of the comparables. Green Oaks is the most recent to open and Park Place is the closest to the subject, there for we have place the most weight on these two for AL and MC move in rate. Accordingly, we have estimated a move-in rate of about 3 units per month for assisted living and 2 units per month for memory care. We find that our indicated lease-up is consistent with the properties outlined above, falling within the comparable range with the exception of independent living. Our projections are summarized as follows:

ABSORPTION ANALYSIS								
		Net Move-Ins			Occupied			
	Period	AL	MC	Total	AL	MC	Total	
Year 1	Inspection				0.0	0.0	0.0	
	Mar-18				4.0	2.0	6.0	
	Apr-18	8.0	4.0	12.0	11.0	5.5	16.5	
	May-18	6.0	3.0	9.0	17.0	8.5	25.5	
	Jun-18	6.0	3.0	9.0	22.5	11.5	34.0	
	Jul-18	5.0	3.0	8.0	27.5	14.5	42.0	
	Aug-18	5.0	3.0	8.0	32.5	17.5	50.0	
	Sep-18	4.0	2.0	6.0	37.0	20.0	57.0	
	Oct-18	4.0	2.0	6.0	41.0	22.0	63.0	
	Nov-18	4.0	2.0	6.0	45.0	24.0	69.0	
	Dec-18	4.0	2.0	6.0	49.0	26.0	75.0	
	Jan-19	3.0	1.0	4.0	52.5	27.5	80.0	
	Feb-19	3.0	1.0	4.0	55.5	28.5	84.0	
		Annual Avg. Avg Occupancy				32.7	17.2	50.0
	Total RD				11,948	6,286	18,234	
Year 2	Mar-19	3.0	1.0	4.0	58.5	29.5	88.0	
	Apr-19	3.0	1.0	4.0	61.5	30.5	92.0	
	May-19	3.0	1.0	4.0	64.5	31.5	96.0	
	Jun-19	2.0	1.0	3.0	67.0	32.5	99.5	
	Jul-19	2.0	0.3	2.3	69.0	33.2	102.2	
	Aug-19	2.0	0.0	2.0	71.0	33.3	104.3	
	Sep-19	2.0	0.0	2.0	73.0	33.3	106.3	
	Oct-19	2.0	0.0	2.0	75.0	33.3	108.3	
	Nov-19	2.0	0.0	2.0	77.0	33.3	110.3	
	Dec-19	1.0	0.0	1.0	78.5	33.3	111.8	
	Jan-20	1.0	0.0	1.0	79.5	33.3	112.8	
	Feb-20	1.0	0.0	1.0	80.5	33.3	113.8	
		Annual Avg. Avg Occupancy				71.2	32.5	103.8
		Total RD				25,985	11,868	37,853
Year 3	Mar-20	1.0	0.0	1.0	81.5	33.3	114.8	
	Apr-20	1.0	0.0	1.0	82.5	33.3	115.8	
	May-20	1.0	0.0	1.0	83.5	33.3	116.8	
	Jun-20	0.6	0.0	0.6	84.3	33.3	117.6	
	Jul-20	0.0	0.0	0.0	84.6	33.3	117.9	
	Aug-20	0.0	0.0	0.0	84.6	33.3	117.9	
	Sep-20	0.0	0.0	0.0	84.6	33.3	117.9	
	Oct-20	0.0	0.0	0.0	84.6	33.3	117.9	
	Nov-20	0.0	0.0	0.0	84.6	33.3	117.9	
	Dec-20	0.0	0.0	0.0	84.6	33.3	117.9	
	Jan-21	0.0	0.0	0.0	84.6	33.3	117.9	
	Feb-21	0.0	0.0	0.0	84.6	33.3	117.9	
		Annual Avg. Avg Occupancy				84.1	33.3	117.4
		Total RD				30,687	12,155	42,842

Source: HealthTrust, LLC

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

SUMMARY OF REVENUE PROJECTIONS						
		Year:	1	2	3	Stabilized
	No. Units/Beds	Monthly Rent				
AL Revenues						
Studio	13	\$4,500	\$702,000	\$719,550	\$737,539	\$702,000
1-Bedroom	69	\$5,400	\$4,471,200	\$4,582,980	\$4,697,555	\$4,471,200
2-Bedroom	10	\$6,000	\$720,000	\$738,000	\$756,450	\$720,000
Total Potential AL Base Fee Income	92		\$5,893,200	\$6,040,530	\$6,191,543	\$5,893,200
Less AL Vacancy	@		64.42%	22.62%	8.61%	8.00%
			-\$3,796,446	-\$1,366,225	-\$533,395	-\$471,456
Lifecare Utilization Discount			\$0	\$0	\$0	\$0
Effective Gross AL Base Fee Income			\$2,096,754	\$4,674,305	\$5,658,149	\$5,421,744
MC Revenues						
Studio	29	\$6,800	\$2,366,400	\$2,425,560	\$2,486,199	\$2,366,400
Semi-Private	8	\$5,600	\$537,600	\$551,040	\$564,816	\$537,600
Total Potential MC Fee Income	37		\$2,904,000	\$2,976,600	\$3,051,015	\$2,904,000
Less MC Vacancy	@		53.45%	12.12%	10.00%	10.00%
			-\$1,552,312	-\$360,752	-\$305,102	-\$290,400
Effective Gross MC Fee Income			\$1,351,688	\$2,615,848	\$2,745,914	\$2,613,600

Source: HealthTrust, LLC

Conclusion

Based on our finding, we conclude that there is ample demand to warrant development of the subject. Overall occupancy in the PMA is 95% for all levels of care. The IL, AL, and MC markets are all Type IV market and are under bedded according to our penetration analysis. Specifically, based on our reconciled market capture rate, the PMA suggests current unsatisfied demand of 128 units for IL, 114 units for AL and 33 units for MC as of the date of this report.



TO: Lee Winter
Kaufman Jacobs

FROM: Mike Hoffman, AICP, PLA, Vice-President

DATE: July 3, 2018

RE: **Senior Lifestyle River Forest Assisted Living Facility
Economic Analysis - Updated¹**

Teska Associates, Inc. was asked by Kaufman Jacobs to evaluate the economic impact of a proposed senior housing development for an approximate 1.45-acre site on the northwest corner of Harlem Avenue and Chicago Avenue in River Forest, IL. The proposed four-story building consists of 33 memory support units (37 beds) and 92 assisted living units (99 beds) for a total of 125 units (136 beds). Support facilities including dining, administration, and entertainment are located on the ground floor, with the residential units on the upper stories. Our evaluation includes projected tax revenues to the Village of River Forest and other affected taxing bodies and projected expenses to the Village of River Forest.

Teska Associates, Inc. has utilized data and information as provided by Kaufman and Jacobs and Senior Lifestyle to reach our conclusions. Our analysis has concluded that the Village of River Forest and the other affected taxing districts will receive significant additional property tax revenue because of the proposed project compared with the annual revenue provided by the current bank and single-family homes on the property.

Project Schedule

The project is anticipated to begin construction in March 2019 and take approximately 14 months to complete. The project is anticipated to be constructed in one phase and be fully leased (95%) within 24 months.

Population Estimate

The project will have a total of 136 beds. Assuming a stabilized occupancy of 95% based on total beds, we estimate a more realistic number of residents at 129. The proposed senior housing development contains 125 total units, with a mixture of accommodations as noted in the table on the following page. No school-aged children will be generated by the proposed senior housing development.

¹ This Assessment is updated from an earlier 5/23/2018 analysis to reflect an updated site plan

Unit Mix

	Beds	Units
Memory Support (studio)	29	29
Memory Support (Shared)	8	4
Assisted Living (studio)	16	16
Assisted Living (1 bedroom)	69	69
Assisted Living (2 bedroom)	14	7
Total	136	125

Source: OKW Ground Floor Site Plan – 6/28/2018

Comparable Developments

Several comparable local senior developments were examined to determine an estimated Equalized Assessed Value (EAV) for the proposed development. The EAV is used to calculate property taxes. In simple terms, it is the product of the market value (as determined by the assessor) x the assessment rate (10% for multi-family residential development in Cook County) x the County equalization factor (2.9627 in 2017). The following table illustrates actual current EAV for comparable developments. It should be noted that there are not many newer senior housing developments in the area for comparison, and as can be seen from the table – the range of values these properties are assessed at is highly variable. Given this variability, average values have been used in the analysis.

Comparable Properties

Name	Land Area	Land EAV	Land EAV \$/sf	Building Area	Building EAV	Building EAV \$/sf
Victory Center of River Woods (Melrose Park – Opened 2003)	48,524	\$179,703	\$ 3.70	70,640	\$593,512	\$ 8.40
Belmont Village (Oak Park – Opened 2004)	27,072	\$72,183	\$ 2.67	85,300	\$ 1,382,470	\$16.21
Northshore Place (Northbrook – Opened 2014)	315,870	\$1,029,411	\$ 3.26	175,450	\$ 7,416,773	\$42.27
Average			\$3.21			\$22.29

Source: Cook County Assessor – 2017 Board Certified Values

Project Valuation

We have taken two approaches to estimate the property value, and resulting property taxes, that will result from this development. The first approach is based on the assessments of comparable senior housing developments in the area as provided above. Project details were provided utilizing the Site Plan prepared by OKW Architects and dated 6/28/18. The proposed four-story, 125-unit senior housing

development is estimated to have an equalized assessed value of approximately \$ 2,802,000 (rounded) based on comparable properties, as shown in the following table.

Comparable Property-Based EAV Estimate

Category	Area (sq. ft.)	EAV/sq.ft.	Projected EAV
Land	63,070	\$3.21	\$ 202,455
Building	116,640	\$22.29	\$ 2,599,906
Total			\$ 2,802,361

In our opinion, this comparable property approach produces a very conservative estimate for projected EAV. Newer construction tends to have a higher value per square foot than older properties. The most recent comparable noted above was completed in 2014 – and has an EAV for the building of more than \$25 per square foot than any of the other comparable developments. While the above estimate uses an average of the three comparable properties, we would anticipate the actual value being on the high side of the range – particularly in the first 5 to 10 years after construction.

If we were to use the estimated construction cost, the EAV estimated would be \$9,883,591. This assumes a construction cost of \$247 per square foot and a land cost of \$4,000,000.

Since this construction cost approach produces an EAV estimated which far exceeds any of the comparable properties, we used an average of the two methods for our assumed EAV upon projection completion and occupancy of \$6,343,000 as summarized in the following table.

The proposed development is to be constructed on property that has been the home of a TCF bank and three adjacent single-family homes along Harlem Avenue. The following table summarizes the values of the existing property. The combined EAV is \$1,028,445. The estimated EAV of the proposed senior housing development would generate an estimated additional \$5,314,555 in EAV, over six times the existing value.	Average of Construction Cost and Comparable Properties Approaches	EAV at Project Occupancy
	Comparable Properties Generated EAV	\$ 2,802,361
	Construction Cost Estimated EAV	\$ 9,883,591
	Average (rounded)	\$ 6,343,000

Existing Property EAV and Taxes

Lot #	Address	PIN	Land Area	2017 Equalized Assessed Value	2016 Property Tax Paid
TCF1	800 N. Harlem Ave.	15-01-418-021-0000	8,535	\$ 257,651	\$ 29,130
TCF2	806 N. Harlem Ave.	15-01-418-020-0000	8,535	\$ 183,190	\$ 20,332
TCF3	810 N. Harlem Ave.	15-01-418-019-0000	9,200	\$ 146,775	\$ 15,543
TCF4	814 N. Harlem Ave.	15-01-418-018-0000	9,200	\$ 153,059	\$ 16,221
R1	818 N. Harlem Ave.	15-01-418-017-0000	9,200	\$ 86,238	\$ 6,892
R2	822 N. Harlem Ave.	15-01-418-016-0000	9,200	\$ 76,784	\$ 8,011
R3	826 N. Harlem Ave.	15-01-418-015-0000	9,200	\$ 124,747	\$ 11,960
TOTAL			63,070	\$ 1,028,445	\$ 108,089

Property Taxes

The current parcels generate approximately \$102,000 in annual property taxes to all taxing bodies. The proposed senior housing development is estimated to increase this amount to approximately \$627,000, an increase of over six times the current level. **The Village currently receives \$11,868 in property taxes from the subject parcels and can anticipate approximately \$73,200 in total property taxes from the new senior housing development, creating approximately \$61,300 in new revenue to the Village.** The table below illustrates the current property tax breakdown by taxing district as compared to the estimated increase resulting from the proposed new development.

Existing and Projected Property Tax Revenue by Jurisdiction

	Percent of Total Tax Rate	Tax Rate	Total 2017 Property Tax	Build-Out Property Tax Revenue
High School District 200	30.1%	2.973	\$30,576	\$188,583
Grade School District 90	39.0%	3.852	\$39,616	\$244,340
Consolidated Elections	0.3%	0.031	\$319	\$1,966
River Forest Park District	2.8%	0.276	\$2,839	\$17,507
Village of River Forest	11.7%	1.154	\$11,868	\$73,200
Village of River Forest Library Fund	2.2%	0.214	\$2,201	\$13,574
Triton Community College District 504	3.1%	0.306	\$3,147	\$19,410
Cook County	5.0%	0.496	\$5,101	\$31,462
Forest Preserve District of Cook County	0.6%	0.062	\$638	\$3,933
General Assistance River Forest	0.0%	0.002	\$21	\$127
River Forest Township	1.0%	0.101	\$1,039	\$6,407
Des Plaines Valley Mosquito Abatement District	0.2%	0.015	\$154	\$951
Metro Water Reclamation District	4.1%	0.402	\$4,134	\$25,500
TOTAL	100.0%	9.884	\$101,652	\$626,961

As this table shows, all taxing districts will see a significant increase in property tax revenue from the proposed development. Since the senior housing will not generate any school children, and in fact there will be potentially less school children due to the removal of the three single family homes, this is particularly true for High School District 200 and Grade School District 90. These School Districts combine for 69% of the total tax rate.

Additional Tax Revenue

The Village can also expect to receive additional taxes in the form of sales tax, state income tax, motor fuel tax and utility tax. According to data published by the Illinois Municipal League, the actual per capita municipal share revenue in 2017 for income tax, state use tax, and motor fuel tax was \$145.07. With an estimated 129 residents, this would generate an additional \$18,714 per year for the Village. It should be noted that, given the State's financial situation, there is significant debate regarding changes to the municipal share of the income and use taxes.

Like the existing bank, the proposed senior housing development will not generate any direct sales tax for the Village as there is no retail component. However, the addition of new residents and visitors to the Village because of the project will be a benefit to local businesses by providing new customers in the form of new residents and visitors to the Village and produce additional revenue in the form of increased sales taxes. More significantly, the development will provide an estimated 85 full-time equivalent jobs. These employees will likely do at least some shopping and dining in the area, grabbing lunch at a local restaurant or perhaps picking up some groceries or carry-out food on the way home from work.

In addition, residential development of this size will generate additional utility revenues for the Village. However, since the Village's charges a fee for this service (assumed to be equivalent to the cost of providing the services) based on usage, it is assumed that the net impact will be neutral – and thus we have not calculated an estimated revenue/expense. In a similar fashion, the Village charges for ambulance calls. We have assumed that the charge for these calls is based on the cost to provide the services, and thus have not included any additional cost or revenue in the analysis.

Permits and Other Development Fees

The Village of River Forest has multiple permitting and development fees and charges for the review and approval of new developments. These permits and fees will result in a one-time payment to the Village but will not occur on an annual basis. We have not attempted to estimate a total cost of all permits and development fees. However, if a fee of 2% of estimated construction cost were used, this would produce a one-time fee of approximately \$576,000.

Village Expenses

Expenses to the Village of River Forest are estimated based on per capita costs related to Village operating expenses. Applicable operational line items from the Village Certified Financial Audit Report (CAFR), Fiscal Year ending April 30, 2017, are highlighted below. Only relevant line items pertaining to municipal operations costs associated with new development have been included.

Village Expenses to Support New Senior Housing

Expense Category	2017 Expense (1)	Expenses per Resident (2)	Additional Expenses
General Government	\$ 2,691,842	\$ 77.60	\$ 10,010
Development	\$ 1,773,443	\$ 51.12	\$ 6,595
Public Safety	\$ 11,693,602	\$ 337.09	\$ 43,484
Highways and Streets	\$ 752,242	\$ 21.68	\$ 2,797
Public Works	\$ 1,612,495	\$ 46.48	\$ 5,996
Sanitation	\$ 1,081,483	\$ 31.18	\$ 4,022
Total	\$ 19,605,107	\$ 565.15	\$72,904

Res. Portion of EAV 89%

New Residents 129

Proportion of Expenses Funded by Property Taxes - 36.2%

River Forest Population: 11,233 - 2015 ACS

(1) Source: 2017 Village of River Forest CAFR

(2) Represents approximately 89% of total expenses – proportionate to the residential contribution to Village-wide EAV

River Forest EAV	Total EAV	Percent
Residential \$	420,701,302	89.4%
Commercial, Industrial and Railroad \$	49,647,096	10.6%
Total \$	470,348,398	100.0%

Source: 2015 Illinois Dept. of Revenue/
CMAP Community Data Snapshot

The estimated total expenditure for services to the new development is approximately **\$72,900**. Based on the estimated property tax revenue of \$73,200, the Village would see a small net gain of approximately \$300 per year from the proposed development.

Some per capita costs estimated in the preceding table for the proposed River Forest Assisted Living Facility are likely much higher than will likely occur. For example, once constructed, demand for development services will be very minimal – particularly in comparison to other development types.

Summary

Currently, the property yields approximately \$12,000 in property taxes to the Village. The proposed new development will generate approximately \$73,200 in property tax revenue, as well as significant one-time payments of permit fees to the Village. Additional per capita distributions from the State (income, use and motor fuel) are estimated at approximately \$18,700 to the Village. **Combining the increase in municipal property tax revenue and per capita revenues, the Village should see a net revenue increase of approximately \$19,000 after expenses.** Not included in these estimates is the potential for additional sales tax revenue from purchases made by residents, visitors and especially employees of the River Forest Assisted Living Facility.

Other taxing bodies such as the school districts will receive significantly more property tax revenue with no, or potentially even reduced, demand for services.