APPRAISAL OF REAL PROPERTY

Sacramento Rehabilitation Hospital
10 Advantage Court
Sacramento, Sacramento County, CA 95834

IN AN APPRAISAL REPORT

As of June 1, 2024

Prepared For:

BridgeView Real Estate
8390 LBJ Freeway, Suite 565
Dallas, TX 75243

Prepared By:

Cushman & Wakefield of Connecticut, Inc.
Valuation & Advisory
107 Elm Street, 4 Stamford Plaza, 8th Floor
Stamford, CT 06902
Cushman & Wakefield File ID: 24-14001-900769

Sacramento Rehabilitation Hospital

10 Advantage Court

Sacramento, Sacramento County, CA 95834

107 Elm Street, 4 Stamford Plaza, 8th Floor
Stamford, CT 06902
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cushmanwakefield.com

June 11, 2024

Aubrey Ennis
Director of Acquisitions
BridgeView Real Estate
8390 LBJ Freeway, Suite 565
Dallas, TX 75243

Re: Appraisal Report

Sacramento Rehabilitation Hospital
10 Advantage Court
Sacramento, Sacramento County, CA 95834

Cushman & Wakefield File ID: 24-14001-900769

Dear Mr. Ennis:

In fulfillment of our agreement as outlined in the Letter of Engagement copied in the Addenda, we are pleased to transmit our appraisal of the above referenced property in the following Appraisal Report.

The subject property consists of a 50-bed rehabilitation hospital that contains 59,508 square feet of rentable area situated on a 6.23-acre site. The improvements were completed in November 2022 and are in excellent condition.

This Appraisal Report has been prepared in accordance with our interpretation of your institution's guidelines and the Uniform Standards of Professional Appraisal Practice (USPAP).

Based on the agreed-to Scope of Work, and as outlined in the report, we developed the following opinion:

Value Conclusions			
Appraisal Premise	**Real Property Interest**	**Date of Value**	**Value Conclusion**
Market Value As-Is	Leased Fee	June 1, 2024	$85,900,000

Extraordinary Assumptions

For a definition of Extraordinary Assumptions please see the Glossary of Terms & Definitions. The use of extraordinary assumptions, if any, might have affected the assignment results.

This appraisal assumes the subject meets the licensing requirements for the remining economic life of the improvements. We have not made an inspection of the subject for this assignment and this appraisal assumes the subject is in similar condition to our previous inspection in March 2023. This appraisal does not employ any other extraordinary assumptions.

Hypothetical Conditions

For a definition of Hypothetical Conditions please see the Glossary of Terms & Definitions. The use of hypothetical conditions, if any, might have affected the assignment results.

This appraisal does not employ any hypothetical conditions.

This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits, and Addenda.

Respectfully submitted,

CUSHMAN & WAKEFIELD OF CONNECTICUT, INC.

Gerald V. Rasmussen

Gerald V. Rasmussen, MAI, FRICS
Executive Managing Director/National Practice Leader
California Certified General Appraiser
License No. AG043979
gerald.rasmussen@cushwake.com
(203) 326-5884 Office Direct

Table of Contents

Summary of Salient Facts and Conclusions

BASIC INFORMATION		
Common Property Name:	Sacramento Rehabilitation Hospital	
Address:	10 Advantage Court	
	Sacramento, California 95834	
County:	Sacramento County	
Property Ownership Entity:	Kennor Holdings Sacramento LLC	

SITE INFORMATION		
Land Area:	271,379 SF	6.23 Acres
Site Shape:	Rectangular	
Site Topography:	Level	
Frontage:	Good	
Site Utility:	Good	
Flood Zone Status:		
Flood Zone:	A99	
Flood Map Number:	06067C0045J	
Flood Map Date:	June 16, 2015	

BUILDING INFORMATION	
Type of Property:	Rehabilitation Hospital
Building Area:	
Number of Beds:	50 Beds
Gross Building Area:	59,508 SF
Net Rentable Area:	59,508 SF
Number of Buildings:	One
Number of Stories:	Two
Quality:	Excellent
Year Built:	2022
Condition:	Excellent
Effective Age:	1 Year
Remaining Economic Life:	49 Years
Parking:	
Number of Parking Spaces:	156
Parking Ratio (per 1,000 SF):	2.62:1
Parking Type:	Surface

MUNICIPAL INFORMATION	
Assessment Information:	
Assessing Authority:	Sacramento County
Assessor's Parcel Identification:	225-1960-038-0000
Current Tax Year:	2023
Taxable Assessment:	$41,005,070
Current Tax Liability:	$1,671,898
Taxes per Square Foot:	$28.10
Are Taxes Current?	Taxes are current
Zoning Information:	
Municipality Governing Zoning:	City of Sacramento
Current Zoning:	EC-50-PUD, Employment Center Zone
Is Current Use Permitted?	Yes
Current Use Compliance:	Complying use

HIGHEST & BEST USE

As Though Vacant:
A healthcare oriented use

As Improved:
As it is currently utilized as a healthcare oriented property

VALUATION INDICES	Market Value As-Is
VALUE DATE	**June 1, 2024**
Land Value	
Indicated Value:	$3,660,000
Per Square Foot:	$13.49
COST APPROACH	
Indicated Value:	$77,800,000
Per Bed:	$1,556,000
Per Square Foot (GBA):	$1,307.39
SALES COMPARISON APPROACH	
Indicated Value:	$88,500,000
Per Bed:	$1,770,000
INCOME CAPITALIZATION APPROACH	
Yield Capitalization	
Projection Period:	11 Years
Holding Period:	10 Years
Terminal Capitalization Rate:	6.50%
Internal Rate of Return:	7.00%
Indicated Value:	$83,800,000
Per Bed:	$1,676,000
Direct Capitalization	
Net Operating Income (Stabilized):	$4,429,000
Capitalization Rate:	6.00%
PLUS: PACE Benefit	$12,038,613
Indicated Value Rounded:	$85,900,000
Per Bed:	$1,718,000
Income Capitalization Approach	
Indicated Value:	$85,900,000
Per Bed:	$1,718,000
FINAL VALUE CONCLUSION	
Real Property Interest:	Leased Fee
Concluded Value:	$85,900,000
Per Bed:	$1,718,000
Implied Capitalization Rate:	5.16%
EXPOSURE AND MARKETING TIMES	
Exposure Time:	9-12 Months
Marketing Time:	9-12 Months

Extraordinary Assumptions

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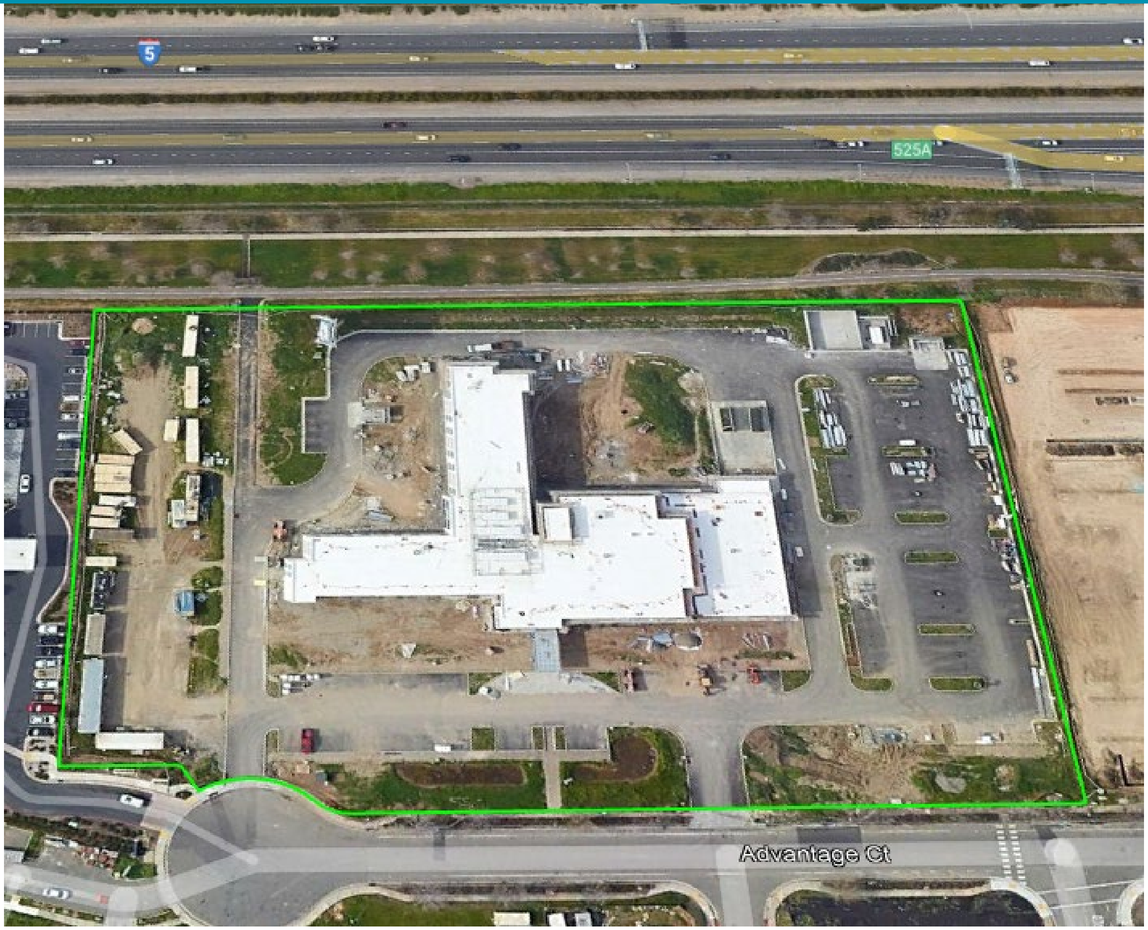
Property Photographs

AERIAL PHOTOGRAPH



FRONT VIEW OF PROPERTY

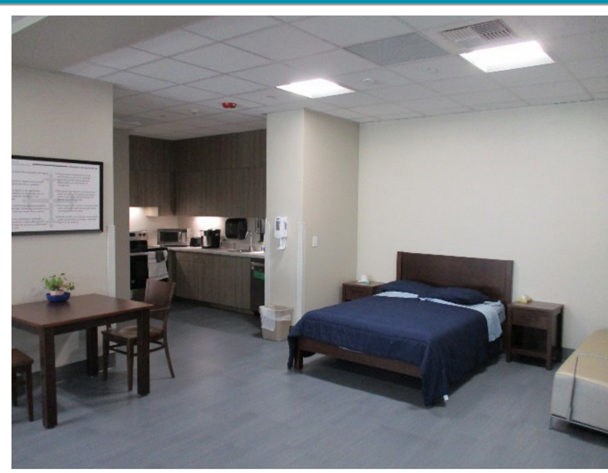
SIDE VIEW OF PROPERTY

VIEW OF PARKING

VIEW OF GENERATOR

VIEW OF PHYSICAL THERAPY

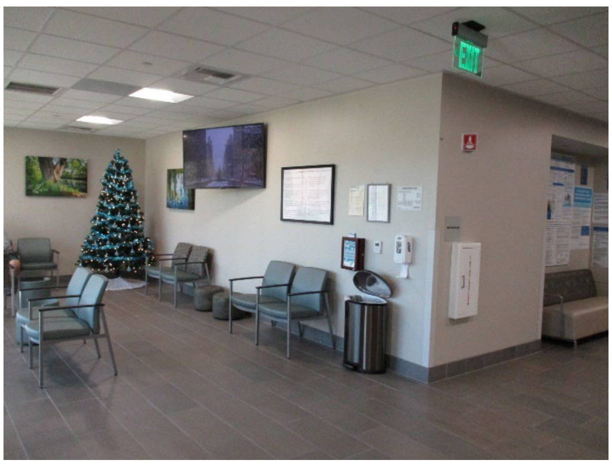
VIEW OF ACTIVITIES OF DAILY LIVING REHAB AREA



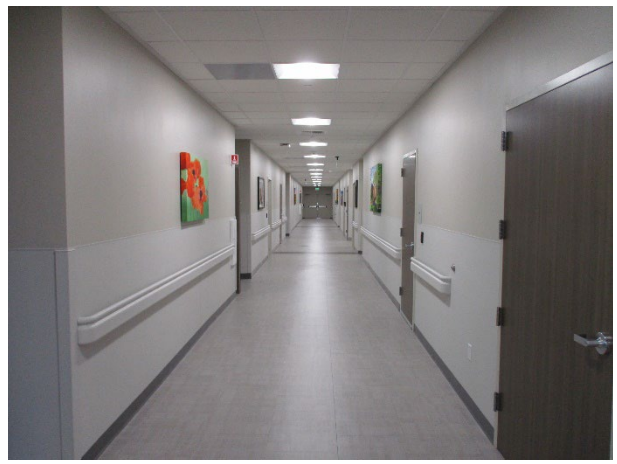
VIEW OF A BREAK ROOM

VIEW OF A CONFERENCE ROOM

VIEW OF A WAITING AREA



VIEW OF A HALLWAY



VIEW OF CAFETERIA

VIEW OF KITCHEN

Scope of Work

Overview

Scope of work is the type and extent of research and analyses involved in an assignment. To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs of the user, the relevant characteristics of the subject property, and other pertinent factors. Our concluded scope of work is summarized below, and in some instances, additional scope details are included in the appropriate sections of the report:

Research

- We inspected the property and its environs. Physical information on the subject was obtained from the property owner's representative, public records, and/or third-party sources.
- Regional economic and demographic trends, as well as the specifics of the subject's local area were investigated. Data on the local and regional property market (supply and demand trends, rent levels, etc.) was also obtained. This process was based on interviews with regional and/or local market participants, primary research, available published data, and other various resources.
- Other relevant data was collected, verified, and analyzed. Comparable property data was obtained from various sources (public records, third-party data-reporting services, etc.) and confirmed with a party to the transaction (buyer, seller, broker, owner, tenant, etc.) wherever possible. It is, however, sometimes necessary to rely on other sources deemed reliable, such as data reporting services.

Analysis

- Based upon the subject property characteristics, prevailing market dynamics, and other information, we developed an opinion of the property's Highest and Best Use.
- We analyzed the data gathered using generally accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value.
- The results of each valuation approach are considered and reconciled into a reasonable value estimate.

This Appraisal Report has been prepared in accordance with our interpretation of your institution's guidelines and the Uniform Standards of Professional Appraisal Practice (USPAP).

This appraisal employs all three typical approaches to value: the Cost Approach, the Sales Comparison Approach and the Income Capitalization Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that all approaches should be considered meaningful and applicable in developing a credible value conclusion.

Report Option Description

USPAP identifies two written report options: Appraisal Report and Restricted Appraisal Report. This document is prepared as an Appraisal Report in accordance with USPAP guidelines. The terms "describe," summarize," and "state" connote different levels of detail, with "describe" as the most comprehensive approach and "state" as the least detailed. As such, the following provides specific descriptions about the level of detail and explanation included within the report:

- Describes the real estate and/or personal property that is the subject of the appraisal, including physical, economic, and other characteristics that are relevant
- States the type and definition of value and its source
- Describes the Scope of Work used to develop the appraisal
- Describes the information analyzed, the appraisal methods used, and the reasoning supporting the analyses and opinions; explains the exclusion of any valuation approaches
- States the use of the property as of the valuation date
- Describes the rationale for the Highest and Best Use opinion

Identification of Property

Common Property Name:	Sacramento Rehabilitation Hospital
Address:	10 Advantage Court, Sacramento, Sacramento County, CA 95834
Assessor's Parcel Number(s):	225-1960-038-0000
Legal Description:	The legal description is presented in the Addenda of this report.
Property Overview:	The subject property consists of a 50-bed rehabilitation hospital that contains 59,508 square feet of rentable area situated on a 6.23-acre site. The improvements were completed in November 2022 and are in excellent condition.

Property Ownership and Recent History

Current Ownership:	Kennor Holdings Sacramento LLC
Sale History:	To our knowledge, the property has not sold or transferred within three years of the effective date of the appraisal.
Current Disposition:	The subject's real property only is currently pending sale to Bridgeview Multifamily, LLC. The terms of this sale are still being negotiated and a final sale price has not yet been determined. At the request of the client, further details of this sale and the negotiation process have been kept confidential. We have retained what is known of this sale in our work file and taken it into consideration in our analysis.

Dates of Inspection and Valuation

Effective Date of Valuation:	
As Is:	June 1, 2024
Date of Report:	June 11, 2024

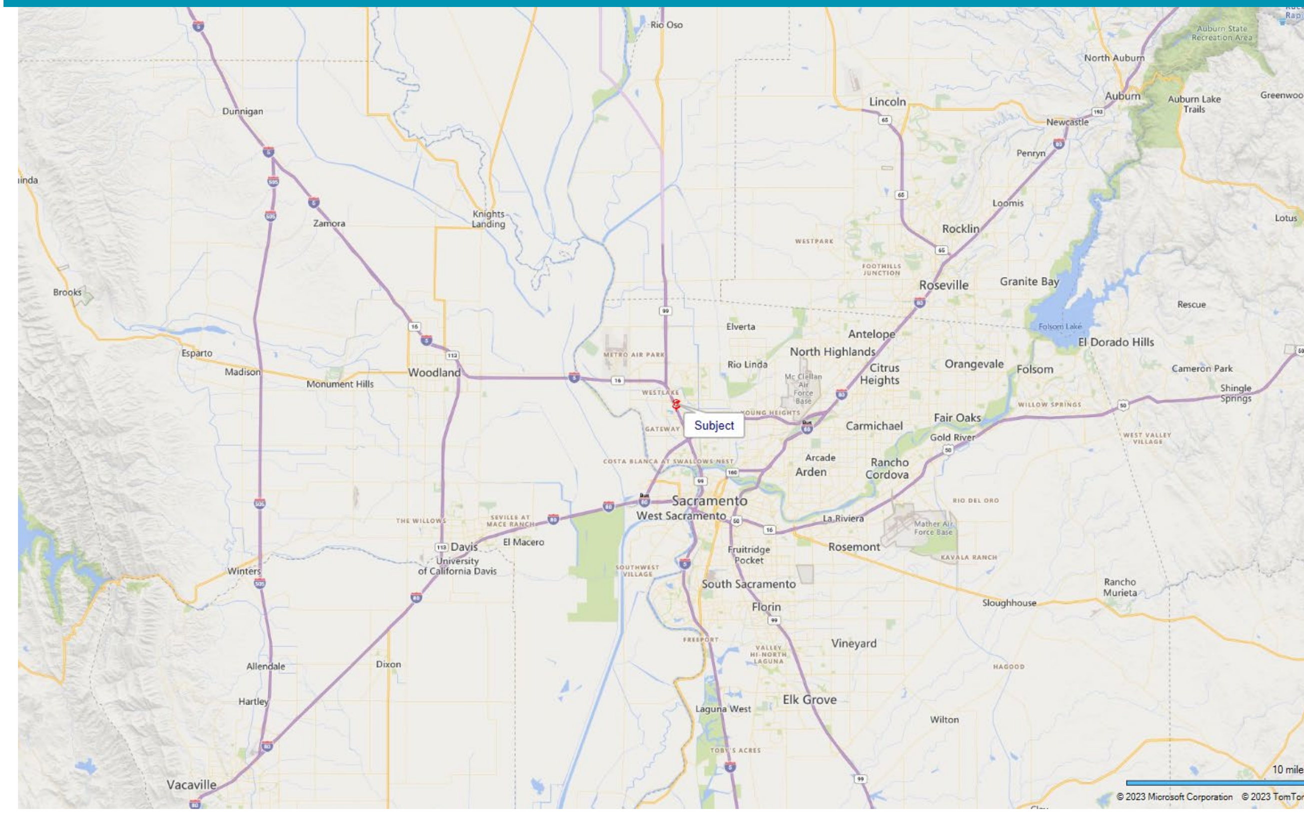
Date of Inspection:	Not inspected.

Client, Intended Use and Users of the Appraisal

Client:	BridgeView Real Estate
Intended Use:	This appraisal is intended to provide an opinion of the Market Value of the Leased Fee interest in the property for internal review by the Client excluding any use requiring the signing of Form 8283 in conjunction with an income tax deduction and or non-cash charitable donation. This report is not intended for any other use.
Intended User:	This appraisal report was prepared for the exclusive use of BridgeView Real Estate. Use of this report by others is not intended by the appraiser. Please see the Engagement Letter in the addenda.

Regional Analysis

REGIONAL MAP



Regional Analysis

Introduction

The short- and long-term value of real estate is influenced by a variety of interacting factors. Regional analysis identifies those factors that affect property value, and the role they play within the region. The four primary forces that determine the supply and demand for real property, and consequently affect market value, are: environmental characteristics, governmental forces, social factors, and economic trends.

The subject property is located in Sacramento, which is in the Sacramento-Roseville-Folsom, CA MSA.

Economic & Demographic Profile

The following profile of the Sacramento-Roseville-Folsom, CA MSA was provided by Moody's Analytics, whose core assets of proprietary editorial and research content as well as economic and financial databases are a source of information on national and regional economies, industries, financial markets, and demographics.

Moody's Analytics approach to the analysis of the U.S. economy consists of building a large-scale, simultaneous-equation econometric model, which they simulate and adjust with local market information, creating a model of the U.S. macro economy that is both top-down and bottom-up. In this model, those variables that are national in nature are modeled nationally while those that are regional in nature are modeled regionally. Interest rates, prices, and business investment are modeled as national variables; key sectors such as labor markets (employment, labor force), demographics (population, households, and migration), and construction activity (housing starts and sales) are modeled regionally and then aggregated to national totals. This approach allows local information to influence the macroeconomic outlook. Therefore, changes in fiscal policy at the national level (changes in tax rates, for example) are translated into their corresponding effects on state economies. At the same time, the growth patterns of large states, such as California, New York, and Texas, play a major role in shaping the national outlook.

In addition, on a regional basis, the modeling system is explicitly linked to other states through migration flows and unemployment rates. Moody's Analytics model structure also takes into account migration between states.

SACRAMENTO-ROSEVILLE-ARDEN-ARCADE CA

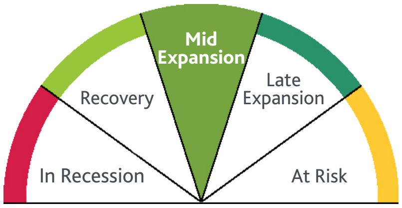
Data Buffet® MSA code: IUSA_MSAC

ECONOMIC DRIVERS

STATE CAPITAL | MEDICAL CENTER | COLLEGE TOWN

EMPLOYMENT GROWTH RANK 2023-2025	EMPLOYMENT GROWTH RANK 2023-2028	RELATIVE COSTS LIVING	RELATIVE COSTS BUSINESS	VITALITY RELATIVE	QUALITY OF LIFE
88 2nd quintile	128 2nd quintile	114%	131%	0.22 Rank: 122	52
Best=1, Worst=410		U.S.=100%		Best=1, Worst=403	Best=1, Worst=378

BUSINESS CYCLE STATUS



STRENGTHS & WEAKNESSES

STRENGTHS

- » Stable presence of UC Davis and CSU Sacramento.
- » Lower living and business costs than Bay Area neighbors.
- » Healthcare hub for surrounding rural counties.

WEAKNESSES

- » Per capita income below state average.
- » Elevated employment volatility.
- » Overreliance on state government jobs.

FORECAST RISKS

SHORT TERM	LONG TERM
↑	↑

RISK EXPOSURE 2024-2029 **360** 5th quintile *Most=1 Least=403*

UPSIDE

- » Universities prompt greater technology transfer and high-tech development.
- » A healthy reserve fund insulates education funding from potential economic downturns.

DOWNSIDE

- » Increasing affordability issues sap housing demand.
- » Weaker-than-expected tax revenues widen deficit, freezing state payrolls for longer.

MOODY'S RATING

A1 COUNTY AS OF NOV 17, 2022

ANALYSIS

Recent Performance. Sacramento-Roseville-Arden-Arcade is running out of steam. Employment growth has slowed from the fall's blistering pace. Leisure/hospitality is stifling the top-line figure, partly offsetting steady gains in the critical healthcare and public sectors. The jobless rate is more than 100 basis points above its pre-pandemic low and closer to California's figure than it has been in more than six years. But this owes largely to above-average labor force gains. House price appreciation is trailing that of the state, but this partly reflects a pickup in supply, evidenced by above-average permit issuance.

Public sector. State payrolls will be stuck in neutral this year. The exact figures will not be clear until California finalizes its budget in the coming weeks, but it is clear that the state faces a significant deficit due to revenue shortfalls. As the state capital and home to two public universities, SAC's share of state employees is more than triple the national figure, leaving the area acutely exposed to state budget issues. Layoffs and pay cuts are unlikely because of union protections, but vacant positions will remain unfilled, preventing meaningful payroll growth in the near term.

The budget shortfall will also pause funding increases for the University of California system, including SAC's UC Davis. However, the school received a significant increase last year, so its coffers will hold steady at a healthy level. Furthermore, undergraduate applications to UCD for the fall 2024 semester hit a record high, ensuring a healthy tuition flow that will help allay budget concerns for now.

Medical. Healthcare will ease off the gas in the coming months, but it will remain a pillar of SAC's economy. The metro area boasts a large concentration of major medical providers, including UC Davis Medical Center, California's only Level 1 trauma center north of the Bay Area. Healthcare accounts for an above-average share of employment in SAC in part because of its importance to neighboring rural counties with fewer providers. Of these jobs, the share dedicated to outpatient treatment is more than double the U.S. average. This is largely because of major medical centers' unwillingness to deal with the complexity and transaction costs associated with Medi-Cal, pushing enrollees elsewhere. SAC's growing population will buoy demand, and worsening affordability issues will bolster demand for state-sponsored insurance and outpatient treatment. Since healthcare accounts for most of SAC's non-government high-wage jobs, steady growth will lift employment and incomes in the long run.

Costs. Rising business costs will create headwinds for consumer industries. Leisure/hospitality and retail are feeling the sting of higher input and overhead costs, and the industry is contending with a statewide minimum wage increase that went into effect on January 1. These industries, which depend on low-wage workers, have tightened their belts in response, largely by cutting or freezing payrolls. The higher costs are not likely to recede, and with U.S. consumer spending expected to slow in the near and medium term, firms will remain hesitant to hire. Demand for SAC's restaurants and ski resorts will provide a leg up, but consumer industry growth will be subdued in the long run.

Sacramento-Roseville-Arden-Arcade will slow in step with the rest of the West over the next 12 months. Healthcare hiring will fall back toward a more modest long-term pace, and state government payrolls will be capped by budget constraints. Longer term, the area's status as the state capital will impart stability.

Katie Nied 1-866-275-3266
March 2024 helpeconomy@moodys.com

2018	2019	2020	2021	2022	2023	INDICATORS	2024	2025	2026	2027	2028	2029
149.5	155.0	153.8	165.0	166.7	171.1	Gross metro product (C17$ bil)	175.0	177.6	181.3	185.5	190.2	194.9
5.2	*3.7*	*-0.7*	*7.3*	*1.0*	*2.6*	*% change*	*2.3*	*1.5*	*2.1*	*2.3*	*2.5*	*2.5*
1,001.4	1,023.0	970.7	1,012.3	1,056.7	1,074.8	Total employment (ths)	1,096.3	1,104.0	1,108.5	1,111.6	1,115.2	1,118.7
2.8	*2.2*	*-5.1*	*4.3*	*4.4*	*1.7*	*% change*	*2.0*	*0.7*	*0.4*	*0.3*	*0.3*	*0.3*
3.8	3.6	8.9	6.4	3.7	4.1	Unemployment rate (%)	4.5	4.3	4.1	4.1	4.2	4.3
5.0	5.6	9.6	8.4	0.7	4.6	Personal income growth (%)	4.6	4.1	4.0	4.1	4.2	4.1
72.6	76.5	79.9	84.0	89.2	94.0	Median household income ($ ths)	96.3	99.1	102.1	105.4	108.6	111.9
2,342.1	2,370.8	2,399.5	2,405.6	2,408.2	2,410.5	Population (ths)	2,413.0	2,415.5	2,418.0	2,420.2	2,421.7	2,422.5
1.2	*1.2*	*1.2*	*0.3*	*0.1*	*0.1*	*% change*	*0.1*	*0.1*	*0.1*	*0.1*	*0.1*	*0.0*
19.3	20.8	24.1	4.6	-1.8	-2.6	Net migration (ths)	-3.6	-4.4	-4.2	-4.2	-4.4	-4.7
6,393	7,184	7,279	9,390	8,170	8,007	Single-family permits (#)	10,251	11,269	11,888	11,621	11,017	10,375
1,480	2,247	3,885	3,044	2,630	4,176	Multifamily permits (#)	3,966	2,828	2,506	2,127	1,878	1,711
6.7	*3.7*	*5.2*	*16.7*	*13.2*	*-0.9*	FHFA house price index (% change)	*3.8*	*0.9*	*1.1*	*2.0*	*2.8*	*2.8*

ECONOMIC HEALTH CHECK

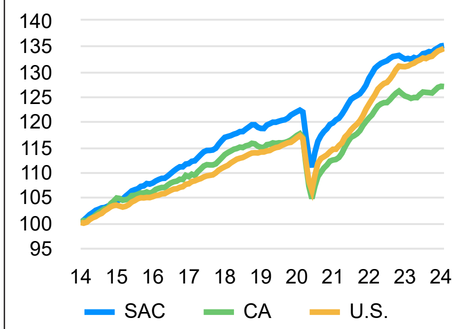
3-MO MA	Sep 23	Oct 23	Nov 23	Dec 23	Jan 24	Feb 24
Employment, change, ths	1.3	3.3	4.4	4.6	2.8	1.9
Unemployment rate, %	4.1	4.2	4.3	4.4	4.6	4.7
Labor force participation rate, %	59.2	59.2	59.2	59.3	59.3	59.4
Average weekly hours, #	33.3	33.1	33.1	33.0	32.7	32.5
Industrial production, 2012=100	105.6	105.1	105.1	104.6	105.2	104.7
Residential permits, single-family, #	8,421	9,641	9,731	9,465	9,253	9,159
Residential permits, multifamily, #	4,133	3,776	1,077	1,298	2,630	5,160
Dec/Dec	**Dec 18**	**Dec 19**	**Dec 20**	**Dec 21**	**Dec 22**	**Dec 23**
Employment, change, ths	26.3	17.2	-52.4	58.9	26.9	27.3

Better than prior 3-mo MA | Unchanged from prior 3-mo MA | Worse than prior 3-mo MA

Sources: BLS, Census Bureau, Moody's Analytics

BUSINESS CYCLE INDEX

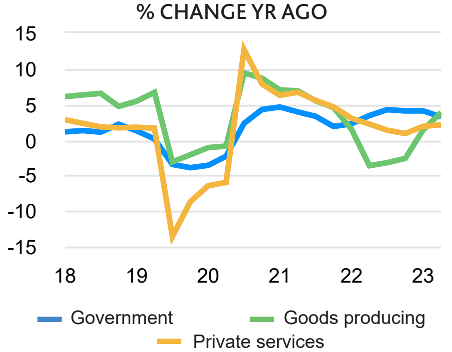
JAN 2014=100



Source: Moody's Analytics

CURRENT EMPLOYMENT TRENDS

% CHANGE YR AGO



Sources: BLS, Moody's Analytics

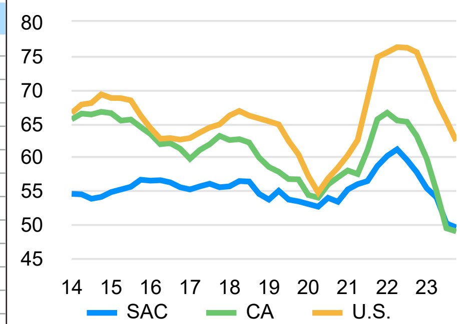
% CHANGE YR AGO, 3-MO MA

	Feb 23	Aug 23	Feb 24
Total	2.2	1.3	2.5
Mining	-7.4	-5.8	39.2
Construction	-4.3	-3.6	5.0
Manufacturing	3.8	-1.7	-0.3
Trade	-1.0	-1.1	0.3
Trans/Utilities	4.7	2.6	-3.4
Information	-2.5	-5.4	-8.6
Financial Activities	-4.8	-6.2	-0.8
Prof & Business Svcs.	-0.4	-5.1	-1.2
Edu & Health Svcs.	5.6	7.4	9.3
Leisure & Hospitality	8.0	2.9	0.0
Other Services	6.9	6.8	4.1
Government	3.1	4.2	3.5

Sources: BLS, Moody's Analytics

DIFFUSION INDEX

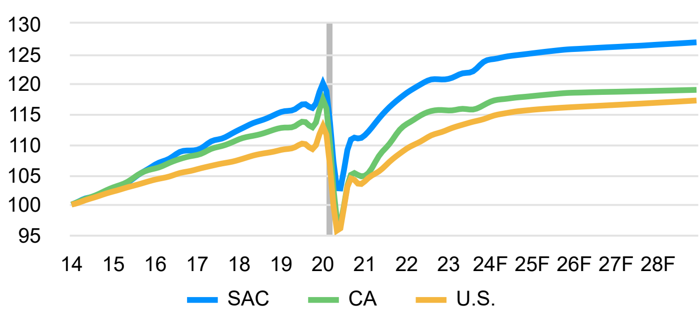
3-DIGIT NAICS LEVEL, 6-MO MA



Sources: BLS, Moody's Analytics

RELATIVE EMPLOYMENT PERFORMANCE

JAN 2014=100



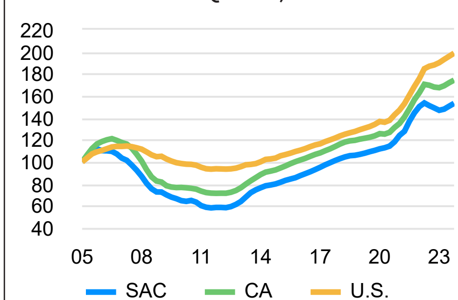
FORECAST VS. 6 MO PRIOR

2-Yr	5-Yr
↔	↔
↔	↔
↑	↔

Sources: BLS, Moody's Analytics

HOUSE PRICE

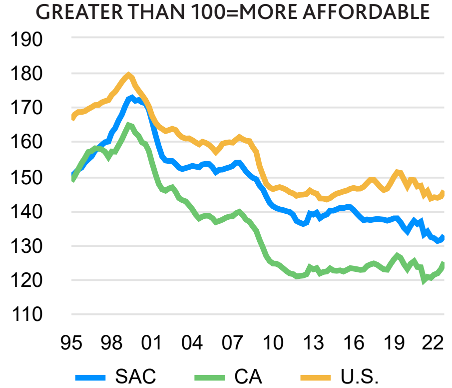
2005Q1=100, NSA



Sources: FHFA, Moody's Analytics

RENTAL AFFORDABILITY

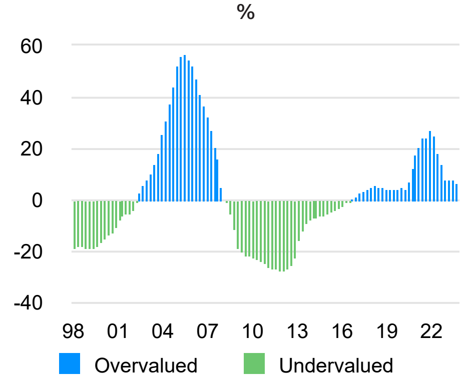
GREATER THAN 100=MORE AFFORDABLE



Sources: Census Bureau, BLS, Moody's Analytics

HOUSE PRICE TRENDS

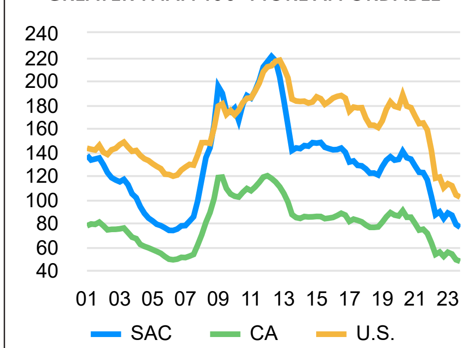
%



Source: Moody's Analytics

HOUSING AFFORDABILITY

GREATER THAN 100=MORE AFFORDABLE



Sources: NAR, Moody's Analytics

EMPLOYMENT AND INDUSTRY

TOP EMPLOYERS

University of California, Davis and UC Davis Health	20,100
Sutter Health	15,200
Kaiser Permanente	11,005
Dignity Health	7,000
Intel Corp.	6,000
Apple Inc.	5,000
Raley's Inc.	4,800
California State University Sacramento	3,125
Thunder Valley Casino Resort	2,500
Squaw Valley Resort	2,500
VSP Global	2,382
Health Net Inc.	2,299
Wells Fargo	2,190
Cache Creek Casino Resort	2,150
Sacramento Municipal Utility District	2,046
Hewlett-Packard Co.	2,000
Northstar-At-Tahoe Resort	1,950
Sierra Joint Community College	1,940
Bank of America	1,892
California Health Services	1,890

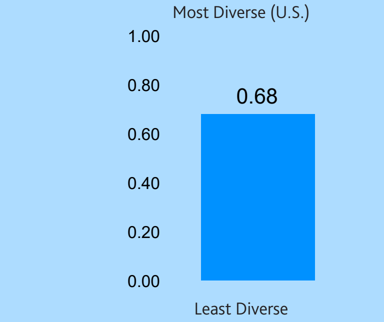
Sources: Sacramento Business Journal 2017 Book of Lists, U.S. Department of Housing and Urban Development, 2017-2018

PUBLIC

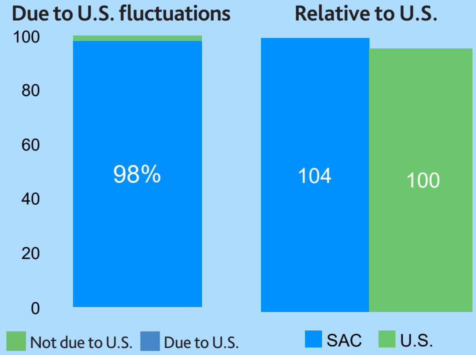
Federal	14,512
State	134,515
Local	107,501

2023

INDUSTRIAL DIVERSITY

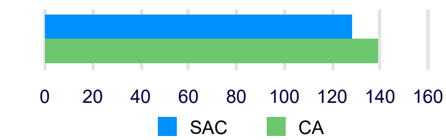


EMPLOYMENT VOLATILITY



ENTREPRENEURSHIP

BROAD-BASED START-UP RATE
U.S.=100
2021



Sources: Census Bureau, Moody's Analytics

EXPORTS

Product - 2019	$ mil
Food and kindred products	446.9
Chemicals	ND
Primary metal manufacturing	ND
Fabricated metal products	ND
Machinery, except electrical	145.1
Computer and electronic products	2,635.9
Transportation equipment	102.3
Miscellaneous manufacturing	ND
Other products	633.9
Total	5,449.2

Destination - 2022	$ mil
Africa	80.3
Asia	1,708.8
European Union	751.9
Canada & Mexico	ND
South America	109.2
Rest of world	ND
Total	5,716.7

% of GDP	*3.2*
Rank among all metro areas	*238*

Sources: BEA, International Trade Administration, Moody's Analytics

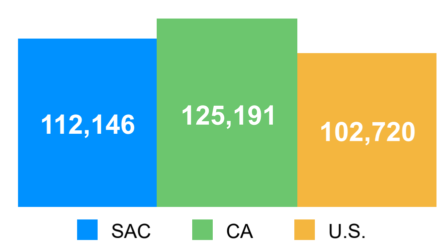
COMPARATIVE EMPLOYMENT AND INCOME

	% OF TOTAL EMPLOYMENT			AVERAGE ANNUAL EARNINGS		
Sector	SAC	CA	U.S.	SAC	CA	U.S.
Mining	0.0	0.1	0.4	ND	$82,621	$162,011
Construction	7.0	5.1	5.1	$91,609	$89,421	$77,126
Manufacturing	3.8	7.5	8.3	$89,301	$136,950	$98,786
Durable	*62.2*	*65.1*	*62.6*	*ND*	*$161,645*	*$102,481*
Nondurable	*37.8*	*34.9*	*37.4*	*ND*	*$93,697*	*$92,804*
Transportation/Utilities	3.9	4.7	4.6	$52,458	$66,824	$63,443
Wholesale Trade	2.7	3.7	3.9	$93,732	$106,332	$105,213
Retail Trade	9.2	9.0	10.0	$46,289	$51,552	$44,166
Information	0.9	3.1	1.9	$95,629	$226,941	$146,804
Financial Activities	4.6	4.6	5.9	$58,822	$68,529	$59,168
Prof. and Bus. Services	12.5	15.6	14.6	$83,683	$106,319	$88,580
Educ. and Health Services	17.6	17.4	16.2	$76,190	$69,479	$68,194
Leisure and Hosp. Services	10.5	11.3	10.6	$39,807	$48,774	$38,514
Other Services	3.6	3.3	3.7	$47,099	$44,719	$44,296
Government	23.9	14.6	14.6	$129,253	$115,949	$92,230

Sources: Percent of total employment — BLS, Moody's Analytics, 2023, Average annual earnings — BEA, Moody's Analytics, 2022

PRODUCTIVITY

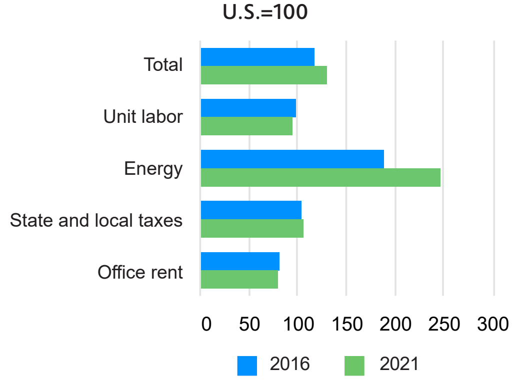
REAL OUTPUT PER WORKER, $



Sources: BEA, Moody's Analytics, 2022

BUSINESS COSTS

U.S.=100



Source: Moody's Analytics

HIGH-TECH EMPLOYMENT

	Ths	% of total
SAC	39.3	3.7
U.S.	8,526.6	5.5

HOUSING-RELATED EMPLOYMENT

	Ths	% of total
SAC	120.6	11.2
U.S.	15,428.7	9.9

Source: Moody's Analytics, 2023

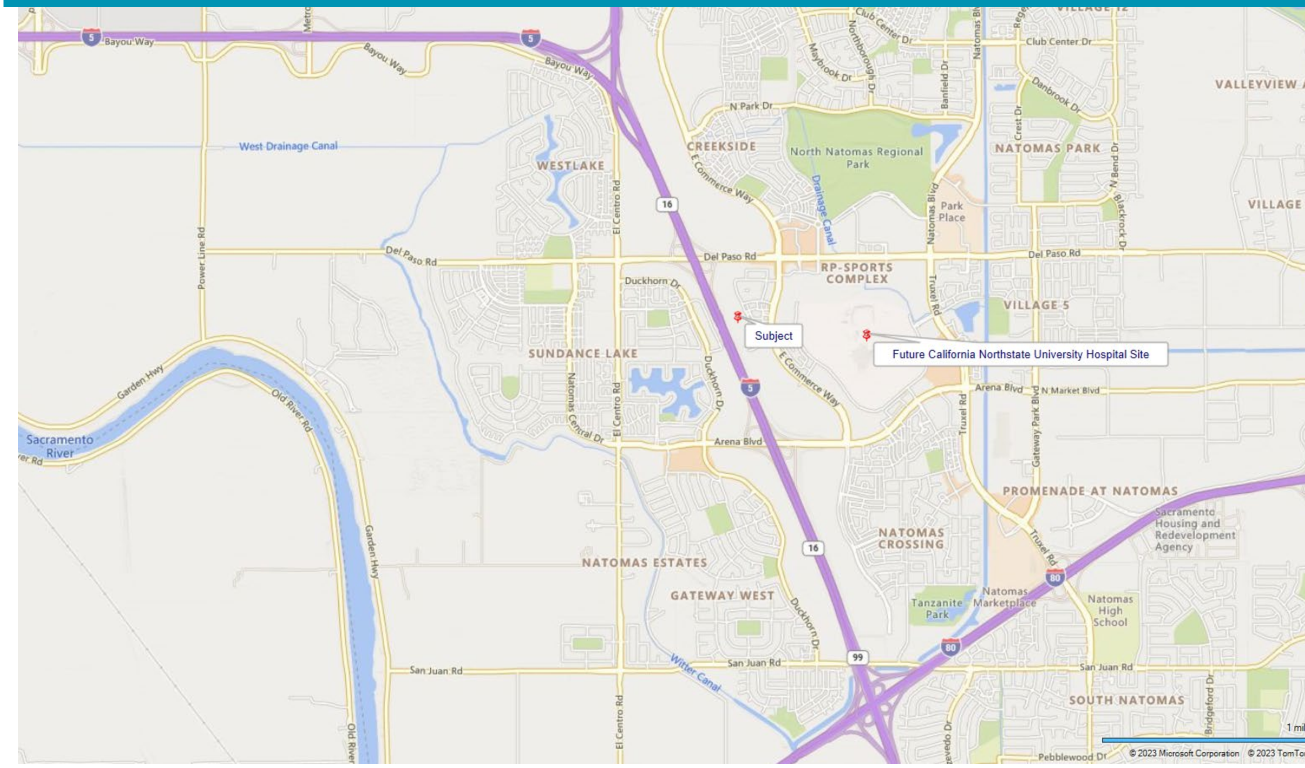
LEADING INDUSTRIES BY WAGE TIER

	NAICS	Industry	Location Quotient	Employees (ths)
HIGH	GVS	State Government	3.7	128.9
HIGH	6221	General medical and surgical hospitals	0.8	24.4
HIGH	6214	Outpatient care centers	2.9	20.3
HIGH	GVF	Federal Government	0.7	14.7
MID	GVL	Local Government	1.0	100.7
MID	2382	Building equipment contractors	1.4	22.1
MID	2381	Found., structure & building ext. contractors	2.2	14.4
MID	2383	Building finishing contractors	2.0	11.4
LOW	7225	Restaurants and other eating places	1.1	76.0
LOW	6241	Individual and family services	2.7	50.2
LOW	5613	Employment services	0.8	21.4
LOW	4451	Grocery stores	1.1	20.0

Source: Moody's Analytics, 2023

Local Area Analysis

LOCAL AREA MAP



Location Overview

The property is located in Sacramento, which is the county seat of Sacramento County and is the state capital of California. The subject is located on the east side of Interstate 5 (I-5) and west of the former Sleep Train Arena, which is the future site of the proposed California Northstate University Hospital. The subject is surrounded by a mix of complimentary residential and commercial uses.

Neighborhood Analysis

Access

Local area accessibility is good, relying on the following transportation arteries:

Local:	The subject is located on Advantage Court, which provides access to the subject and surrounding properties, and provides local access to major roadways and arterials traversing the local area.
Regional:	The subject is located adjacent to Interstate 5 (I-5) with the nearest full interchange located approximately a third of a mile northwest of the subject. This freeway provides access to other freeways and major regional routes.

Adjacent Uses

The following describes the surrounding land uses around the subject:

North:	Commercial Development
South:	Hotel
East:	Residential Development
West:	Interstate 5

Land Use Changes

We are aware of no other known planned rehabilitation hospitals in the local and immediate area that would provide negative competition to the subject. Similarly, we are aware of no planned demolition or closing of rehabilitation hospitals in the local and immediate area. We are aware of a proposed short-term acute care teaching hospital to be built for California Northstate University on the site of the former Sleep Train Arena. This development should complement the subject property.

Public Utilities and Services

All necessary utilities, including water and sewer, are available to the market area. These utilities are provided at a quality and cost considered consistent with nearby competing areas. The local area is also adequately served by public/private schools, and police and fire protection.

Special Hazards or Adverse Influences

We observed no detrimental influences in the local market area, such as landfills, flood areas, noisy or air polluting industrial plants, or chemical factories.

Local Area Analysis Conclusion

In conclusion, the neighborhood provides services and amenities needed to support a healthcare facility. The neighborhood is predominantly suburban in nature and within convenient proximity to neighborhood commercial services and the future California Northstate Hospital. Overall, the subject neighborhood is a good location for a rehabilitation hospital.

Healthcare Industry Overview

The US healthcare facility industry includes several sectors that serve different areas of society's healthcare needs. Included in this group are short-term, as well as long-term acute care hospitals, rehabilitation hospitals (both stand-alone units and those attached to a larger facility), specialty surgery hospitals and psychiatric hospitals.

According to IBISWorld, revenue for the US hospital industry was $1.3 trillion in 2023. Revenue is expected to continue to growth over the next five years as the aging population sustains inpatient volumes. Operating pressures are expected to remain caused by inflation and labor shortages, which are expected to continue to squeeze margins. Hospitals are expected to hasten adoption of digital tools to improve patient outcomes, yet higher capital costs could slow this digital transformation. Additionally, hospitals face competition from decentralized care from urgent care centers and clinics at nationwide retailers such as CVS and Walmart to a fast-growing ambulatory surgery center (ASC) market. Hospital consolidation has accelerated as providers seek economies of scale, negotiating power, and shift from fee-based to value-based care. Overall, as the population continues to age hospitals continue to play a vital role and there is a positive outlook for the industry with revenue growth forecast to increase to 3.1 percent annually to $1.5 trillion in 2028.

Short-Term Acute Care Hospitals

Acute care hospitals comprise the largest sector of the industry. Acute care is a branch of secondary health care where a patient receives active but short-term treatment for a severe injury or episode of illness, an urgent medical condition, or during recovery from surgery. Acute care services are generally delivered by teams of health care professionals from a range of medical and surgical specialties. Acute care may require a stay in a hospital emergency department, ambulatory surgery center, urgent care center or other short-term stay facility, along with the assistance of diagnostic services, surgery, or follow-up outpatient care in the community. Hospital-based acute inpatient care typically has the goal of discharging patients as soon as they are deemed healthy and stable.

Long-Term Acute Care Hospitals

Long-term acute care hospitals (LTACHs) are designed to provide extended medical and rehabilitative care for patients who are clinically complex and have multiple acute or chronic conditions. Most patients in LTACHs have several diagnosis codes on their Medicare claims. Approximately one-half of the patients have five or more diagnoses on their claims. LTACHs consist of a relatively heterogeneous group of providers that typically provide a range of services, including comprehensive rehabilitation, head trauma treatment, and pain management. Although some ALTACHs treat a wide range of conditions, others specialize in one or two types of conditions.

Rehabilitation Hospitals

These hospitals provide programs to rehabilitate patients experiencing disabilities from a wide variety of causes, including stroke, head injuries, orthopedic problems, neuromuscular disease, and sports-related injuries. Services include physical therapy, sports medicine, neuro-rehabilitation, occupational therapy, respiratory therapy, speech/language therapy, and rehabilitation nursing.

Psychiatric Hospital (Behavioral Healthcare)

Psychiatric hospitals typically provide structured, intensive treatment programs for alcohol- and drug-dependency problems and mental health disorders in children, adolescents, and adults. A treatment program usually integrates physicians and other patient-care professionals with structured activities, providing patients with testing, adjunctive therapies (occupational, recreational, and the like), group therapy, individual therapy, and educational programs. Psychiatric hospitals may cater solely to patients with intellectual disabilities.

The Medicare, Medicaid, and SCHIP, Balanced Budget Refinement Act of 1999, directed the development of a per diem PPS for inpatient psychiatric services furnished in hospitals and exempt units. Section 124 of the BBRA contains the complete statutory charge. The major requirements are a per diem payment amount, an "adequate patient classification system that reflects the differences in patient resource use and costs among such hospitals", and budget neutrality in the first year of implementation. An adequate classification system would result in the appropriate targeting of greater prospective payments to providers treating more costly resource intensive patients using statistically objective criteria. The law also required that the Secretary submit a report to Congress describing the system, and directed implementation of the inpatient psychiatric PPS effective for cost reporting periods beginning on or after October 1, 2002.

Specialty Hospitals

Specialized hospitals include those focused on orthopedics, obstetrics and gynecology, chronic disease, ear-nose-throat and eye hospitals, and tuberculosis and other respiratory diseases. While not new, specialty hospitals recently have been growing in both number and popularity, and they present traditional acute care providers with an additional competitive challenge. Specialty hospitals include heart, orthopedic, cancer, and surgical hospitals, as well as ambulatory surgery center (ASCs) and other narrowly focused providers. Critics of specialty hospitals, including the AHA, argue that they are bad for both the industry and consumers. According to the AHA, specialty hospitals focus on procedures that are more lucrative and tend to serve only patients with the best insurance coverage. This leaves the general acute care hospitals with the less profitable services and patients.

Ambulatory Surgery Centers

Another form of healthcare facility is an ambulatory Surgery Center. Ambulatory Surgery Centers, known as ASCs, are modern health care facilities focused on providing same-day surgical care, including diagnostic and preventive procedures. CMS determines which procedures will constitute the ASC list on the basis of certain criteria related to the safety, appropriateness, and effectiveness of performing the procedure in an ASC setting.

Sole Community Hospitals (SCH)

Sole Community Hospitals (SCHs) are hospitals that, because of factors such as isolated location, weather conditions, travel conditions, or absence of other hospitals, are the sole source of inpatient services reasonably available in a geographic area. Any hospital seeking SCH status can qualify if it is located more than 35 miles from a like hospital. Depending upon its circumstances, including its bed size, a hospital can qualify as a SCH under various distance, market share or travel time standards. Specifically, a hospital that is located more than 35 miles from other like hospitals or one with at least 45 minutes of travel time between it and its nearest like hospital because of distance, posted speed limits, and predictable weather conditions will qualify as a SCH. The primary advantage of the SCH classification is the option to use a hospital's updated historical operating costs when calculating Medicare inpatient payments when this results in higher payments to the hospital. Another significant advantage for an SCH is the ability to request additional payments for any year if the hospital experiences a decrease of more than 5 percent in its total inpatient cases due to circumstances beyond its control.

Critical Access Hospitals (CAH)

Critical Access Hospitals provide emergency, outpatient and limited inpatient services in rural areas. Before a hospital can be designated as a CAH, the State must submit and have approved a rural health plan implementing the Medicare Rural Hospital Flexibility Program. Currently, to qualify as a CAH, the rural, for-profit, nonprofit, or public hospital must be located more than 35 miles from another hospital or 15 miles in areas with mountainous terrain or those where only secondary roads are available. These mileage standards may be waived if the hospital has been designated by the State as a necessary provider of health care. All critical access hospitals must provide 24-hour emergency services and operate a limited number of inpatient beds in which hospital stays can average no more than 96 hours. Medicare pays CAHs on the basis of the reasonable costs of the facility for inpatient and outpatient services. CAHs are paid for most inpatient and outpatient services to Medicare patients at 101 percent of reasonable costs and are not subject to the Inpatient Prospective Payment System (IPPS) or the Hospital Outpatient Prospective Payment System (OPPS). CAH services are subject to Medicare Part A and Part B deductible and coinsurance amounts. The copayment amount for most outpatient CAH services is 20 percent of applicable Part B charges and is not limited by the Part A inpatient deductible amount.

Rural Emergency Hospitals (REH)

Rural Emergency Hospitals (REH) were created under the Consolidated Appropriations Act of 2021. The final rules were published on November 23, 2022 and became effective January 1, 2023. REHs were established in response to rural hospital closures and are intended to give rural communities more access to health care. These hospitals are allowed to provide emergency department services, observation care, and additional outpatient medical and health services with annual per patient average length of stay not to exceed 24 hours. REHs are prohibited from providing inpatient services except those furnished in a distinct part licensed as a skilled nursing facility. Eligible hospitals for conversion include critical access hospitals and hospitals with no more than 50 beds located in a county in a rural area or treated as a rural area. REHs receive an additional 5.0 percent payment for covered outpatient department services plus a facility payment of $272,866 per month.

Medicare Dependent Hospitals

Small rural hospitals that treat a relatively high proportion of Medicare patients can be classified as Medicare dependent hospitals (MDHs). Generally speaking, a MDH is located in a rural area, has 100 beds or less, is not classified as an SCH, and has at least 60% of acute inpatient days or discharges attributable to Medicare in the hospital cost reporting period that began during fiscal year 1987 or in two of the three most recently audited cost reporting periods for which there is a settled cost report. The financial advantages of an MDH designation are less than those afforded to an SCH designation. An MDH can receive higher Medicare payments than other acute care hospitals in the same circumstances. The other benefit is that an MDH, like an SCH, continues to be protected from a decrease of more than 5.0 percent in its total inpatient cases due to circumstances beyond its control.

Rural Referral Centers (RRCs)

Rural Referral Centers are relatively large rural hospitals that generally provide a broad array of services and treat patients from a wide geographic area. These rural hospitals are thought to have operating costs more similar to urban hospitals than to the average smaller community hospitals, because of bed size, a large number of complicated cases, a high number of discharges, or a large number of referrals from other hospitals or from physicians outside the hospital's service area. Currently, RRCs must have at least 275 beds or meet specific criteria which indicate that the facility receives a high referral volume from other hospitals. RRCs receive a higher DSH adjustment than do other rural hospitals.

Hospital Swing Beds

The Social Security Act (the Act) permits certain small, rural hospitals to enter into a swing bed agreement, under which the hospital can use its beds, as needed, to provide either acute or skilled nursing facility (SNF) care. As defined in the regulations, a swing bed hospital is a hospital or critical access hospital (CAH) participating in Medicare that has CMS approval to provide post-hospital SNF care and meets certain requirements. Medicare Part A (the hospital insurance program) covers post-hospital extended care services furnished in a swing bed hospital. Under the Balanced Budget Act (BBA) of 1997, swing bed facilities must be incorporated into the SNF prospective payment system (PPS) by the end of a statutory transition period. This applies to short term hospitals, long term hospitals, and rehabilitation hospitals certified as swing bed hospitals. CAHs with swing beds are exempt from the

SNF PPS under more recent legislation. To qualify for SNF-level services, a beneficiary is required to receive acute care as a hospital inpatient for a medically necessary stay of at least 3 consecutive calendar days.

Medicare and Medicaid

Most state Medicaid payments are made under a prospective payment system, or under programs that negotiate payment levels with individual hospitals. In general Medicaid reimbursement is substantially less than a hospital's cost of service, so this business segment creates a drag on a facility's overall profit margins. Owing to budget deficits, the federal government and most, if not all, states constantly consider ways to reduce the level of Medicaid funding while expanding the list of Medicaid benefits. Medicare is a federally funded program that provides certain hospital and medical insurance benefits to persons ages 65 and over, some disables persons, and persons with end-stage renal disease. The program consists of three parts: hospital insurance (HI), also known as Part A; supplemental medical insurance (SMI), or Part B; and the prescription drug benefit, or Part D.

According to Centers for Medicare & Medicaid Services, section 1886(d) of the Social Security Act (the Act) sets forth a system of payment for the operating costs of acute care hospital inpatient stays under Medicare Part A (Hospital Insurance) based on prospectively set rates. Under the inpatient prospective payment system (IPPS), each case is categorized into a diagnosis-related group (DRG). Each DRG has a payment weight assigned to it, based on the average resources used to treat Medicare patients in that DRG. The base payment rate is divided into a labor-related and non-labor share. The labor-related share is adjusted by the wage index applicable to the area where the hospital is located.

If the hospital treats a high-percentage of low-income patients, it receives a percentage add-on payment applied to the DRG-adjusted base payment rate. This add-on, known as the disproportionate share hospital (DSH) adjustment, provides for a percentage increase in Medicare payment for hospitals that qualify under either of two statutory formulas designed to identify hospitals that serve a disproportionate share of low-income patients. If the hospital is an approved teaching hospital it receives a percentage add-on payment for each case paid through IPPS. This add-on, known as the indirect medical education (IME) adjustment, varies depending on the ratio of residents-to-beds under the IPPS for operating costs, and according to the ratio of residents-to-average daily census under the IPPS for capital costs. Finally, for particular cases that are unusually costly, known as outlier cases, the IPPS payment is increased. This additional payment is designed to protect the hospital from large financial losses due to unusually expensive cases. Any outlier payment due is added to the DRF-adjusted base payment rate, plus any DSH or IME adjustments.

Accountable Care Organization (ACOs) and Bundled Care Programs

The Patient Protection and Affordable Care Act (PPACA), commonly called the Affordable Care Act (ACA) has presented payment reform opportunities that can be utilized by health care payers to create a system that rewards providers for rendering quality care in an efficient manner and has the potential to constrain the costs of healthcare while also leading to improved health outcomes. In health care, this means creating incentives for health care providers to improve the continuity and coordination of care, which ultimately leads to better patient outcomes and lower costs.

Bundled Payment - Providers are paid a set amount for all services rendered during a defined “episode” of care, including follow-up care.

Shared Savings - If providers meet or exceed cost-saving targets and quality measures, they can then share in a portion of the savings.

Pay-For-Performance - Providers are paid incentive payments based on quality indicators that are calculated as a percentage of the underlying fee-for service payment or a portion of claims paid withheld and then redistributed to providers.

Patient Centered Medical Home Payments - Additional activities and functions related to care management and population health are reimbursed by an extra fee that may be capitation or FFS based.

CMS has a Medicare fee-for-service shared savings program. According to CMS, the Medicare Shared Savings Program (Shared Savings Program) was established by the Affordable Care Act. The Shared Savings Program is a key component of the Medicare delivery system reform initiatives included in the Affordable Care Act. The Shared Savings Program is to facilitate coordination and cooperation among providers to improve the quality of care for Medicare Fee-For-Service (FFS) beneficiaries and reduce unnecessary costs. Eligible providers, hospitals, and suppliers may participate in the Shared Savings Program by creating or participating in an Accountable Care Organization (ACO).

Disproportionate Share Hospital (DSH)

Since 1986, an increasing number of hospitals have received additional payments because they serve a disproportionate share of low-income patients. The adjustment is considered as a way to protect access to care for vulnerable populations. Most DSH hospitals receive the additional payments based on a formula calculated using the proportion of the hospital’s Medicare inpatient days provided to poor Medicare beneficiaries (recipients of Supplemental Security Income) added to the proportion of total hospital days provided to Medicaid recipients. A few urban hospitals receive DSH payments under an alternative formula that considers the proportion of a hospital’s patient care revenues that are received from State and local indigent care funds.

Federal law requires that state Medicaid programs make disproportionate share hospital payments to qualifying hospitals that serve a large number of Medicaid and uninsured individuals. Federal law establishes an annual DSH allotment for each state that limits Federal Financial Participation (FFP) for total statewide DSH payments made to hospitals. Federal law also limits FFP for DSH payments through the hospital-specific DSH limit. Under the hospital-specific DSH limit, FFP is not available for state DSH payments that are more than the hospital's eligible uncompensated care cost, which is the cost of providing inpatient hospital and outpatient hospital services to Medicaid patients and the uninsured, minus payments received by the hospital on or on the behalf of those patients.

Under the Affordable Care Act (ACA), Congress would have reduced federal DSH allotments beginning in 2014, to account for the decrease in uncompensated care anticipated under health insurance coverage expansion. However, several pieces of legislation have been enacted since 2010 that have since delayed the ACA’s Medicaid DSH reduction schedule. The final rules for DSH payments were published in February 2024 and will take effect for fiscal year 2024. The rules will cut $8 billion per year in payments from the program. Under the new rules, safety-net hospitals in the 97th percentile of low-income inpatient days will be exempt from the changes. Additionally, DSH payments will only be made for patients that are Medicaid primary payors. Overpayments will be reduced under the new rules, which will be identified by auditors.

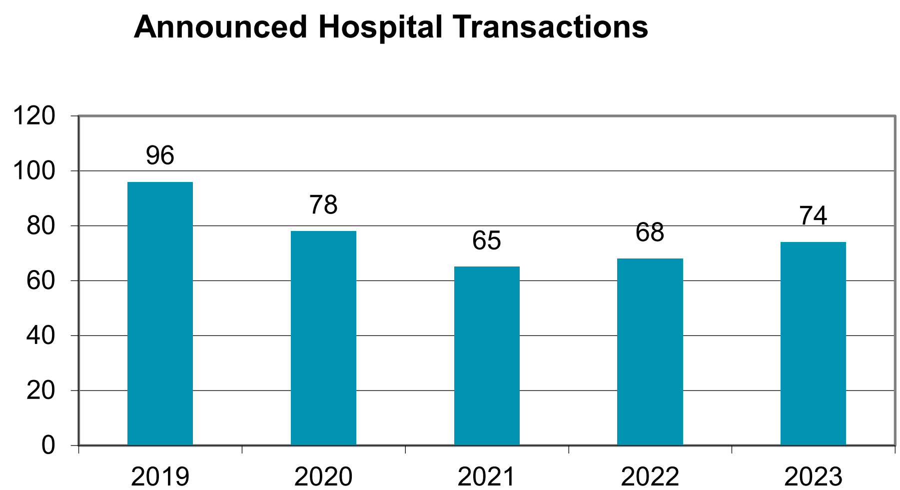
Hospital Statistics by State

The following are statistics for non-federal, short-term, acute care hospitals are summarized by state.

State	Number Hospitals	Staffed Beds	Total Discharges	Patient Days	Gross Patient Revenue ($000)
AK - Alaska	11	1,270	45,129	267,822	7,446,359
AL - Alabama	90	14,968	534,565	2,846,188	75,536,584
AR - Arkansas	54	7,694	298,089	1,436,251	33,239,235
AS - American Samoa	1	131	4,607	28,024	68,160
AZ - Arizona	79	13,859	595,893	2,903,693	100,752,420
CA - California	335	74,324	2,991,594	15,321,991	638,764,782
CO - Colorado	60	8,608	390,877	1,947,885	94,566,624
CT - Connecticut	35	8,600	332,816	1,821,625	48,815,135
DC - Washington D.C.	7	2,165	80,437	577,605	15,038,060
DE - Delaware	8	2,114	86,596	566,102	10,646,848
FL - Florida	223	57,999	2,514,828	12,697,155	449,882,078
GA - Georgia	110	22,187	902,556	5,122,188	144,329,610
GU - Guam	3	312	11,503	84,206	616,070
HI - Hawaii	14	2,437	87,725	579,909	12,167,957
IA - Iowa	38	6,309	242,095	1,202,769	30,884,443
ID - Idaho	18	2,635	112,470	529,072	17,803,329
IL - Illinois	138	27,484	1,095,549	5,728,866	177,846,069
IN - Indiana	100	15,383	652,005	3,217,843	104,010,222
KS - Kansas	56	6,388	252,141	1,212,891	44,364,657
KY - Kentucky	73	12,713	517,290	2,649,400	75,665,915
LA - Louisiana	110	14,217	474,240	2,370,131	70,232,454
MA - Massachusetts	70	14,164	656,390	3,670,080	82,102,424
MD - Maryland	50	10,359	695,663	2,802,527	21,077,738
ME - Maine	19	2,842	93,596	593,255	15,164,358
MI - Michigan	100	21,906	905,733	4,672,751	119,061,997
MN - Minnesota	54	10,182	433,894	2,301,680	55,917,067
MO - Missouri	80	16,670	639,094	3,373,097	92,473,174
MP - N. Mariana Islands	1	74	2,980	13,046	-
MS - Mississippi	66	9,290	265,406	1,437,257	40,406,100
MT - Montana	15	2,273	75,411	394,174	9,291,059
NC - North Carolina	109	22,823	947,295	5,263,965	130,304,455
ND - North Dakota	9	1,868	69,920	372,531	10,666,204
NE - Nebraska	28	4,153	155,914	853,536	19,485,373
NH - New Hampshire	14	2,379	101,565	539,408	17,981,349
NJ - New Jersey	76	20,167	849,884	4,370,101	156,288,649
NM - New Mexico	35	4,015	155,950	793,866	22,103,087
NV - Nevada	30	6,022	293,906	1,589,531	63,564,771
NY - New York	181	56,435	2,020,034	11,890,078	334,434,329
OH - Ohio	145	27,505	1,158,884	5,737,661	181,559,111
OK - Oklahoma	90	9,670	381,865	1,841,396	62,213,304
OR - Oregon	36	6,387	325,615	1,540,322	37,495,541
PA - Pennsylvania	178	34,410	1,352,392	7,054,881	266,107,158
PR - Puerto Rico	57	8,130	287,533	1,707,659	5,297,317
RI - Rhode Island	11	2,436	94,143	488,908	10,882,329
SC - South Carolina	67	11,460	473,899	2,530,524	80,033,693
SD - South Dakota	22	2,668	90,611	415,461	14,833,614
TN - Tennessee	96	18,415	780,825	4,118,259	112,901,267
TX - Texas	375	60,651	2,664,893	13,267,089	471,204,081
UT - Utah	36	4,920	208,435	884,576	28,618,963
VA - Virginia	88	17,024	697,045	3,631,356	101,506,175
VI - Virgin Islands	2	226	4,708	31,637	259,851
VT - Vermont	7	868	36,045	215,843	5,723,984
WA - Washington	60	10,458	484,769	2,828,254	85,444,447
WI - Wisconsin	84	10,967	431,418	2,250,294	70,451,394
WV - West Virginia	34	5,376	195,620	1,049,156	25,644,017
WY - Wyoming	15	1,260	36,302	116,050	3,751,893
TOTAL	**3,903**	**740,250**	**30,290,642**	**157,751,825**	**4,906,927,284**

Hospital Mergers and Acquisitions by Number of Beds

According to The Health Care Services Acquisition Report, Thirtieth Edition, 2024, published by Irving Levin Associates Inc., Hospital merger and acquisition deal activity increased slightly in 2023. There were 74 transactions in 2023 compared to 68 in 2022 with a five year low in 2021 of 65 and a five year high in 2019 of 96. The 74 deals involved 210 hospitals. Mergers between major health systems made up 18 deals with an average size of 583 beds, at least seven hospitals, and average revenue acquired of approximately $1.2 billion. Regulatory roadblocks held back some transactions including most notably the FTCs objection to the planned merger of SUNY Upstate Medical University and Crouse Health System in the Syracuse market, and the FTCs suit to block John Muir Health's acquisition of the San Ramon Regional Medical Center from Tenet Healthcare in Bay Area of California.



Source: The Health Care Services Acquisition Report, 30th Edition 2024, Irving Levin Associates, Inc.

In 2023, the average size of hospitals changing hands was 95 beds per facility, which is a decrease from 116 beds per hospital in 2022. Of the 74 transactions in 2023, approximately 65 percent were for single facilities, while 35 percent included more than one hospital. This is similar to 2022.

The largest US deal in 2023 was Novant Health System's acquisition of three hospitals in South Carolina for $2.4 billion. Other large deals included Kaiser Permanente's acquisition of Geisinger Health, which included 10 hospitals, a health plan with 500,000 members, physicians and care sites, and $6.43 billion in revenue.

Summary of Acquisitions 2019 to 2023

According to the Health Care Services Acquisition Report, Thirtieth Edition, 2024, published by Irving Levin Associates Inc., the table below presents a compilation of statistics for all announced U.S. hospital transactions in the past five years. Each year has been updated with the latest available information. It is important to note that all foreign hospital deals and those in bankruptcy proceedings have been removed from this data.

Based on the five deals with the requisite figures, the average price/revenue multiple for U.S. hospitals in 2022 was 1.59x; the corresponding median was 0.60x. The average figure represents an increase compared with the figures in 2022 (average of 0.54x, median of 0.44x).

Each year a number of deals involve financially distressed properties, often with a net loss and negative cash flow. These are typically rural or community-based not-for-profit hospitals, which often do not publish acquisition prices and so analysis of multiples cannot be done. Thus, the "deal count" for the EBITDA multiples is lower, as those outliers are removed. Most acquirers consider the price/EBITDA ratio to be a key measure for valuing an acquisition. Unfortunately for the hospital acquisition market, most analysis rests on older data, due to the lack of timely disclosure of financial information, such as Medicare cost reports, and the disinclination of buyers to reveal current EBITDA of their target hospitals. In 2022 and 2023 there was not a large enough sample to provide price/EBITDA figures.

Many market participants like to know the price per bed, on the assumption that if an acquisition can be completed at a lower per-bed value, there may be more upside for the buyer, especially if capital costs will be lower. Comparing these figures for the past five years, 2023 represents a five year high in the average price per bed of $1,397,201 per bed and a five year low in the median price per bed of $243,553 per bed. One problem with the price per bed is that acquisition announcements may include additional services, such as home health and hospice, or buildings, such as medical offices, for which separate values are not disclosed.

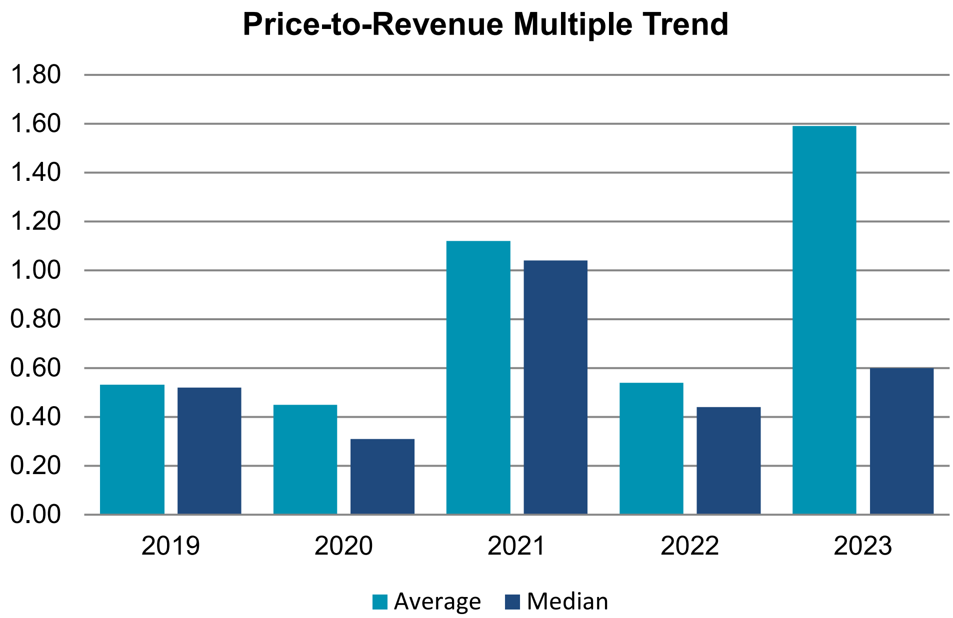
Summary of U.S. Hospital Acquisitions

	2019	2020	2021	2022	2023
Number of Deals	72	65	54	54	56
Number of Beds	11,949	15,324	17,996	15,673	13,108
Number of Hospitals	132	121	140	158	125
Total Acquired Revenues	$7,178,580,328	$15,775,722,915	$21,176,915,157	$21,697,164,637	$21,707,904,192
Average Revenue/Deal	$128,188,934	$262,928,715	$529,422,879	$570,978,017	$461,870,302
Median Revenue/Deal	$77,213,188	$102,144,820	$93,009,090	$97,078,276	$148,028,381
Deal Count	56	60	40	38	47
Total Purchase Price	$3,112,400,000	$2,367,865,108	$6,117,900,000	$1,667,300,000	$4,639,960,177
Average Price/Deal	$183,082,353	$157,857,674	$407,860,000	$185,255,556	$463,996,018
Median Price/Deal	$37,500,000	$40,000,000	$73,000,000	$67,500,000	$182,500,000
Deal Count	17	15	15	9	10
Price/Revenue Average	0.53x	0.45x	1.12x	0.54x	1.59x
Price/Revenue Median	0.52x	0.31x	1.04x	0.44x	0.60x
Deal Count	8	14	8	5	5
Price/EBITDA Average	1.50x	5.07x	6.57x	N/A	N/A
Price/EBITDA Median	3.50x	3.58x	7.58x	N/A	N/A
Deal Count	6	13	8	4	3
Price/Bed Average	$680,629	$484,702	$788,465	$757,627	$1,397,201
Price/Bed Median	$526,296	$291,262	$515,517	$453,108	$243,553
Deal Count	16	15	11	8	9

Source: The Health Care Services Acquisition Report, 30th Edition 2024, Irving Levin Associates, Inc.

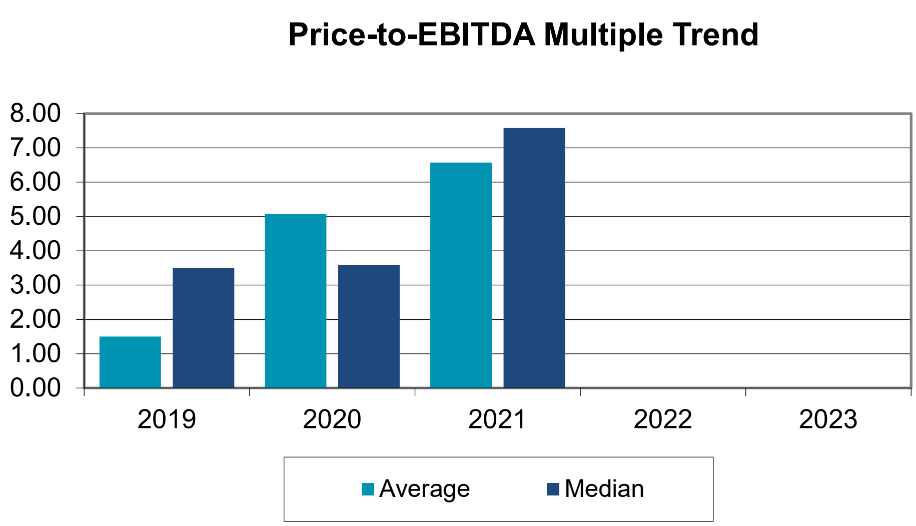
Price/Revenue and Price/EBITDA Multiples

According to the Health Care Services Acquisition Report, Thirtieth Edition, 2024, published by Irving Levin Associates Inc., although not as readily invoked as the price/EBITDA multiple, the price/revenue multiple is a reasonable initial benchmark to consider when looking at hospital acquisitions. In the past five years, the average spiked to a high of 1.59x in 2023, which was an increase from a low of 0.45x in 2020. The median price/revenue multiple increased from 0.44x in 2022 to 0.60x in 2023, which compares to a five year low of 0.31x in 2020 and a five year high of 1.04x in 2021.



Source: The Health Care Services Acquisition Report, 30th Edition 2024, Irving Levin Associates, Inc.

It has always been a challenge to derive an accurate price/EBITDA multiple in the hospital acquisition market because the financial data reports tend to lag the announcement of deals. It matters less for price/revenue because the level of revenue fluctuates less from year to year than does the level of cash flow. Because the buyer has more current financial data when making the offer, we have to assume that the price/EBITDA multiples in this report are somewhat high because they are based on one- or sometimes two-year-old information. Also, buyers usually price their acquisitions based on pro forma EBITDA, and ignore the historical performance if they believe it to be misleading. Given the limited sample sizes in 2022 and 2023, no price/EBITDA statistics were available for these years.



Source: The Health Care Services Acquisition Report, 30th Edition 2024, Irving Levin Associates, Inc.

Summary

The hospital market increased slightly 2023 despite the continued headwinds of inflation, staffing shortages, regulatory challenges, and competition from decentralized offerings. The population continues to age and required healthcare services with the hospitals continuing to play a vital role. There are numerous issues impacting the healthcare industry, some positive and some negative. In the healthcare industry, a high proportion of revenue is derived from government programs such as Medicare and Medicaid. Thus, regulatory and political developments can have a significant impact on both industry fundamentals and stock market valuations. Proposals to change the way these programs are funded or operated can lead to uncertainty. Cost inflationary issues, such as soaring medical liability insurance premiums and escalating staffing costs, added to the increasing price of new technologies, are all combining to subdue margins for healthcare facility providers in the U.S. Additionally, the sift from fee-for-service to value-based care continues with health systems adapting to the changing reimbursement models. In conclusion, diversification within the healthcare industry will continue as various segments grow and become more efficient and stimulate possibly more consolidations that emphasize network integration and diversification of services.

California Hospital Environment

Definition and Licensure

Licensing and regulation of all hospitals in the State of California falls under the State of California Department of Health Services per California Code of Regulations, Title 22, Division 5, Chapter 1.

California defines a hospital as a general acute care hospital that is a hospital licensed by the Department, having a duly constituted governing body with overall administrative and professional and responsibility and an organized medical staff which provides 24-hour inpatient care, including the following basic services: medical, nursing, surgical, anesthesia, laboratory, radiology, pharmacy, and dietary services.

In California, no person, firm, partnership, association, corporation, political subdivision of the State, or other governmental agency may establish, operate or maintain a hospital, or hold out, represent or advertise by any means that it operates a hospital, without first obtaining a license from the Department. Licenses are not transferable. The licensee must notify the Department in writing at least 30 days prior to the effective date of any change of ownership. A new application for license must be submitted by the prospective new owner.

Statewide Statistics

According to the American Hospital Directory, as of December 2023, California has 334 hospitals that have 74,411 licensed beds.

STATE OF CALIFORNIA HOSPITAL STATISTICS

STATEWIDE STATISTICS	2017	2018	2019	2020	2021	2022	2023*
No. of Hospitals	347	342	342	341	339	339	334
No. of Beds	75,003	74,620	73,811	74,180	74,292	74,448	74,411
No. of Beds Per 1,000, Age 18-64	2.81	2.81	2.78	2.80	2.82	2.83	N/A
No. of Beds Per 1,000, Age 65+	14.32	13.85	13.39	13.06	12.72	12.41	N/A
Population Age 15-64	26,691,292	26,508,203	26,548,936	26,505,479	26,366,255	26,261,541	N/A
Population Age 65+	5,237,878	5,385,928	5,513,145	5,677,790	5,840,887	5,997,052	N/A
Total Population	39,597,658	39,489,707	39,612,413	39,693,790	39,633,614	39,595,638	N/A

Source: American Hospital Directory

Certificate of Need

California has not had a Certificate of Need program since 1987.

Quality Assurance Fee (QAF)

The QAF, established by Assembly Bill 1383, was first imposed in 2009 in order to make supplemental and grant payments and increased capitation payments to hospitals up to the aggregate upper payment limit. The California Reimbursement Improvement Act of 2013 established a new program period for the Hospital Quality Assurance Fee program. The terms and conditions for phase five fees to CMS are as follows:

- Public hospitals are excluded from the tax;
- Small and rural hospitals are excluded from the tax;
- Psychiatric and specialty hospitals are excluded from the tax;
- New hospitals as defined in California Welfare and Institutions Code section 14169.51, subdivision (ai) are excluded from the tax;
- Out of state hospitals are excluded from the fee and payments;
- Non-Medi-Cal fee for service inpatient days is assessed a fee of $281.58;
- Non-Medi-Cal managed care inpatient days in hospitals owned by managed care organization are assessed a fee of $156.00 per patient day;
- Non-Medi-Cal managed care inpatient days in all other hospitals are assessed a fee of $279.25 per patient day;
- Medi-Cal managed care inpatient days in hospital owned by managed care organizations are assessed a fee of $279 per inpatient day; and
- Medi-Cal managed care inpatient days in all other hospitals and Medi-Cal fee-for-service inpatient days are assessed a fee of $498.25 per inpatient day.

All fees are based on inpatient days for each hospital's 2013 calendar year data.

Federal Acute Care Medicare Coverage

Centers for Medicare & Medicaid Services (CMS) has established a Medicare prospective payment system (PPS) for hospital services, which include inpatient and outpatient hospital care, ambulatory surgical services, and other facility-based services such as, but not limited to, rehabilitation, psychiatric, and long- term care units. Medicare requires a deductible and co-pay from the patient, until the patient reaches a certain level of expenditures. When setting reimbursement amounts, Medicare considers and includes this deductible and co-pay for facility services.

CMS updates reimbursements periodically based on a variety of factors, including clinical issues, costs, inflation, and federal budget constraints. Reimbursement is based on national average costs with adjustments for geographic and facility specific factors. In addition, billed claims are subject to clinical coding edits Medicare has developed.

The following table lists the federal operating and capital rates for Fiscal Year (FY) 2024 compared to the rates currently in effect:

	Final FFY 2023	Final FFY 2024	Percent Change
Federal Operating Rate	$6,375.74	$6,497.77	1.91%
Federal Capital Rate	$483.79	$503.83	4.14%

Source: Federal Registry

Below is a chart of the FY 2024 Standardized Amounts:

FY 2024 Standardized Amounts				
	Hospital submitted quality data and is a meaningful EHR user	Hospital submitted quality data and is NOT a meaningful EHR user	Hospital did NOT submit quality data and is a meaningful EHR user	Hospital did NOT submit quality data and is NOT a meaningful EHR user

FY 2024 Update Factor	1.031	1.00625	1.02275	0.998
FY 2024 MS-DRG Reclassification and Recalibration Budget Neutrality Factor Before Cap	1.001463	1.001463	1.001463	1.001463
FY 2024 Cap Policy MS-DRG Weight Budget Neutrality Factor	0.999928	0.999928	0.999928	0.999928
FY 2024 Wage Index Budget Neutrality Factor	1.000702	1.000702	1.000702	1.000702
FY 2024 Reclassification Budget Neutrality Factor	0.971295	0.971295	0.971295	0.971295
FY 2024 Lowest Quartile Budget Neutrality Factor	0.997402	0.997402	0.997402	0.997402
FY 2024 Cap Policy Wage Index Budge Neutrality Factor	0.999645	0.999645	0.999645	0.999645
FY 2024 RCH Demonstration Budget Neutrality Factor	0.999463	0.999463	0.999463	0.999463
FY 2024 Operating Outlier Factor	0.949	0.949	0.949	0.949
National Standardized Amount for FY 2024 if Wage Index is Greater than 1.0000 Labor/Non-labor Share Percentage (67.6/32.4)	Labor: $4,392.49 Non-labor: $2,105.28	Labor: $4,287.05 Non-labor: $2,054.74	Labor: $4,357.34 Non-labor: $2,088.43	Labor: $4,251.90 Non-labor: $2,037.89
National Standardized Amount for FY 2024 if Wage Index is Less than or Equal to 1.0000 Labor/Non-labor Share Percentage (62/38)	Labor: $4,028.49 Non-labor: $2,469.15	Labor: $3,931.91 Non-labor: $2,409.88	Labor: $3,996.38 Non-labor: $2,449.39	Labor: $3,899.67 Non-labor: $2,390.12

Source: Federal Registry

The Inpatient Prospective Payment System (IPPS) changed last year to the Long-Term Care Hospital (LTCH) PPS payment system. To calculate LTCH total adjusted Federal prospective payment is explained below:

LTCH Calculation	
Unadjusted LTCH PPS Standard Federal Prospective Payment Rate	$48,116.62
Labor-Related Share	X 0.685
Labor-Related Portion of the LTCH PPS Standard Federal Payment Rate	= $32,959.88
Wage Index (CBSA 16984)	X 1.0419
Wage-Adjusted Labor Share of LTCH PPS Standard Federal Payment Rate	= $34,340.90
Non-labor-Related Portion of the LTCH PPS Standard Federal Payment Rate ($48,116.62 x 0.315)	+ $15,156.74
Adjusted LTCH PPS Standard Federal Payment Amount	= $49,497.64
MS-LTC-DRG 189 Relative Weight	X 0.9416
Total Adjusted LTCH PPS Standard Federal Prospective Payment	= $46,606.98

For hospital outlier payments under Outpatient Prospective Payment System (OPPS), there will be no change in the multiplier threshold of 1.75 for 2024. To ensure that the outlier spending does not exceed the reduced outlier target, CMS increased the fixed dollar outlier to $8,350. CMS estimates that this threshold will target 1.0 percent of total OPPS spending.

Alfred E. Alquist Hospital Facilities Seismic Safety Act of 1983

Senate Bill 1953 (SB 1953) was introduced on February 25, 1994. It was signed into law on September 21, 1994 and filed by the Secretary of State on September 22, 1994. The bill was an amendment to and continuance of the Alfred E. Alquist Hospital Seismic Safety Act of 1983 (Alquist Act). The regulations developed as a result of this statute are deemed to be emergency regulations and became effective upon approval by the California Building Standards Commission and filing with the Secretary of State, on March 18, 1998.

The Alfred E. Alquist Hospital Facilities Seismic Safety Act of 1983 (California Health & Safety Code §§ 129675, et seq.), establishes, under the jurisdiction of the Office of Statewide Health Planning and Development, a program of seismic safety building standards for certain hospitals constructed on and after March 7, 1973. In 2007, Senate Bill 306 added Health & Safety Code §130061.5, which authorizes qualified hospital owners, including city or county hospitals or hospitals that meet strict financial hardship criteria, to receive a seven year extension from the 2013 seismic safety deadline and instead require the hospitals to replace those buildings by January 1, 2020. The 2020 Seismic Safety Extension allows city, or county hospitals, or hospitals that meet strict financial hardship criteria to receive a seven-year extension from the 2013 seismic safety deadlines and instead require the hospitals to replace those buildings by 2020.

The Facilities Development Division formed the Seismic Retrofit Program Unit, which is now referred to as the Seismic Compliance Unit. This unit, headed by Hussain Bhatia, is comprised of structural engineers and senior architects responsible for review and approval of the following submittals to OSHPD:

- Seismic Evaluation Reports (structural and non-structural);
- Seismic Performance Ratings (SPC/NPC);
- Compliance plans;
- Extension requests;
- Design criteria and conditional approvals of voluntary seismic compliance projects; and
- SPC-4d Regulations.

All general acute care hospitals are assigned a structural performance category (SPC). The SPC ratings range from one to five. SPC-1 buildings may be at risk of collapse during a strong earthquake and SPC-5 buildings are reasonably capable of providing services to the public following a strong earthquake. State law requires SPC-1 buildings to be removed from providing general acute care services by 2020 and all SPC-2 buildings removed from providing general acute care services by 2030.

California has 47 general acute care hospital buildings that have the SPC-1 rating, while 664 general acute care hospital buildings have the SPC-2 rating. Assembly Bill 2190 required all hospitals seeking extensions to the January 1, 2020 compliance deadline for SPC-1 buildings to submit an application to OSHPD by April 1, 2019. The law requires OSHPD to grant an additional extension until July 1, 2022. If the compliance plan is based upon replacement or retrofit, or up to five years until January 1, 2025 if the compliance plan is a rebuild.

Hospitals can now apply for a seismic compliance extension under Assembly Bill 2190. Before January 1, 2020, the owner of an acute care inpatient hospital whose building does not substantially comply with the seismic safety regulations or standards must submit to the office an attestation that the board of directors of that hospital is aware that the hospital building is required to meet the January 1, 2030, deadline for substantial compliance with those regulations and standards.

Supplemental Payments

California has several different types of supplemental payments, which are DSH, Qualified non-designated public hospitals, construction-renovation, qualified private hospitals, and Martin Luther King Jr. (MLK-LA) Healthcare Corporation.

For outpatient supplemental reimbursements, California has programs for public outpatient hospital services, specified government-operated providers for costs of professional services, publicly owned or operated clinic services, and hospitals that meet specified requirements and provides outpatient services to Medi-Cal beneficiaries.

Medicaid Reimbursement

California uses the Diagnosis Related Group (DRG) reimbursement methodology for all private hospitals with admissions on or after July 1, 2013, and for non-designated public hospitals with admissions on or after January 1, 2014. A per diem payment method is used for payment of rehabilitation services and administrative day services rendered by DRG hospitals. This method pays for hospital inpatient services in the fee-for-service Medi-Cal program based on All Patient Refined Diagnosis Related Groups (APR-DRGs).

Management and Operations Overview

Management Overview

The subject is managed by Ernest Health, a for-profit operator owned by Vibra Healthcare and One Equity Partners. The operator has 36 rehabilitation, long-term acute care, and specialty hospitals in 13 states.

Operations Overview

Services

Sacramento Rehabilitation Hospital is an existing rehabilitation hospital which offers care for patients recovering from disabling diseases or injuries, such as strokes, brain, spinal cord, and orthopedic injuries.

Licensing and Accreditation

The subject is accredited by The Joint Commission with the last full survey occurring on March 24, 2023. The subject is licensed for 50 beds. The current license is effective as of February 24, 2024 and is renewed annually.

Market Analysis

Sacramento Rehabilitation Hospital is a licensed rehabilitation hospital containing 50-beds. In the following pages, we will discuss how the subject compares and competes with existing facilities in its market area.

Primary Service Area

The first step in analyzing the competitive market for the subject is delineating its primary service area (PSA). The PMA is typically described as either a defined radius around the subject, zip codes, or it can be the county or township in which the property is located.

With regard to Sacramento Rehabilitation Hospital and its competition, its primary service area is considered to effectively encompass a primary service area of roughly 15 miles. This assumption was based on our review of the demographics of the area, occupancy trends, as well as from discussions with market participants.

Demographics

We evaluated the current and future market potential by analyzing demographic trends in the subject's service area. In densely populated urban areas, the primary and secondary service areas may be smaller, and vice versa.

Population

Having established the subject's trade area, our analysis focuses on the trade area's population. © 2022 Experian Marketing Solutions, Inc. •All rights reserved• provides historical, current and forecasted population estimates for the total area. Patterns of development density and migration are reflected in the current levels of population estimates.

Between 2000 and 2022, it is reported that the population within a radius of 15 miles increased at a compound annual rate of 0.89 percent. This is characteristic of suburban areas in this market. This trend is expected to continue into the near future albeit at a slightly slower pace. Expanding to the total trade area of a radius of 20 miles, population is expected to increase 0.70 percent per annum over the next five years.

The following page contains a graphic representation of the current population distribution within the subject's region.

The graphic on the second following page illustrates projected population growth within the trade area over the next five years (2022 - 2027). The trade area is clearly characterized by various levels of growth.

DEMOGRAPHIC SUMMARY	Radius					
	10 miles	15 miles	20 miles	Sacramento	Sacramento County	California
POPULATION STATISTICS						
2000	486,380	1,155,619	1,439,065	406,468	1,223,647	33,859,654
2010	559,919	1,274,677	1,719,094	466,220	1,418,788	37,253,929
2022	623,356	1,404,034	1,915,897	518,226	1,572,030	39,595,638
2027	642,338	1,443,218	1,983,417	534,697	1,620,302	40,655,996
Compound Annual Change						
2000 - 2022	1.13%	0.89%	1.31%	1.11%	1.15%	0.71%
2022 - 2027	0.60%	0.55%	0.70%	0.63%	0.61%	0.53%
HOUSEHOLD STATISTICS						
2000	193,922	435,717	535,902	154,215	453,659	11,498,168
2010	217,290	473,933	626,624	174,408	513,945	12,577,510
2022	242,920	525,078	702,814	195,944	574,559	13,541,839
2027	251,066	541,308	729,431	202,876	593,842	13,956,257
Compound Annual Change						
2000 - 2022	1.03%	0.85%	1.24%	1.09%	1.08%	0.75%
2022 - 2027	0.66%	0.61%	0.75%	0.70%	0.66%	0.60%
AVERAGE HOUSEHOLD INCOME						
2000	$48,475	$52,306	$56,935	$48,482	$56,079	$65,671
2022	$91,398	$94,997	$105,091	$92,929	$100,652	$120,874
2027	$102,751	$107,179	$118,627	$104,439	$113,071	$138,907
Compound Annual Change						
2000 - 2022	2.92%	2.75%	2.83%	3.00%	2.69%	2.81%
2022 - 2027	2.37%	2.44%	2.45%	2.36%	2.35%	2.82%
OCCUPANCY						
Owner Occupied	46.79%	51.39%	56.35%	48.06%	56.28%	54.69%
Renter Occupied	53.21%	48.61%	43.65%	51.94%	43.72%	45.31%

Having established the subject's service area, our analysis focuses on the service area's population. Patterns of development density and migration are reflected in the current levels of population estimates.

Demographics

We evaluated the current and future market potential by analyzing demographic trends in the subject's market area. In densely populated urban areas, the primary and secondary market areas may be smaller, and vice versa.

Population/Growth Rates

The following data includes figures for Census Year 2010, 2022 estimates, and projections for 2027. For purposes of this analysis, we have relied upon the 2022 estimates for current demographic information.

California				
Age Group	**2010**	**2022**	**2027**	**Annual Growth Rate**
0 to 4	2,531,332	2,335,813	2,453,109	0.98%
5 to 14	5,096,765	5,001,232	4,940,911	-0.24%
15 to 19	2,823,937	2,529,637	2,498,474	-0.25%
20 to 24	2,765,947	2,619,133	2,619,978	0.01%
25 to 34	5,317,873	6,049,268	5,923,680	-0.42%
35 to 44	5,182,706	5,333,349	5,673,875	1.25%
45 to 54	5,252,367	4,944,937	4,953,892	0.04%
55 to 64	4,036,490	4,785,218	4,711,805	-0.31%
65 to 74	2,275,334	3,477,954	3,845,866	2.03%
75 to 84	1,370,209	1,758,692	2,183,196	4.42%
85+	600,968	760,407	851,210	2.28%
Total	**37,253,929**	**39,595,638**	**40,655,996**	**0.53%**
Age 15 and over	29,625,832	32,258,593	33,261,976	0.61%
Age 20 and over	26,801,895	29,728,957	30,763,502	0.69%
Age 25 and over	24,035,947	27,109,824	28,143,523	0.75%

Primary Market Area 15 Miles				
Age Group	**2010**	**2022**	**2027**	**Annual Growth Rate**
0 to 4	91,000	88,530	92,617	0.91%
5 to 14	168,981	178,370	179,928	0.17%
15 to 19	97,243	91,140	90,677	-0.10%
20 to 24	107,601	100,791	99,640	-0.23%
25 to 34	191,991	225,894	218,850	-0.63%
35 to 44	162,393	188,679	204,205	1.59%
45 to 54	170,420	159,007	161,288	0.29%
55 to 64	136,602	160,875	156,539	-0.54%
65 to 74	75,136	120,832	132,579	1.87%
75 to 84	49,659	61,249	75,400	4.24%
85+	22,698	27,596	30,379	1.94%
Total	**1,273,724**	**1,402,964**	**1,442,101**	**0.55%**
Age 15 and over	1,013,743	1,136,064	1,169,556	0.58%
Age 20 and over	916,500	1,044,924	1,078,879	0.64%
Age 25 and over	808,899	944,132	979,239	0.73%

The population in the subject’s primary market area indicates projected growth in the general population, thus, there should be stable demand for the subject in the short term. As seen from the data, the general population is growing for the state at 0.53 percent annually and the population in the PMA is growing at 0.55 percent annually.

Overall, these findings suggest that there appears to be demand in the primary market area for beds and there appears to be a sufficient marketplace for the subject's 50 beds.

DISTRIBUTION OF HOUSEHOLD INCOME

	Radius					
Category	10 miles	15 miles	20 miles	Sacramento	Sacramento County	California
$500,000+	1.47%	1.63%	2.04%	1.50%	1.76%	3.07%
$200,000 to $499,999	5.24%	5.54%	6.90%	5.29%	6.10%	10.06%
$150,000 to $199,999	7.07%	7.39%	8.89%	7.48%	8.62%	9.63%
$125,000 to $149,999	6.12%	6.44%	7.26%	6.13%	6.92%	7.43%
$100,000 to $124,999	10.53%	10.76%	11.40%	11.09%	11.42%	10.78%
$100,000 to $149,999	16.66%	17.20%	18.66%	17.22%	18.34%	18.21%
$75,000 to $99,999	13.82%	14.15%	14.27%	14.43%	14.82%	12.97%
$50,000 to $74,999	16.84%	17.35%	16.38%	16.27%	16.59%	14.80%
$35,000 to $49,999	11.14%	11.18%	10.18%	10.81%	10.63%	9.61%
$25,000 to $34,999	8.53%	7.92%	7.09%	8.21%	7.40%	6.69%
$15,000 to $24,999	8.35%	7.89%	7.01%	8.31%	7.20%	6.76%
Under $15,000	10.89%	9.74%	8.58%	10.47%	8.52%	8.19%

Supply/New Construction

At this time, we are not aware of any planned or proposed competition in the subject's market area. We are aware of a proposed short-term acute care teaching hospital to be built for California Northstate University on the site of the former Sleep Train Arena. This development should complement the subject property.

Local Area Providers

A search for competition consisted of an interview with the subject's management, and a review of AHD's U.S. Hospitals Profiles. Occupancy data was provided by AHD's U.S. Hospitals Profiles and is taken from a hospital's most recent Medicare Cost Report. The following table contains a summary of pertinent information for each.

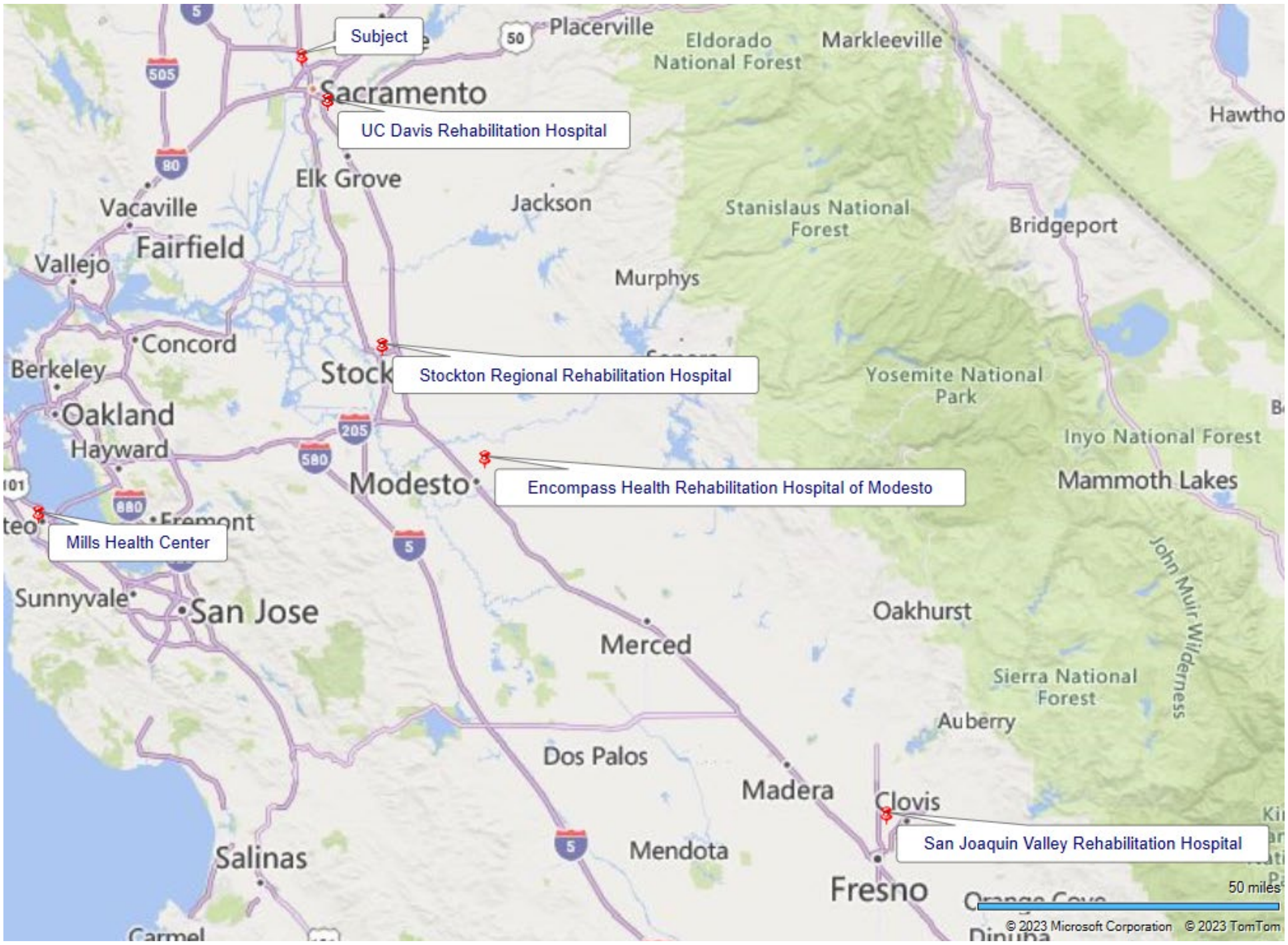
	Service Provider	Hospital Type Distance from Subject	Beds	Total Patient Days	Bed Days	Occupancy*
No. 1	UC Davis Rehabilitation Hospital 4875 Broadway Sacramento, CA	Rehabilitation Hospital 8.5 miles southeast	52	N/A	18,980	N/A
No. 2	Stockton Regional Rehabilitation Hospital 607 East Magnolia Street Stockton, CA	Rehabilitation Hospital 50 miles southwest	50	N/A	18,250	N/A
No. 3	Encompass Health Rehabilitation Hospital of Modesto 1303 Mable Avenue Modesto, CA	Rehabilitation Hospital 75 miles southeast	50	13,756	18,250	75.4%
No. 4	Mills Health Center 100 South San Mateo Drive San Mateo, CA	Rehabilitation Hospital 85 miles southwest	85	N/A	31,025	N/A
No. 5	San Joaquin Valley Rehabilitation Hospital 7173 North Sharon Avenue Fresno, CA	Rehabilitation Hospital 160 miles southeast	62	17,134	22,630	75.7%
	Subject: Sacramento Rehabilitation Hospital 10 Advantage Court Sacramento, CA	Rehabilitation Hospital	50	13,361	18,250	73.2%

Source: American Hospial Directory (AHD)
*Based on staffed beds

We note that the subject occupancy shown is the operator's projections for its 2024 budget. The most recent cost report available for the subject is from the year ending April 30, 2023 when the subject was still in lease up and showed total patient days of 4,833, or 26.5 percent occupied.

Occupancy is based on staffed beds, whereby the numbers of staffed beds are taken from a hospital's most recent Medicare cost report. Cost report instructions define staffed beds as, "the number of beds available for use by patients at the end of the cost reporting period. A bed means an adult bed, pediatric bed, birthing room, or newborn bed maintained in a patient care area for lodging patients in acute, long term, or domiciliary areas of the hospital. Beds in labor room, birthing room, postanesthesia, postoperative recovery rooms, outpatient areas, emergency rooms, ancillary departments, nurses' and other staff residences, and other such areas which are regularly maintained and utilized for only a portion of the stay of patients (primarily for special procedures or not for inpatient lodging) are not termed a bed for these purposes." The total number of general medical/surgical beds plus special care beds is reported. General Medical/Surgical Beds are the beds used for routine care and Special Care Beds include Intensive Care Units, Coronary Care Units, etc.

COMPARABLE FACILITY MAP



Conclusion

The subject is one of two rehabilitation hospitals within the primary market area, both of which opened this year. There are 17 standalone rehabilitation hospitals in California and the ones shown are the closest to the subject property. Overall, the subject's local market appears adequate to support the subject property.

Property Analysis

Site Description

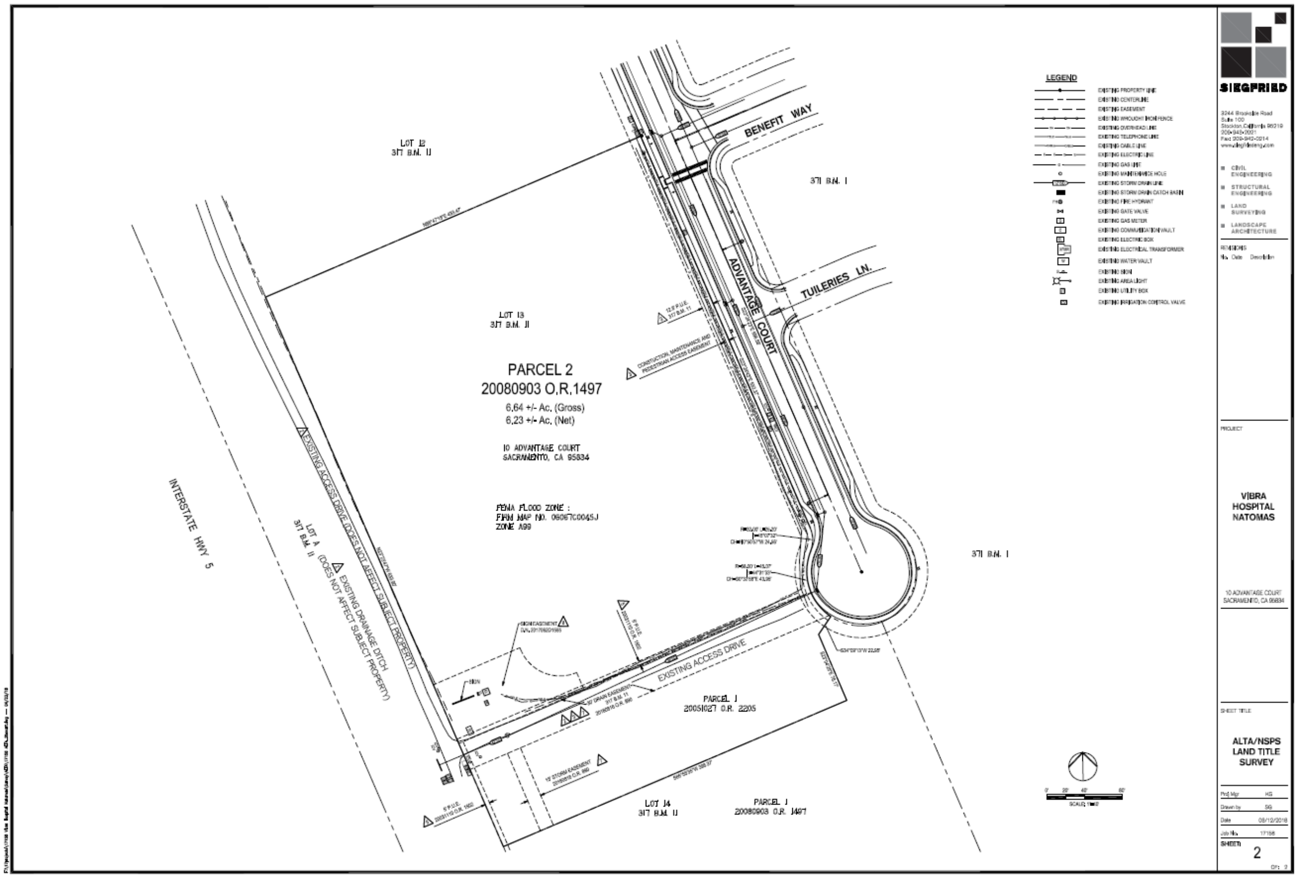
GENERAL	
Location:	10 Advantage Court Sacramento, Sacramento County, CA 95834
Shape:	Rectangular
Topography:	Level
Land Area:	6.23 acres / 271,379 gross square feet
Access, Visibility and Frontage:	The subject property has good access and good visibility. The frontage is rated as good.
Utilities:	All public utilities are available and deemed adequate.
Site Improvements:	Site improvements include asphalt paved parking areas, curbing, signage, landscaping, yard lighting and drainage.
SITE CONDITIONS	
Soil Conditions:	We were not given a soil report to review. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property. Drainage appears to be adequate.
Land Use Restrictions:	We do not know of any easements, encroachments, or restrictions that would adversely affect the site's use. However, we recommend a title search to determine whether any adverse conditions exist.
Wetlands:	We were not given a wetlands survey to review. If subsequent engineering data reveal the presence of regulated wetlands, it could materially affect property value. We recommend a wetlands survey by a professional engineer with expertise in this field.
Hazardous Substances:	We observed no evidence of toxic or hazardous substances during our inspection of the site. However, we are not trained to perform technical environmental inspections and recommend the hiring of a professional engineer with expertise in this field.
Flood Zone Description:	The subject property is located in flood zone A99 (Special flood hazard areas subject to inundation by 100-year flood which will be protected by a federal flood protection system when construction has reached specified statutory progress toward completion. No base flood elevations or depths are shown. Mandatory flood insurance purchase requirements apply) as indicated by FEMA Map 06067C0045J, dated June 16, 2015. The flood zone determination and other related data are provided by a third party vendor deemed to be reliable. If further details are required, additional research is required that is beyond the scope of this analysis.

CONCLUSIONS

Overall Site Utility: The subject site is functional for its current use.

Location Rating: Good

SURVEY



Improvements Description

The following description of improvements is based on a physical inspection of the improvements and our discussions with the subject property's representative.

GENERAL DESCRIPTION	
Property Type:	Rehabilitation Hospital
Year Built:	2022
Number of Beds:	50 beds
Number of Buildings:	1
Number of Stories:	2
Gross Building Area:	59,508 square feet
Net Rentable Area:	59,508 square feet
CONSTRUCTION DETAIL	
Basic Construction:	Masonry and steel
Foundation:	Poured concrete slab
Framing:	Masonry and steel
Floors:	Concrete slab
Exterior Walls:	Stucco and Masonry
Roof Type:	Flat
Roof Cover:	Built-up assemblies
Windows:	Thermal windows in aluminum frames
Pedestrian Doors:	Glass and metal
MECHANICAL DETAIL	
Heat Source:	HVAC
Heating System:	Forced Air
Cooling:	HVAC
Cooling Equipment:	The cooling equipment is located in the mechanical areas the building.
Plumbing:	The plumbing system is assumed to be adequate for the existing use and in compliance with local law and building codes. The plumbing system is typical of other hospital properties in the area with a combination of copper supply lines and plastic or cast iron waste and vent lines throughout the improvements.

Electrical Service:	Electricity for the building is obtained through low voltage power lines. Electrical service appears adequate.
Emergency Power:	The building has a back-up generator
Elevator Service:	The building contains adequate elevator service.
Fire Protection:	Wet sprinkler
Safety Features:	Resident call systems in all of the patient rooms and bathrooms, as well as emergency battery back-up lighting system and corridor handrails on both sides.

INTERIOR DETAIL

Floor Covering:	Vinyl and Tile
Walls:	Drywall
Ceilings:	Acoustical tile
Lighting:	Fluorescent
Bathrooms:	Depending on room type, each is equipped with a private bathroom. All bathrooms consist of a toilet and sink.

OTHER IMPROVEMENTS

Parking:	The property contains approximately 156 surface parking spaces and adequately support the existing users.
On-Site Landscaping:	The site is landscaped with a variety of trees, shrubbery and grass.
Other:	Site improvements include asphalt paved parking areas, curbing, signage, landscaping, yard lighting and drainage.
Personal Property:	Personal property was excluded from our valuation.

ANALYSIS AND CONCLUSIONS

Condition:	Excellent
Quality:	Excellent
Actual Age:	2 years
Effective Age:	1 year - The subject’s improvements (both short and long-lived items) are of excellent quality and in excellent condition.
Expected Economic Life:	50 years - The Marshall Valuation Services publication was relied on to estimate life expectancy of the subject’s improvements.
Remaining Economic Life:	49 years
Roof & Mechanical Inspections:	We did not inspect the roof nor did we make a detailed inspection of the mechanical systems. The appraisers are not qualified to render an opinion regarding the adequacy or condition of these components. The client is urged to retain an expert in this field if detailed information is needed.

Functional Obsolescence:	There is no apparent functional obsolescence present at the subject property.
Summary:	After considering all of the physical characteristics of the subject, we have concluded that this property has an overall rating that is good, when measured against other properties in this marketplace.

Real Property Taxes and Assessments

Current Property Taxes

The subject property is located in the taxing jurisdiction of Sacramento County, and the assessor's parcel identification is 225-1960-038-0000. According to the local tax collector's office, taxes are current.

Under the provisions of Article XIIIA of the California Tax and Revenue Code, properties are assessed their market value as of March 1, 1975, the base year lien date. This value may be increased only 2.00 percent per year, with few exceptions. Events such as a transfer of ownership, or significant new construction will trigger a reassessment of the property. The county assessor usually accepts the sale price, or the cost of improvements, in calculating assessed value. Assessed values may not be a reflection of actual market value and are useful to estimate effective tax rates.

The assessment and taxes for the property are presented in the following table:

PROPERTY ASSESSMENT INFORMATION	
Assessor's Parcel Number:	225-1960-038-0000
Assessing Authority:	Sacramento County
Tax Year:	2023
Assessment Ratio (% of market Value):	100%
Are Taxes Current?	Taxes are current
ASSESSMENT INFORMATION	
Assessed Value	**Totals**
Land:	$4,454,070
Improvements:	$36,551,000
Total:	$41,005,070
Taxable Assessment:	**$41,005,070**
Assessor's Implied Market Value:	$41,005,070
TAX LIABILITY	
Total Tax Rate:	4.08%
Total Property Taxes:	**$1,671,898**
Number of Beds:	50
Property Taxes per Bed:	$33,438
Building Area (SF):	59,508
Property Taxes per Square Foot:	$28.10

Currently total taxes for the property are $1,671,898, or $33,438 per bed. The subject is leased on an absolute net basis with the tenant responsible for directly paying all property taxes and other assessments including the PACE program assessment.

PACE Program Assessment

The subject received $14,948,669.76 in PACE financing from the California Statewide Communities Development Authority. In exchange, the subject pays a yearly assessment of $1,164,772.12 through the 2046/47 tax year. This annual assessment is a combination of principal, interest, and administrative expenses for the PACE financing.

Under section 6(a) of the subject lease to Sacramento Rehabilitation Hospital, LLC, the tenant is responsible for paying all improvements assessments, which the landlord and tenant have agreed include the subject's PACE assessment. As such, the tenant is currently responsible for making the PACE financing payments on the subject facility, which is not typical for an absolute net lease and is a benefit for the landlord who is receiving favorable financing on the $14,948,669.76 PACE loan.

The PACE payments began in the 2022/23 tax year and run through the 2046/47 tax year. The initial term of the subject's lease runs through the 2042/43 tax year. As the tenant's payment of the annual PACE assessment is not common, we are not certain that the tenant will renew. We have therefore determined the benefit of the PACE assessment payments by discounting the payments to the present utilizing a discount rate of 7.00 percent, which is the same discount rate utilized in our Discounted Cash Flow analysis in the Income Capitalization Approach.

The following chart shows the remaining PACE payments and the years through tax year 2042/43 have been discounted to present utilizing a 7.00 percent discount rate and represent the PACE benefit expected to be gained by the landlord for the favorable financing arrangement.

Remaining PACE Payments	
Tax Year	PACE Payment
2024/25	$1,164,772.12
2025/26	$1,164,772.12
2026/27	$1,164,772.12
2027/28	$1,164,772.12
2028/29	$1,164,772.12
2029/30	$1,164,772.12
2030/31	$1,164,772.12
2031/32	$1,164,772.12
2032/33	$1,164,772.12
2033/34	$1,164,772.12
2034/35	$1,164,772.12
2035/36	$1,164,772.12
2036/37	$1,164,772.12
2037/38	$1,164,772.12
2038/39	$1,164,772.12
2039/40	$1,164,772.12
2040/41	$1,164,772.12
2041/42	$1,164,772.12
2042/43	$1,164,772.12
2043/44	$1,164,772.12
2044/45	$1,164,772.12
2045/46	$1,164,772.12
2046/47	$1,164,772.12

Discounting the PACE payments through the end of the initial lease term utilizing a 7.00 percent discount rate results in a present value of the PACE payment benefit of $12,038,613. This benefit will be added to our Cost, Sales, and Income Approach conclusions.

Zoning

General Information

The property is zoned EC-50-PUD, Employment Center Zone by City of Sacramento. A summary of the subject's zoning is provided in the following table:

ZONING	
Municipality Governing Zoning:	City of Sacramento
Current Zoning:	EC-50-PUD, Employment Center Zone
Current Use:	Rehabilitation Hospital
Is Current Use Permitted?	Yes
Permitted Uses:	Permitted uses within this district include various commercial, retail, industrial, community, and multi-family uses. Hospitals are an allowed use in this zone.

Zoning Compliance

Property value is affected by whether or not an existing or proposed improvement complies with zoning regulations, as discussed below.

Complying Uses

An existing or proposed use that complies with zoning regulations implies that there is no legal risk and that the existing improvements could be replaced "as-of-right."

Pre-Existing, Non-Complying Uses

In many areas, existing buildings pre-date the current zoning regulations. When this is the case, it is possible for an existing building that represents a non-complying use to still be considered a legal use of the property. Whether or not the rights of continued use of the building exist depends on local laws. Local laws will also determine if the existing building may be replicated in the event of loss or damage.

Non-Complying Uses

A proposed non-complying use to an existing building might remain legal via variance or special use permit. When appraising a property that has such a non-complying use, it is important to understand the local laws governing this use.

Other Restrictions

We know of no deed restrictions, private or public, that further limit the subject property's use. The research required to determine whether or not such restrictions exist is beyond the scope of this appraisal assignment. Deed restrictions are a legal matter and only a title examination by an attorney or title company can usually uncover such restrictive covenants. We recommend a title examination to determine if any such restrictions exist.

Zoning Conclusions

We analyzed the zoning requirements in relation to the subject property, and considered the compliance of the existing or proposed use. We are not experts in the interpretation of complex zoning ordinances, but based on our review of public information, the subject property appears to be a complying use.

We note that this appraisal is not intended to be a detailed determination of compliance, as that determination is beyond the scope of this real estate appraisal assignment.

Valuation

Highest and Best Use

Highest and Best Use Definition

The Dictionary of Real Estate Appraisal, Sixth Edition (2015), a publication of the Appraisal Institute, defines the highest and best use as:

> The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

To determine the highest and best use we typically evaluate the subject site under two scenarios: as though vacant land and as presently improved. In both cases, the property's highest and best use must meet the four criteria described above.

Highest and Best Use of Site as though Vacant

Legally Permissible

The zoning regulations in effect at the time of the appraisal determine the legal permissibility of a potential use of the subject site. As described in the Zoning section, the subject site is zoned EC-50-PUD, Employment Center Zone by City of Sacramento. Permitted uses within this district include various commercial, retail, industrial, community, and multi-family uses. Hospitals are an allowed use in this zone. We are not aware of any further legal restrictions that limit the potential uses of the subject.

Physically Possible

The physical possibility of a use is dictated by the size, shape, topography, availability of utilities, and any other physical aspects of the site. The subject site contains 6.23 acres, or 271,379 square feet. The site is rectangular and level. It has good frontage, good access, and good visibility. The overall utility of the site is considered to be good. All public utilities are available to the site including public water and sewer, gas, electric and telephone. Overall, the site is considered adequate to accommodate most permitted development possibilities.

Financially Feasible and Maximally Productive

In order to be seriously considered, a use must have the potential to provide a sufficient return to attract investment capital over alternative forms of investment. A positive net income or acceptable rate of return would indicate that a use is financially feasible. Financially feasible uses are those uses that can generate a profit over and above the cost of acquiring the site, and constructing the improvements. Of the uses that are permitted, possible, and financially feasible, the one that will result in the maximum value for the property is considered the highest and best use.

Conclusion

We considered the legal issues related to zoning and legal restrictions. We also analyzed the physical characteristics of the site to determine what legal uses would be possible, and considered the financial feasibility of these uses to determine the use that is maximally productive. Considering the subject site's physical characteristics and location, as well as the state of the local market, it is our opinion that the Highest and Best Use of the subject site as though vacant is for development with a healthcare oriented use.

Highest and Best Use of Property as Improved

The Dictionary of Real Estate Appraisal defines highest and best use of the property as improved as:

> The use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one.

In analyzing the Highest and Best Use of a property as improved, it is recognized that the improvements should continue to be used until it is financially advantageous to alter physical elements of the structure or to demolish it and build a new one.

Legally Permissible

As described in the Zoning Analysis section of this report, the subject site is zoned EC-50-PUD, Employment Center Zone. The site is improved with an rehabilitation hospital use containing 50 beds and 59,508 square feet of gross building area. In the Zoning section of this appraisal, we determined that the existing improvements represent a complying use. We also determined that the existing use is a permitted use in this zone.

Physically Possible

The subject improvements were constructed in 2022. The improvements are in excellent condition. We know of no current or pending municipal actions or covenants that would require a change to the current improvements.

Financially Feasible and Maximally Productive

In the Reconciliation section, we estimate a market value for the subject property, as improved, of $85,900,000. In our opinion, the improvements contribute significantly to the value of the site. It is likely that no alternative use would result in a higher value.

Conclusion

It is our opinion that the existing improvements add value to the site as though vacant, dictating a continuation of its current use. In addition, the lease encumbering the subject property supports a continuation of the current use. It is our opinion that the Highest and Best Use of the subject property as improved is as it is currently utilized as a healthcare oriented property.

Most Likely Buyer

The subject is a single-tenant long-term acute care hospital that will be leased under a long-term absolute net lease. The subject’s most likely buyer is a real estate investor, who would typically rely on the income approach to value the property.

Valuation Process

Methodology

There are three generally accepted approaches to developing an opinion of value: Cost, Sales Comparison and Income Capitalization. We considered each in this appraisal to develop an opinion of the market value of the subject property. In appraisal practice, an approach to value is included or eliminated based on its applicability to the property type being valued and the quality of information available. The reliability of each approach depends on the availability and comparability of market data as well as the motivation and thinking of purchasers.

The valuation process is concluded by analyzing each approach to value used in the appraisal. When more than one approach is used, each approach is judged based on its applicability, reliability, and the quantity and quality of its data. A final value opinion is chosen that either corresponds to one of the approaches to value, or is a correlation of all the approaches used in the appraisal.

We considered each approach in developing our opinion of the market value of the subject property. We discuss each approach below and conclude with a summary of their applicability to the subject property.

Cost Approach

The Cost Approach is based on the proposition that an informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements which represent the Highest and Best Use of the land; or when relatively unique or specialized improvements are located on the site for which there are few improved sales or leases of comparable properties.

In the Cost Approach, the appraiser forms an opinion of the cost of all improvements, depreciating them to reflect any value loss from physical, functional and external causes. Land value, entrepreneurial profit and depreciated improvement costs are then added, resulting in an opinion of value for the subject property.

Sales Comparison Approach

In the Sales Comparison Approach, sales of comparable properties are adjusted for differences to estimate a value for the subject property. A unit of comparison such as price per square foot of building area or effective gross income multiplier is typically used to value the property. When developing an opinion of land value the analysis is based on recent sales of sites of comparable zoning and utility, and the typical units of comparison are price per square foot of land, price per acre, price per unit, or price per square foot of potential building area. In each case, adjustments are applied to the unit of comparison from an analysis of comparable sales, and the adjusted unit of comparison is then used to derive an opinion of value for the subject property.

Income Capitalization Approach

In the Income Capitalization Approach the income-producing capacity of a property is estimated by using contract rents on existing leases and by estimating market rent from rental activity at competing properties for the vacant space. Deductions are then made for vacancy and collection loss and operating expenses. The resulting net operating income is divided by an overall capitalization rate to derive an opinion of value for the subject property. The capitalization rate represents the relationship between net operating income and value. This method is referred to as Direct Capitalization.

Related to the Direct Capitalization Method is the Yield Capitalization Method. In this method periodic cash flows (which consist of net operating income less capital costs) and a reversionary value are developed and discounted to a present value using an internal rate of return that is determined by analyzing current investor yield requirements for similar investments.

Summary

This appraisal employs all three typical approaches to value: the Cost Approach, the Sales Comparison Approach and the Income Capitalization Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that all approaches should be considered meaningful and applicable in developing a credible value conclusion.

Land Valuation

We used the Sales Comparison Approach to develop an opinion of land value. We examined current offerings and analyzed prices buyers have recently paid for comparable sites. If the comparable was superior to the subject, a downward adjustment was made to the comparable sale. If inferior, an upward adjustment was made.

The most widely used and market-oriented unit of comparison for properties with characteristics similar to those of the subject is price per square foot of land. All transactions used in this analysis are based on the most appropriate method used in the local market.

The major elements of comparison used to value the subject site include the property rights conveyed, the financial terms incorporated into the transaction, the conditions or motivations surrounding the sale, changes in market conditions since the sale, the location of the real estate, its utility and the physical characteristics of the property.

The comparables and our analysis are presented on the following pages.

SUMMARY OF LAND SALES

PROPERTY INFORMATION							TRANSACTION INFORMATION						
No.	Location	Size (SF)	Size (Acres)	Zoning	Site Utility	Public Utilities	Grantor	Grantee	Sale Date	Sale Price	$/SF Land	COMMENTS
S	Subject Property	271,379	6.23	EC-50-PUD	Good	All Available						
1	Commercial Land 3851 East Commerce Way Sacramento, CA	841,144	19.31	SC-PUD	Average	All Available	Alleghany Properties LLC	Costco Wholesale Corporation	1/23	$12,789,000	$15.20	This comparable represents the sale of a 19.31-acre commercially zoned site located at southeast quadrant of the Interstate 5 Freeway off-ramp and Arena Boulevard in Sacramento. The land was purchased by the Costco Wholesale Corporation for future development of a Costco warehouse store. Completion of the development is schedule for April 2024. The site has 1,280 linear feet of frontage along the Interstate 5 off-ramp, and very good freeway visibility. The land also has good frontage and visibility along Arena Boulevard. The property sold on January 19, 2023 for $12,789,000, or $15.20 per square foot.
2	3950 Duckhorn Drive Sacramento, CA	502,682	11.54	EC-50	Average	All Available	Alleghany Properties	Panattoni	8/22	$4,522,000	$9.00	Three contiguous parcels with freeway visibility and good I-5 access
3	3801 Gateway Park Boulevard Sacramento, CA	546,242	12.54	SC	Average	All Available	Ethan Conrad	Truxel Owner LLC	6/22	$8,277,000	$15.15	Shopping Center zoned parcel set back from Truxel Rd & Gateway Park Blvd, where corner parcels are already developed with multi-tenant retail buildings. This portion suitable for anchor and in-line development.
4	4501 truxel road Sacramento, CA	368,517	8.46	EC-80	Average	All Available	Buzz Oates	Pac West Diversified	4/22	$4,422,500	$12.00	Corner parcel on Truxel Rd and East Entry, on northeast side of Arco/Sleep Train site. Zoned as Employment Center, other similar zoning at Truxel & Del Paso has been developed as mid-rise office.
5	Commercial Land 3701 East Commerce Way Sacramento, CA	1,611,720	37.00	Mixed Use	Good	All Available	Alleghany Properties Inc	Kaiser Foundation Health Plan	3/22	$21,125,500	$13.11	This is the March 2022 sale of a 1,611,720 square foot (37.00-acre) commercial land site located at 3701 East Commerce Way in Sacramento, CA. The site is zoned as Mixed Use. The buyer was Kaiser Permanente, which plans on building an outpatient facility. The property sold on March 30, 2022, for $21,125,500, or $13.11 per square foot of land area.
	STATISTICS											
Low		368,517	8.46						3/22	$4,422,500	$9.00	
High		1,611,720	37.00						1/23	$21,125,500	$15.20	
Average		774,061	17.77						7/22	$10,227,200	$12.89	

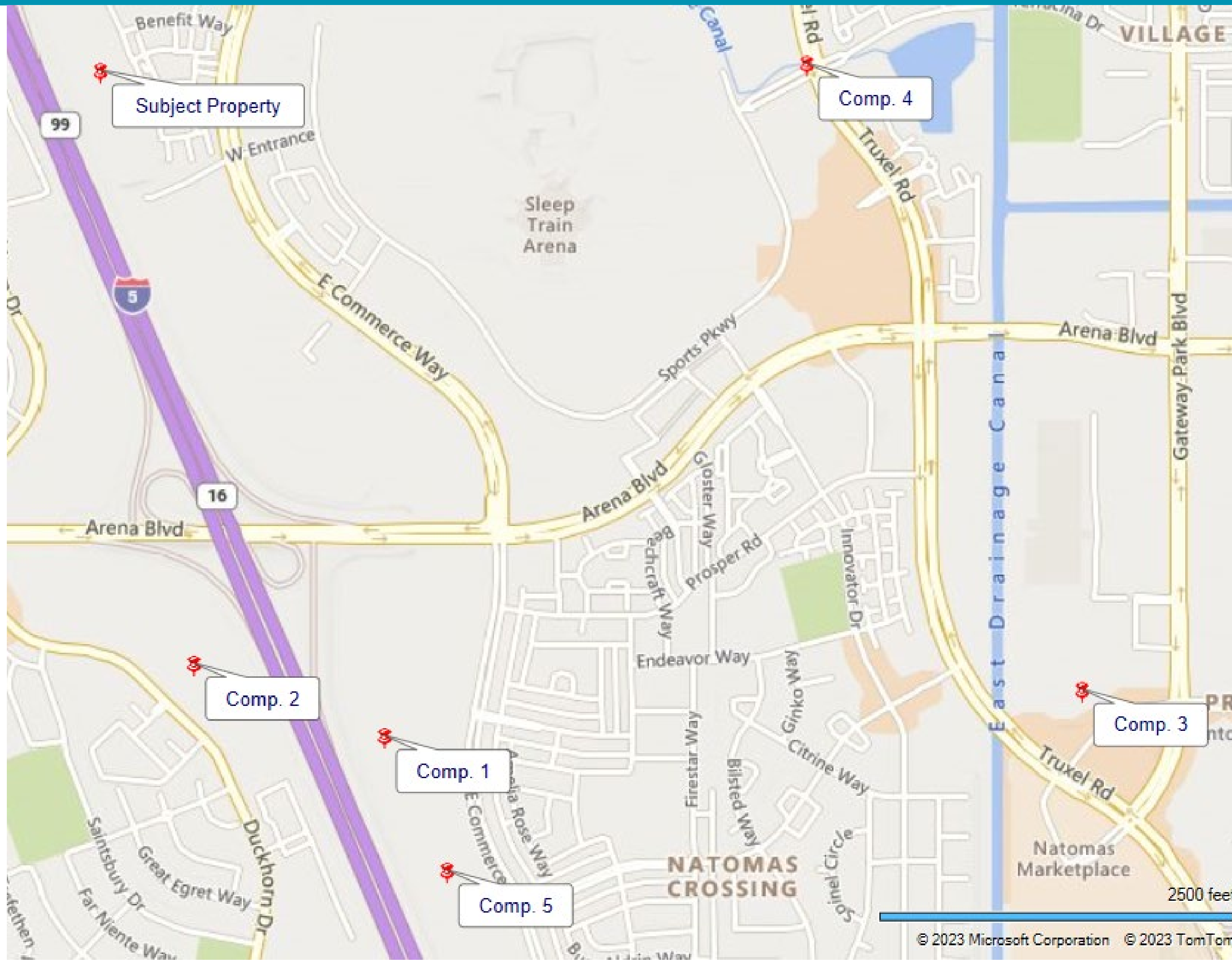
LAND SALE ADJUSTMENT GRID

	Economic Adjustments (Cumulative)						Property Characteristic Adjustments (Additive)					
No.	**Price PSF Land & Date**	**Property Rights Conveyed**	**Conditions of Sale**	**Financing**	**Market[1] Conditions**	**PSF Land Subtotal**	**Location**	**Size**	**Public Utilities**	**Utility[2]**	**Other**	**Adj. Price PSF Land**
1	**$15.20**	Fee Simple	Arm's-Length	None	Similar	**$15.20**	Similar	Larger	Similar	Inferior	Similar	**$16.72**
	1/23	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.0%	0.0%	5.0%	0.0%	10.0%
2	**$9.00**	Fee Simple	Arm's-Length	None	Similar	**$9.00**	Similar	Larger	Similar	Inferior	Similar	**$9.90**
	8/22	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.0%	0.0%	5.0%	0.0%	10.0%
3	**$15.15**	Fee Simple	Arm's-Length	Capital Markets	Similar	**$14.40**	Similar	Larger	Similar	Inferior	Similar	**$15.83**
	6/22	0.0%	0.0%	-5.0%	0.0%	-5.0%	0.0%	5.0%	0.0%	5.0%	0.0%	10.0%
4	**$12.00**	Fee Simple	Arm's-Length	Capital Markets	Similar	**$11.40**	Similar	Similar	Similar	Inferior	Similar	**$11.97**
	4/22	0.0%	0.0%	-5.0%	0.0%	-5.0%	0.0%	0.0%	0.0%	5.0%	0.0%	5.0%
5	**$13.11**	Fee Simple	Arm's-Length	Capital Markets	Similar	**$12.45**	Similar	Larger	Similar	Similar	Similar	**$13.70**
	3/22	0.0%	0.0%	-5.0%	0.0%	-5.0%	0.0%	10.0%	0.0%	0.0%	0.0%	10.0%
STATISTICS												
	$9.00	**- Low**									**Low -**	**$9.90**
	$15.20	**- High**									**High -**	**$16.72**
	$12.89	**- Average**									**Average -**	**$13.62**

(1) Market Conditions Adjustment Footnote
Compound annual change in market conditions: 0.00%
Date of Value (for adjustment calculations): 6/1/24

(2) Utility Footnote
Utility includes shape, access, frontage and visibility.

LAND SALE LOCATION MAP



Discussion of Adjustments

Property Rights Conveyed

The property rights conveyed in a transaction typically have an impact on the sale price of a property. Acquiring the fee simple interest implies that the buyer is acquiring the full bundle of rights. Acquiring a leased fee interest typically means that the property being acquired is encumbered by at least one lease, which is a binding agreement transferring rights of use and occupancy to the tenant. A leasehold interest involves the acquisition of a lease, which conveys the rights to use and occupy the property to the buyer for a finite period of time. At the end of the lease term, there is typically no reversionary value to the leasehold interest. An adjustment for property rights is not required.

Conditions of Sale

Adjustments for conditions of sale usually reflect the motivations of the buyer and the seller. In many situations the conditions of sale may significantly affect transaction prices. However, all sales used in this analysis are considered to be "arms-length" market transactions between both knowledgeable buyers and sellers on the open market. Therefore, no adjustments were required.

Financial Terms

The financial terms of a transaction can have an impact on the sale price of a property. A buyer who purchases an asset with favorable financing might pay a higher price, as the reduced cost of debt creates a favorable debt coverage ratio. A transaction involving above-market debt will typically involve a lower purchase price tied to the lower equity returns after debt service. We analyzed all of the transactions to account for atypical financing terms. To the best of our knowledge, all of the sales used in this analysis were accomplished with cash or market-oriented financing. Therefore, no adjustments were required.

However, since the date some of these sales transacted the Federal Reserve has increased interest rates significantly. Our discussions with capital markets brokers suggest that deals were being re-traded at an approximate 5.0 percent discount. Correspondingly, we believe a downward adjustment of 5.0 percent is appropriate for comparable sales prior to July 2022. While we acknowledge that this is inherently a Market Conditions adjustment, as it is not property specific, we have included it under Financial Terms in order to segregate it from other adjustments utilized in the Market Conditions column. Adjustments were required for Comparables 3, 4, and 5.

Market Conditions

The sales that are included in this analysis occurred between March 2022 and January 2023. The market for land has been stable over this period and no adjustments were required.

Location

An adjustment for location is required when the locational characteristics of a comparable property differ from those of the subject property. We made a downward adjustment to those comparables considered superior in location compared to the subject. Conversely, upward adjustments were made to those comparables considered inferior. The comparables and subject had similar locational characteristics and no adjustments were required for this category.

Size

The adjustment for size generally reflects the inverse relationship between unit price and lot size. Smaller lots tend to sell for higher unit prices than larger lots, and vice versa. Therefore, upward adjustments were made to larger land parcels, and downward adjustments were made to smaller land parcels. Comparables 1, 2, 3, and 5 were larger and required upward adjustments. Comparable 4 was similar in size and did not require an adjustment.

Public Utilities

The availability of public utilities has a significant impact on the value of a property. Municipal utility providers often, but not always, provide utilities such as gas, water, electric, sewer, and telephone. It is therefore important to understand any differences that may exist in the availability of public utilities to the subject property and its comparables. All of the sales, like the subject, had full access to public utilities at the time of sale. Therefore, no adjustments were required.

Utility

The subject parcel is adequately shaped to accommodate a typical building. It has good access, good frontage and good visibility. Overall, it has been determined that the site has good utility. Adjustments were made where a comparable was considered to have superior or inferior utility. Comparables 1, 2, 3, and 4 had inferior utility and required upward adjustments. No other adjustments were required for this category.

Other

In some cases, other variables will have an impact on the price of a land transaction. Examples include soil or slope conditions, restrictive zoning, easements, wetlands or external influences. In our analysis of the comparables we found that no unusual conditions existed at the time of sale. As a result, no adjustments were required.

Conclusion of Site Value

The adjustments applied to the comparable sales in the Land Sale Adjustment Chart reflect what we determined is appropriate in the marketplace.

After a thorough analysis, the comparable land sales reflect adjusted unit values ranging from $9.90 per square foot to $16.72 per square foot, with an average of $13.62 per square foot. We have concluded within the adjusted range, and our conclusion is shown as follows:

AS IS LAND VALUE CONCLUSION	Price PSF
Indicated Value	$13.50
SQFT Measure	x 271,379
Indicated Value	$3,663,614
Rounded to nearest $10,000	**$3,660,000**
$/SF Basis	**$13.49**

Cost Approach

Methodology

The Cost Approach is based on the proposition that an informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. The steps in this approach have been outlined in the Valuation Process section of this report. We previously developed an opinion of land value for the subject site of $3,660,000.

Construction Budget

We were not provided with a detailed breakout of construction costs for the subject property. The subject's construction costs were reportedly $65,000,000, or $1,092.29 per square foot. We have utilized current cost estimates from Marshall Valuation Service, which are supported by the subject's reported construction costs.

Replacement Cost New

The Marshall Valuation Service is used to determine the replacement cost of the subject building. These costs include labor, materials, supervision, contractor's profit and overhead, architect's plans and specifications, sales taxes and insurance. Base costs are provided by the Marshall and Swift (M&S) Square Foot Commercial Methodology. These costs are refined, if applicable, for differences in heating/cooling costs, and the presence of sprinklers and elevators. The refined base costs are then further adjusted, if applicable, to account for building height, interior wall height, building perimeter, current costs, location variations, and prospective value multipliers. Beyond the base building costs, specialty components or site improvements are provided by the segregated cost sections of the M&S Commercial Cost Explorer.

Our estimates of Replacement Cost New (RCN), Indirect Costs, Entrepreneurial Profit, and Depreciation for the subject property are summarized on the following pages.

Indirect Costs

Indirect costs (soft costs) not included in our Base Costs are developer overhead, property taxes, permanent loan fees, legal costs, developer fees, contingencies, and lease-up and marketing costs.

An average property in the subject market requires an allowance for indirect costs of between 5.0 and 10.0 percent of Base Costs. We chose to use 7.0 percent for the Building Improvements (Structures) and 7.0 percent for the Site Improvements in our analysis.

Entrepreneurial Profit

Typically, an allowance for entrepreneurial profit would be added when preparing the cost approach. This allowance provides a prospective developer with the incentive to develop a property, especially one of a speculative nature.

Based on our discussions with developers in the local market, this figure tends to range between 10.0 and 20.0 percent of Base Building, Site Improvement and Other Indirect Costs. We chose to use 10.0 percent in our analysis.

Depreciation

There are several methods for capturing the loss in value attributable to depreciation: The market extraction method, the age-life method, and the breakdown method. Our Cost Approach utilizes the fundamental components of the age-life method. In some situations, the impact of certain items of depreciation on value is known or is easily estimated. In the most common variation of the age-life method the cost to cure certain curable items (physical and functional) is known and can be deducted before the age-life ratio is applied; a process that mirrors what typical purchasers consider as part of the investment decision. Once processed, incurable items (physical and functional) can be estimated via the age-life ratio. In situations where External Obsolescence is present it, too, can be analyzed either as a residual to the market value conclusion or via an estimate of capitalized rent loss attributable to the external condition.

Physical Deterioration

The *Marshall & Swift CCE* defines physical deterioration as:

> The wearing out of the improvement through the combination of wear and tear of use, the effects of the aging process and physical decay, action of the elements, structural defects, etc. It is typically divided into two types, curable and incurable, which may be individually estimated by the component breakdown method using some type of age/life approach. Physical deterioration may be further categorized as deferred maintenance, generally requiring immediate attention and treated separately based on the items' cost to repair.

Curable physical deterioration is generally associated with individual short-lived items such as paint, floor and roof covers, hot-water heaters, etc., requiring periodic replacement or renewal, or modification continuously over the normal life span of the improvement. Our calculation of Physical Curable Deterioration is based upon observable components, owner's proposed capital expenditures, and our own estimates of replacement costs where appropriate.

Incurable physical deterioration is generally associated with the residual group of long-lived items such as floor and roof structures, mechanical supply systems and foundations. Such basic structural items are not normally replaced in a typical maintenance program and are usually incurable except through major reconstruction. Physical Incurable Obsolescence will be calculated using a modified age-life method.

Functional Obsolescence

According to the *Appraisal Institute*, functional obsolescence can be caused by changes in market conditions that have made some aspect of a structure, material or design obsolete by current market standards. Functional obsolescence may also be curable or incurable.

To be curable, the cost to correct the deficiency must be equal to or less than the anticipated increase in value. There are three subcategories of curable functional obsolescence: (1) deficiency requiring addition, (2) deficiency requiring substitution and (3) superadequacy. A deficiency requiring addition is measured by how much the cost of the addition exceeds the cost of the item if it were installed new during construction. A deficiency requiring substitution is measured as the cost of the existing component less physical deterioration already charged against the component and salvage value, plus the cost to remove the existing component and the added cost of installation. A superadequacy is measured as the current reproduction cost of the item minus any physical deterioration already charged plus the cost of removal, less the salvage value. A superadequacy is curable if correcting it on the date of the appraisal is economically feasible.

The subject improvements were constructed using modern materials and techniques. Furthermore, the design and layout of the property meet or exceed current market standards.

External Obsolescence

External obsolescence is the adverse effect on value resulting from influences outside the property. External obsolescence may be the result of lagging rental rates, high inflation, excessive construction costs, access to highways, the lack of an adequate labor force, changing land use patterns and market conditions, or proximity to an objectionable use or condition. Based on a review of the location of the subject as well as market conditions, external obsolescence is estimated at 0.0 percent.

Replacement Cost New (Structures)

A breakdown of each building component is presented by the following table. A separate analysis of each component allows for a consideration of the unique cost differences of each component. The following table summarizes the replacement cost new of the building improvements (structures).

COST APPROACH SUMMARY		
IMPROVEMENTS (STRUCTURES)		
DESCRIPTION		Subject
Marshall & Swift - Improvement Type		General Hospitals (331)
Construction Class		A
Quality of Construction		Excellent
Marshall & Swift - Section		Section 15
Marshall & Swift - Page		Page 24
Date		Nov-23
Number of Stories		2
Base SF Cost		$735.00
SQUARE FOOT REFINEMENTS		
Sprinklers		$5.00
Adjusted Base Cost		$740.00
HEIGHT AND SIZE REFINEMENTS		
Number of Stories		1.000
Perimeter		0.949
Adjusted Base Cost		$702.26
FINAL CALCULATIONS		
Current Cost Multiplier		1.040
Local Area Multiplier		1.210
Prospective Multiplier		1.000
Adjusted SF Cost		$883.72
TIMES: SF for Replacement Cost Purposes		59,508
Adjusted Cost		**$52,588,647**
PLUS: Indirect Costs	7.0%	$3,681,205
Adjusted Cost		$56,269,852
PLUS: Entrepreneurial Profit (Structures)	10.0%	$5,626,985
Replacement Cost New (RCN)		**$61,896,837**
REPLACEMENT COST SUMMARY (STRUCTURES)		
Total Adjusted Costs		**$52,588,647**
PLUS: Total Indirect Costs		$3,681,205
PLUS: Total Entrepreneurial Profit (Structures)		$5,626,985
Total RCN		**$61,896,837**
Total GBA (SF)	59,508	
PSF of GBA		$1,040.14
Total includes all component / building costs as detailed above		

Depreciation (Structures)

As previously discussed, our analysis of depreciation reflects physical and functional curable prior to consideration of physical and functional incurable items, which are treated as components of the modified age-life method. If applicable, economic obsolescence is independently estimated and deducted. To allow for any variances in the age/condition of individual building components, a separate depreciation analysis was applied to each. The following table summarizes the depreciated value of improvements (structures).

COST APPROACH SUMMARY		
DEPRECIATION ANALYSIS (STRUCTURES)		
DESCRIPTION		Subject
RCN		$61,896,837
LESS: Physical Curable		$0
LESS: Functional Curable		$0
Adjusted RCN		$61,896,837
Age/Life Analysis		
Year Built		2022
Actual Age (Years)		1
Economic Life (Years)		50
Effective Age (Years)		1
Remaining Economic Life (Years)		49
Percent Depreciated		2.00%
Age/Life Depreciation (% of Adjusted RCN)		$1,237,937
Adjusted RCN		$61,896,837
LESS: Age/Life Depreciation		($1,237,937)
Adjusted RCN		$60,658,901
LESS: Functional Incurable		$0
Adjusted RCN		$60,658,901
LESS: Economic Obsolescence (External)	0.0%	$0
Depreciated RCN		**$60,658,901**
Depreciation Subtotal		($1,237,937)
DEPRECIATION SUMMARY (STRUCTURES)		
Total RCN		**$61,896,837**
LESS: Total Depreciation - Physical Curable		$0
LESS: Total Depreciation - Functional Curable		$0
LESS: Total Depreciation - Age/Life		($1,237,937)
LESS: Total Depreciation - Functional Incurable		$0
LESS: Total Depreciation - Economic Obsolescence (External)		$0
Total Depreciated Value of Improvements		**$60,658,901**
Total Depreciated Value PSF of GBA		$1,019.34
Total includes all component / building costs as detailed above		

Replacement Cost New (Site Improvements)

Because site improvements can vary significantly and have a shorter typical age/life than the building components, a separate analysis was conducted. Site improvement costs include landscaping, asphalt paving, walkways, etc. The following table presents a detail of the replacement cost new of site improvements.

SITE IMPROVEMENTS - REPLACEMENT COST NEW								
Item	Unit Type	Area (Units)	Cost per Unit	Cost New	Indirect 7.0%	Adjusted Cost	Profit 10.0%	Replacement Cost New
Site Improvements	SF	271,379	$5.00	$1,356,894	$94,983	$1,451,877	$145,188	$1,597,064
Totals				$1,356,894	$94,983	$1,451,877	$145,188	$1,597,064

Depreciation (Site Improvements)

The following table presents a detail of the depreciated value of site improvements.

SITE IMPROVEMENTS - DEPRECIATION										
Item	Physical Curable	Functional Curable	Adjusted Total	Economic Life	Effective Age	Depreciation %	Age/Life Depreciation	Adjusted Total	Economic Obsolescence 0.0%	Depreciated Cost
Site Improvements	$0	$0	$1,597,064	15	1	6.67%	($106,471)	$1,490,593	$0	$1,490,593
Totals	$0	$0	$1,597,064				($106,471)	$1,490,593	$0	$1,490,593

Summary (Site Improvements)

The following table provides a summary of the depreciated value of the site improvements.

SITE IMPROVEMENTS		
Cost New (Site Improvements)		$1,356,894
PLUS: Indirect Costs	7.0% of Hard Costs	$94,983
Adjusted Cost		$1,451,877
PLUS: Entrepreneurial Profit	10.0% of Adjusted Costs	$145,188
RCN (Site Improvements)		**$1,597,064**
DEPRECIATION ANALYSIS (SITE IMPROVEMENTS)		
RCN (Site Improvements)		**$1,597,064**
LESS: Physical Curable		$0
LESS: Functional Curable		$0
Adjusted RCN (Site)		$1,597,064
LESS: Age/Life Depreciation		($106,471)
Adjusted RCN (Site)		$1,490,593
LESS: Economic Obsolescence (External)	0.0%	$0
Total Depreciated Value of Site Improvements		**$1,490,593**
Site Area SF (Primary Site)	271,379	
Conclusion PSF of Land Area (Primary Site)		**$5.49**

Conclusion

As a culmination to the Cost Approach, we reiterate the conclusions from each portion of this analysis. Please refer to the following table for our Cost Approach summary.

COST APPROACH VALUE SUMMARY		
MARKET VALUE TYPE		**Market Value As-Is**
COST SOURCE		Marshall & Swift (Commercial Cost Explorer)
IMPROVEMENTS (Structures)		
Adjusted Costs		**$52,588,647**
PLUS: Indirect Costs		$3,681,205
PLUS: Entrepreneurial Profit		$5,626,985
LESS: Total Depreciation		($1,237,937)
TOTAL DEPRECIATED VALUE OF IMPROVEMENTS (Structures		**$60,658,901**
IMPROVEMENTS (Site)		
Cost New		**$1,356,894**
PLUS: Indirect Costs		$94,983
PLUS: Entrepreneurial Profit		$145,188
LESS: Total Depreciation		($106,471)
TOTAL DEPRECIATED VALUE OF IMPROVEMENTS (Site)		**$1,490,593**
SUMMARY (ALL IMPROVEMENTS)		
Adjusted Costs/Cost New		$53,945,541
PLUS: Total Indirect Costs		$3,776,188
PLUS: Total Entrepreneurial Profit		$5,772,173
TOTAL REPLACEMENT COST NEW		**$63,493,902**
LESS: Total Depreciation		($1,344,408)
TOTAL DEPRECIATED VALUE OF IMPROVEMENTS		**$62,149,494**
Depreciated Value PSF of GBA		$1,044.39
TOTAL DEPRECIATED VALUE OF IMPROVEMENTS		
PLUS: Land Value (Primary Site)		$3,660,000
INDICATED VALUE		**$65,809,494**
PLUS: PACE Benefit		**$12,038,613**
ADJUSTED VALUE		**$77,848,107**
Rounded to the Nearest	**$100,000**	**$77,800,000**
TOTAL GBA (SF)	59,508	
Conclusion PSF of GBA		**$1,307.39**

As discussed in the Real Property Taxes and Assessments section of this report, we have added the PACE benefit to our value conclusion.

Sales Comparison Approach

Methodology

Using the Sales Comparison Approach, we developed an opinion of value by comparing the subject property to similar, recently sold properties in the surrounding or competing area. This approach relies on the principle of substitution, which holds that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution.

By analyzing sales that qualify as arm's-length transactions between willing and knowledgeable buyers and sellers, we can identify value and price trends. The basic steps of this approach are:

- Research recent, relevant property sales and current offerings in the competitive area;
- Select and analyze properties that are similar to the subject property, analyzing changes in economic conditions that may have occurred between the sale date and the date of value, and other physical, functional, or locational factors;
- Identify sales that include favorable financing and calculate the cash equivalent price;
- Reduce the sale prices to a common unit of comparison such as price per bed, price per square foot, effective gross income multiplier, or net income per square foot;
- Make appropriate comparative adjustments to the prices of the comparable properties to relate them to the subject property and
- Interpret the adjusted sales data and draw a logical value conclusion.

The most widely used and market-oriented unit of comparison for properties such as the subject is the sales price per bed. All comparable sales were analyzed on this basis. The following pages contain a summary of the improved properties that we compared to the subject property, a map showing their locations, and the adjustment process.

In our research for comparable hospital sales, we found too few comparables in the State of California, and so we expanded our search outside the state. Depending on size and location, hospitals are targeted by one of three primary buyer types: 1) regional health care operators/organizations looking to expand service areas and drive greater economies of scale; 2) institutional/investment buyers such as REITs and private equity investment groups, and; 3) competing hospitals looking to eliminate competition in their market area. Given these three primary buyer types, we believe it is reasonable to include sales from multiple states, since the target market for some of these buyer types is not geographically defined.

Due to the nature of the subject property and the level of detail available for the comparable data, we elected to analyze the comparables through the application of a traditional adjustment grid using percentage adjustments.

In the Sales Comparison Approach we have derived the value of the subject property's As Is.

Comparable improved sale data sheets are presented in the Addenda of this report.

SUMMARY OF IMPROVED HOSPITAL SALES

PROPERTY INFORMATION						TRANSACTION INFORMATION									
No.	**Property Name Address, City, State**	**Number of Beds**	**Building NRA**	**Year Built**	**Quality / Condition**	**Grantor**	**Grantee**	**Sale Date**	**Sale Price**	**$/Bed**	**$/SF**	**NOI / Bed / Mo.**	**NOI / SF**	**OAR**	**Leased Occup.**
S	Subject Property	50	59,508	2022	Excellent							$7,382	$74.43		100%
1	PAM Health Rehabilitation Hospital of Greeley 6810 10th Street Greeley, CO,	42	51,500	2023	Excellent	6810 Greeley Stolley LLC	Medproperties Greeley LLC	2/24	$36,290,600	$864,062	$704.67	$5,109	$50.00	7.10%	100%
2	Central Louisiana Surgical Hospital 651 North Bolton Avenue Alexandria, LA	24	82,585	2007	Good	Central Louisiana Surgical Hospital LLC	IRA Capital	1/22	$42,000,000	$1,750,000	$508.57	-	-	-	100%
3	Four Property PAM Portfolio Various Locations	232	211,221	1992 - 2010	Average	Welltower	Flagler Investment Holdings LLC	7/21	$95,464,688	$411,486	$451.97	$2,561	$33.75	7.47%	100%
4	Beachwood Medical Center 25501 Chagrin Boulevard Beachwood, OH	24	78,838	2019	Good	Manna Isle Ohio LLC	MMAC-FCA Beachwood LLC	4/21	$58,250,000	$2,427,083	$738.86	$12,034	$43.96	5.95%	100%
5	PAM Rehab Hospital and LTACH of Corpus Christi 345 South Water Street Corpus Christi, TX	59	68,948	2018	Good	Medistar Corpus Christi Rehab LLC	Scope PAM CC SM LLC (Flagler)	10/20	$36,500,000	$618,644	$529.38	$3,415	$35.07	6.62%	100%
6	St. Luke's Community Hospitals Portfolio Various Locations Kansas	73	118,630	2018/2019	Good	Embree Asset Group	Medical Properties Trust	7/19	$145,400,000	$1,991,781	$1,225.66	$9,245	$68.27	5.57%	100%
7	Bakersfield Heart Hospital 3001 Sillect Avenue Bakersfield, CA	47	85,971	2000	Good	Heart Hospital of BK LLC	TST Bakersfield ACF LLC	3/19	$49,000,000	$1,042,553	$569.96	$5,907	$38.75	6.80%	100%
STATISTICS															
Low		24	51,500	2000				3/19	$36,290,600	$411,486	$451.97	$2,561	$33.75	5.57%	100%
High		232	211,221	2023				2/24	$145,400,000	$2,427,083	$1,225.66	$12,034	$68.27	7.47%	100%
Average		72	99,670	2013				3/21	$66,129,327	$1,300,801	$675.58	$6,379	$44.97	6.58%	100%

IMPROVED SALE ADJUSTMENT GRID

	ECONOMIC ADJUSTMENTS (CUMULATIVE)						PROPERTY CHARACTERISTIC ADJUSTMENTS (ADDITIVE)				
No.	Price / Bed & Date	Property Rights Conveyed	Conditions of Sale	Financing	Market [1] Conditions	Subtotal	Location	Age, Quality & Condition	Economics	Other	Adj. Price / Bed
1	**$864,062**	Leased Fee	Arm's-Length	None	Similar	**$864,062**	Similar	Similar	Inferior	Similar	**$907,265**
	2/24	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.0%	0.0%	5.0%
2	**$1,750,000**	Leased Fee	Arm's-Length	Capital Markets	Similar	**$1,662,500**	Inferior	Inferior	Similar	Similar	**$1,995,000**
	1/22	0.0%	0.0%	-5.0%	0.0%	-5.0%	15.0%	5.0%	0.0%	0.0%	20.0%
3	**$411,486**	Leased Fee	Arm's-Length	Capital Markets	Similar	**$390,911**	Inferior	Inferior	Inferior	Similar	**$547,276**
	7/21	0.0%	0.0%	-5.0%	0.0%	-5.0%	5.0%	15.0%	20.0%	0.0%	40.0%
4	**$2,427,083**	Leased Fee	Arm's-Length	Capital Markets	Similar	**$2,305,729**	Similar	Similar	Superior	Similar	**$2,075,156**
	4/21	0.0%	0.0%	-5.0%	0.0%	-5.0%	0.0%	0.0%	-10.0%	0.0%	-10.0%
5	**$618,644**	Leased Fee	Arm's-Length	Capital Markets	Similar	**$587,712**	Inferior	Similar	Inferior	Similar	**$705,254**
	10/20	0.0%	0.0%	-5.0%	0.0%	-5.0%	10.0%	0.0%	10.0%	0.0%	20.0%
6	**$1,991,781**	Leased Fee	Arm's-Length	Capital Markets	Inferior	**$1,916,887**	Similar	Similar	Similar	Similar	**$1,916,887**
	7/19	0.0%	0.0%	-5.0%	1.3%	-3.8%	0.0%	0.0%	0.0%	0.0%	0.0%
7	**$1,042,553**	Leased Fee	Arm's-Length	Capital Markets	Inferior	**$1,009,741**	Similar	Inferior	Similar	Similar	**$1,110,715**
	3/19	0.0%	0.0%	-5.0%	2.0%	-3.1%	0.0%	10.0%	0.0%	0.0%	10.0%

	STATISTICS			
	$411,486	**- Low**	**Low -**	$547,276
	$2,427,083	**- High**	**High -**	$2,075,156
	$1,300,801	**- Average**	**Average -**	$1,322,508

(1) Market Conditions Adjustment

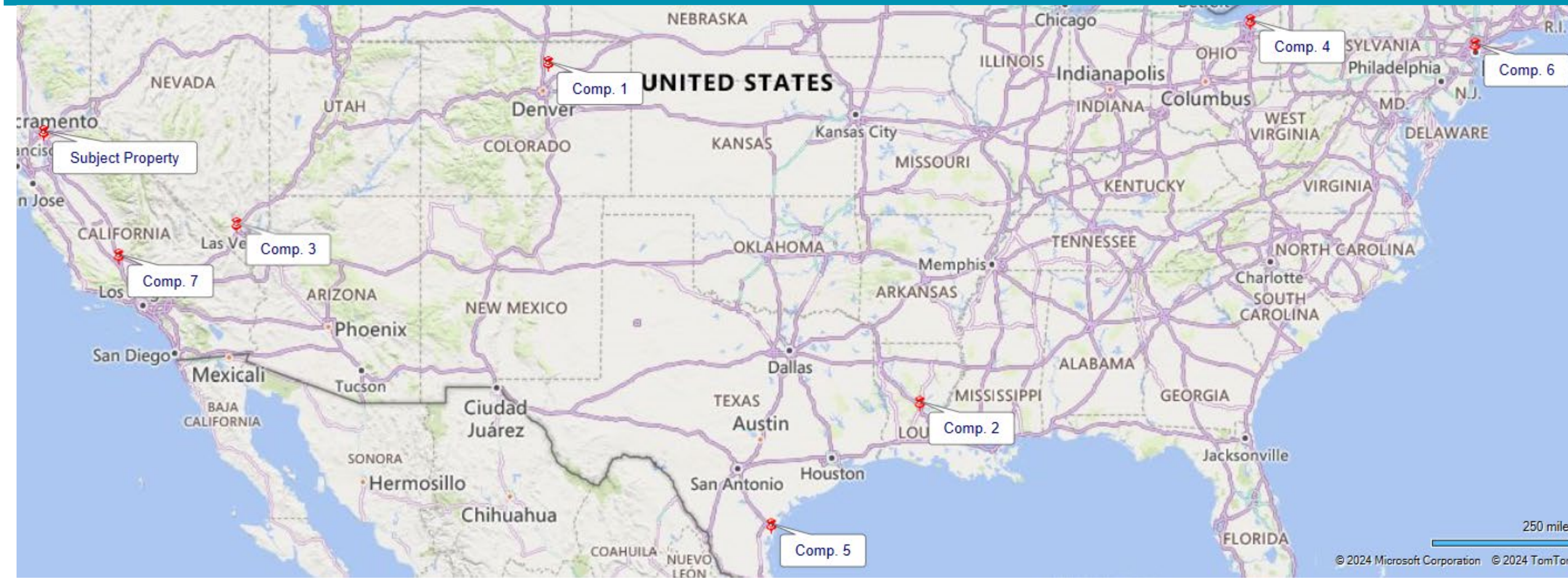
See Variable Growth Rate Assumptions Table

Date of Value (for adjustment calculations): 6/1/24

Variable Growth Rate Assumptions

Starting Growth Rate:	2.0%
Inflection Point 1 (IP1):	**3/11/2020**
Change After IP1:	0.0%

IMPROVED SALE LOCATION MAP



Percentage Adjustment Method

Adjustment Process

The sales we used were the best available comparables to the subject property. The major points of comparison for this type of analysis include the property rights conveyed, the financial terms incorporated into the transaction, the conditions or motivations surrounding the sale, changes in market conditions since the sale, the location of the real estate, its physical traits and the economic characteristics of the property.

The first adjustment made to the market data takes into account differences between the subject property and the comparable property sales with regard to the legal interest transferred. Advantageous financing terms or atypical conditions of sale are then adjusted to reflect a normal market transaction. Next, changes in market conditions are accounted for, creating a time adjusted price. Lastly, adjustments for location, physical traits and the economic characteristics of the market data are made in order to generate the final adjusted unit rate for the subject property.

When the subject was superior we adjusted the comps upward to those comparables considered inferior. When the subject was inferior we adjusted the comps downward to those comparables considered superior.

Property Rights Conveyed

The property rights conveyed in a transaction typically have an impact on the price that is paid. Acquiring the fee simple interest implies that the buyer is acquiring the full bundle of rights. Acquiring a leased fee interest typically means that the property being acquired is encumbered by at least one lease, which is a binding agreement transferring rights of use and occupancy to the tenant. A leasehold interest involves the acquisition of a lease, which conveys the rights to use and occupy the property to the buyer for a finite period of time. At the end of the lease term, there is typically no reversionary value to the leasehold interest. Since we are valuing the leased fee interest as reflected by each of the comparables, an adjustment for property rights is not required.

Conditions of Sale

Adjustments for conditions of sale usually reflect the motivations of the buyer and the seller. In many situations the conditions of sale may significantly affect transaction prices. However, all sales used in this analysis are considered to be "arm’s-length" market transactions between both knowledgeable buyers and sellers on the open market. Therefore, no adjustments are required.

Financial Terms

The financial terms of a transaction can have an impact on the sale price of a property. A buyer who purchases an asset with favorable financing might pay a higher price, as the reduced cost of debt creates a favorable debt coverage ratio. A transaction involving above-market debt will typically involve a lower purchase price tied to the lower equity returns after debt service. We analyzed all of the transactions to account for atypical financing terms. To the best of our knowledge, all of the sales used in this analysis were accomplished with cash or market-oriented financing. Therefore, no adjustments are required.

However, since the date some of these sales transacted the Federal Reserve has increased interest rates significantly. Our discussions with capital markets brokers suggest that deals were being re-traded at an approximate 5.0 percent discount. Correspondingly, we believe a downward adjustment of 5.0 percent is appropriate for comparable sales prior to July 2022. While we acknowledge that this is inherently a Market Conditions adjustment, as it is not property specific, we have included it under Financial Terms in order to segregate it from other adjustments utilized in the Market Conditions column. Adjustments were required for all comparables, except for Comparable 1.

Market Conditions

In this analysis, we determined the Market Value As-Is using the value date of June 2024. All of the comparables are adjusted to this date to reflect changes in market values over time. The market has fluctuated over this period. Please refer to the adjustment grid for details on these assumptions.

Location

An adjustment for location is required when the locational characteristics of a comparable property differ from those of the subject property. The location of the subject property is rated good, and it has good access and good visibility. Each comparable is adjusted accordingly. We have based our adjustments on the average home price surrounding the subject and the comparables. Upward adjustments were required for Comparables 2, 3, and 5. No other adjustments were required for this category.

Physical Traits

Each property has various physical traits that determine its appeal. These traits include age, quality, and condition. Each comparable is adjusted accordingly. The subject was built in 2022 and is in excellent condition. Upward adjustments were required for Comparables 2, 3, and 7. No other adjustments were required for this category.

Economic Characteristics

The economic characteristics of a property include its occupancy levels, rent levels, tenant quality, and other items not covered under prior adjustments that would have an economic impact on the transaction. Each comparable is adjusted accordingly. We have based our adjustments on the rent per bed per month at the subject and the comparables. Upward adjustments were required for Comparables 1, 3, and 5, while a downward adjustment was required for Comparable 4. No other adjustments were required for this category.

Other

This category accounts for any other adjustments not previously discussed. Based on our analysis of these sales, none require any additional adjustment.

Pending Subject Sale

The subject's real property only is currently pending sale to Bridgeview Multifamily, LLC. The terms of this sale are still being negotiated and a final sale price has not yet been determined. At the request of the client, further details of this sale and the negotiation process have been kept confidential. We have retained what is known of this sale in our work file and taken it into consideration in our analysis.

Summary of Percentage Adjustment Method

We used the Sales Comparison Approach to estimate the Market Value As-Is of the subject property. After adjustments the comparable improved sales reflect unit prices ranging from $547,276 to $2,075,156 per square foot with an average adjusted price of $1,322,508 per square foot. The subject represents new construction in excellent condition. Based on the subject's characteristics including its age, quality, condition, location, and economic characteristics, along with considering the pending sale, we have concluded towards the middle-to-upper portion of the adjusted range.

Therefore, we conclude that the indicated value by the Percentage Adjustment Method was:

APPLICATION TO SUBJECT	
Market Value As-Is	
Indicated Value per Bed	$1,530,000
Number of Beds	x 50
Indicated Value	$76,500,000
PLUS PACE Benefit	$12,038,613
Adjusted Value	$88,538,613
Rounded to nearest $100,000	**$88,500,000**
Per Bed	$1,770,000

As discussed in the Real Property Taxes and Assessments section of this report, we have added the PACE benefit to our value conclusion.

Income Capitalization Approach

Methodology

The Income Capitalization Approach determines the value of a property based on the anticipated economic benefits. The principle of "anticipation" is essential to this approach, which recognizes the relationship between an asset's potential future income and its value. To value the anticipated economic benefits of a property, potential income and expenses must be projected, and the most appropriate capitalization method must be selected.

The most common methods of converting net income into value are Direct Capitalization and Yield Capitalization. In direct capitalization, net operating income is divided by an overall capitalization rate to indicate an opinion of market value. In the yield capitalization method, anticipated future cash flows and a reversionary value are discounted to an opinion of net present value at a chosen yield rate (internal rate of return).

Investors acquiring this type of asset will typically look at year one returns but must also consider long-term strategies. Hence, depending on certain factors, each of the income approach methods has merit. We used both Yield and Direct Capitalization, and each method is well-supported by ample, recent market data. As the subject is a single-tenant property under a new 20-year lease, we have placed reliance on the Direct Capitalization method as a market participant would consider this approach most applicable for the subject property. The Yield Capitalization method provides further support for our conclusion via the Direct Capitalization method.

Potential Gross Income

Potential gross income is generated by a number of distinct elements:

- Minimum rent determined by the lease agreement
- Reimbursement of certain expenses incurred in the ownership and operation of the real estate
- Other miscellaneous revenues

Minimum base rent is a legal contract between landlord and tenant establishing a return to investors in the real estate. The lease terms also dictate specific expense reimbursement charges that can be billed to the tenant. Finally, miscellaneous income can be generated from a variety of sources. The first step in this approach is to analyze all potential gross income, starting with an analysis of the subject's tenancy.

Subject Tenancy

The subject property is leased to a single tenant. The terms of this lease are discussed in the following table, followed by an analysis of rent levels and lease terms at comparable properties.

Lease Abstract

The subject property is leased to a single tenant, who occupies the entire building. A summary of the lease is provided on the following chart:

LEASE ABSTRACT

Lessor:	Kennor Holdings Sacramento, LLC			
Lessee:	Sacramento Rehabilitation Hospital, LLC (Ernest Health)			
Lease Term:	20 years			
Start Date:	February 1, 2023			
End Date:	January 31, 2043			
Square Feet Leased:	59,508			
Number of Beds:	50			
	Annual	$/SF	$/Bed/Mo.	
Initial Contract Rent:	$3,690,833	$62.02	$6,151	
Current Year 1 Rent:	$4,429,000	$74.43	$7,382	
Rent Schedule:	Date	Annual	$/Bed/Mo.	$/SF
	February 1, 2023	$3,690,833	$6,151	$62.02
	February 1, 2024	$4,429,000	$7,382	$74.43
	February 1, 2025	$4,429,000	$7,382	$74.43
	February 1, 2026	$4,495,435	$7,492	$75.54
	February 1, 2027	$4,562,867	$7,605	$76.68
	February 1, 2028	$4,631,310	$7,719	$77.83
	February 1, 2029	$4,700,779	$7,835	$78.99
	February 1, 2030	$4,771,291	$7,952	$80.18
	February 1, 2031	$4,842,860	$8,071	$81.38
	February 1, 2032	$4,915,503	$8,193	$82.60
	February 1, 2033	$4,989,236	$8,315	$83.84
	February 1, 2034	$5,064,074	$8,440	$85.10
	February 1, 2035	$5,140,035	$8,567	$86.38
	February 1, 2036	$5,217,136	$8,695	$87.67
	February 1, 2037	$5,295,393	$8,826	$88.99
	February 1, 2038	$5,374,824	$8,958	$90.32
	February 1, 2039	$5,455,446	$9,092	$91.68
	February 1, 2040	$5,537,278	$9,229	$93.05
	February 1, 2041	$5,620,337	$9,367	$94.45
	February 1, 2042	$5,704,642	$9,508	$95.86
Recoveries:	Absolute net. The tenant is directly responsible for all expenses including repairs and maintenance of the roof and structure along with any management fees. Additionally, the subject received $14,948,669.76 as part of a PACE program and the tenant is responsible for the annual assessment of $1,164,772.12.			
Renewal Options:	The tenant has two 10-year renewal options with rent at Fair Market Value.			
Guarantee:	The lease is guaranteed by Epoch Acquisition, Inc., Vibra Healthcare, LLC, and Vibra Healthcare II, LLC.			
Right of First Refusal:	The tenant has a right of first refusal to purchase the property if the landlord intends to accept a third party offer.			
Comments:	The lease commenced in February 2023 and the tenant's initial four months of payments were at a reduced amount of 50 percent of full rent at $184,542 per month. After the initial four months rent increased to the full $369,083 per month.			

There are two important factors that investors will consider when purchasing a single tenant property. First, the investor will want to understand the quality of the tenant leasing the property; and second, how does the subject's lease compare to the market for similar types of space.

Tenant Information

The subject property is leased in its entirety to Sacramento Rehabilitation Hospital, LLC (Ernest Health) and the lease is guaranteed by Epoch Acquisition, Inc., Vibra Healthcare, LLC, and Vibra Healthcare II, LLC. The tenant is a privately owned for-profit operator that has 35 rehabilitation, long-term acute care, and specialty hospitals in 13 states. Overall, the tenant is considered to be an average quality tenant.

Lease Coverage Ratio

We were provided with a stabilized 2024 budget for the subject's operations forecasting occupancy of 73.21 percent, net revenue of $30,441,546, and EBITDAR of $8,544,503. Based on the subject's current rent of $4,429,000 the subject is budgeted to have a stabilized lease coverage of 1.93, which is considered to be an adequate lease coverage ratio for the subject property.

Comparison to Market

An important factor impacting an investment in a single tenant property is how the lease compares to the market. We can compare the subject's lease terms and rent level to the market.

Market Rent Estimate

Analysis of Comparable Rents

The following table summarizes rental activity for comparable space in similar properties in the marketplace.

HOSPITAL RENT COMPARABLES

PROPERTY INFORMATION							LEASE INFORMATION									
NO.	Property Name Address, City, State	HOSPITAL TYPE	NUMBER OF BEDS	SIZE (NRA)	YEAR BUILT	QUALITY / CONDITION	TENANT NAME	LEASE DATE	SIZE (NRA)	TERM (yrs.)	ANNUAL RENT	RENT / BED / MO.	RENT / SF	RENT STEPS	LEASE TYPE
S	Subject Property		50	59,508	2022	Excellent	Sacramento Rehabilitation Hospital, LLC (Ernest Health)	2/23	59,508	20.0	$4,429,000	$7,382	$74.43	1.5% after Year 3	Net
1	PAM Rehabilitation Hospital of Greeley 6810 10th Street, Greeley, CO	Rehab	42	51,500	2023	Excellent	Post Acute Medical	3/23	51,500	20.0	$2,575,000	$5,109	$50.00	2.5%	Net
2	Oklahoma City Rehabilitation Hospital 10240 Broadway Extension, Oklahoma City, OK	Rehab	40	46,803	2022	Good	Nobis Rehabilitation Partners	8/22	46,803	20.0	$2,249,352	$4,686	$48.06	1.5%	Net
3	Confidential Rehabilitation Hospital Western	Rehab	40	49,106	2022	Good	Confidential	2/22	49,106	25.0	$2,548,748	$5,310	$51.90	2.0%	Net
4	Vibra Rehabilitation Hospital of Stockton 501 East Magnolia Street, Stockton, CA	Rehab	50	62,232	2021	Excellent	Vibra Rehabilitation Hospital of Stockton, LLC	6/21	62,232	20.0	$4,301,476	$7,169	$69.12	2.0%	Net
5	Vibra Rehabilitation Hospital of Bakersfield 4500 Morning Drive, Bakersfield, CA	Rehab	50	60,000	2020	Excellent	Vibra Rehabilitation Hospital of Bakersfield, LLC	6/21	60,000	20.0	$4,147,200	$6,912	$69.12	2.0%	Net
STATISTICS															
Low				46,803	2020			6/21	46,803	20.0	$2,249,352	$4,686	$48.06		
High				62,232	2023			3/23	62,232	25.0	$4,301,476	$7,169	$69.12		
Average				53,928	2022			2/22	53,928	21.0	$3,164,355	$5,837	$57.64		

COMPARABLE RENT ADJUSTMENT GRID

Comp No.	1		2		3		4		5	
Lease Date	3/23		8/22		2/22		6/21		6/21	
Rent Per Bed Per Month	$5,109		$4,686		$5,310		$7,169		$6,912	
ECONOMIC ADJUSTMENTS (CUMULATIVE)										
Lease Type	Net	$0.00	Net	$0.00	Net	$0.00	Net	$0.00	Net	$0.00
Effect. Rent		$5,109		$4,686		$5,310		$7,169		$6,912
Market [(1)] Conditions	Similar	0.0%	Similar	0.0%	Similar	0.0%	Similar	0.0%	Similar	0.0%
Equiv. Rent		$5,109		$4,686		$5,310		$7,169		$6,912
Subtotal	0.0%	**$5,109**	0.0%	**$4,686**	0.0%	**$5,310**	0.0%	**$7,169**	0.0%	**$6,912**
PROPERTY CHARACTERISTICS ADDITIVE										
Location	Inferior	5.0%	Inferior	25.0%	Superior	-5.0%	Inferior	5.0%	Inferior	10.0%
Age, Quality, Condition	Similar	0.0%	Inferior	5.0%	Inferior	5.0%	Similar	0.0%	Similar	0.0%
Other	Similar	0.0%	Similar	0.0%	Similar	0.0%	Similar	0.0%	Similar	0.0%
Overall	Inferior	5.0%	Inferior	30.0%	Similar	0.0%	Inferior	5.0%	Inferior	10.0%
Adj. Rent Per Bed Per Month		**$5,365**		**$6,092**		**$5,310**		**$7,528**		**$7,603**
UNADJUSTED STATISTICS										
Low -	$4,686									
High -	$7,169									
Average -	$5,837									
ADJUSTED STATISTICS										
Low -	$5,310									
High -	$7,603									
Average -	$6,379									

(1) **Market Conditions Adjustment**
Compound annual change in market conditions: 0.00%
Date of Lease (for adjustment calculations): 6/1/24

COMPARABLE RENTAL LOCATION MAP

Adjustment Process

The comparable rents that we utilized represent the best available information that could be compared to the subject property. The major elements of comparison for an analysis of this type include a lease type equivalency adjustment, rent concession adjustment, changes in market conditions since the lease date, the location of the real estate, its physical traits and the economic characteristics of the property.

We made a downward adjustment to those comparables considered superior to the subject. Conversely, an upward adjustment was made to those comparables considered to be inferior.

Lease Type Equivalency Adjustment

The initial face rent of a lease will be impacted significantly by the lease reimbursement clause regarding expense reimbursement. We projected that the subject's space would have a net lease structure. For all comparables leases that had something other than a net lease structure, we made an adjustment that would convert the comparable face rent into a net equivalent rent. An appropriate adjustment was made to each comparable in comparison to the subject to account for the lease structure.

Market Conditions

The comparables included in this analysis range between the dates of June 2021 and March 2023. The market has remained stable over this period and no adjustments for market conditions were required.

Location

An adjustment for location is required when the locational characteristics of a comparable property are different from those of the subject property. The location of the subject property is rated good, and it has good access and good visibility. Each comparable was adjusted accordingly. We have based our adjustments on the average home price surrounding the subject and the comparables. Upward adjustments were required for Comparables 1, 2, 4, and 5, while a downward adjustment was required for Comparable 3.

Physical Traits

Each property is affected by the various physical traits that come to bear on the appeal of a property. These traits include age, quality, and condition. Each comparable is adjusted accordingly. The subject was built in 2022 and is in excellent condition. Upward adjustments were required for Comparables 2 and 3. No other adjustments were required for this category.

Other

This category accounts for any other adjustments not previously discussed. Based on our analysis of these sales, none required any additional adjustment.

Discussion of Comparable Rents

We analyzed recent leases negotiated in similar properties in the marketplace. The comparables were all hospitals that were similar to the subject property The comparables exhibit a range in adjusted rents from $5,310 to $7,603 per bed per month with an average of $6,379 per bed per month on a net basis. The subject was constructed in 2022 and is in excellent condition. The subject's stabilized rent is $7,382 per bed per month, which falls within the adjusted range of the comparables. Given the subject's characteristics, location, recent construction, and current rent, we have concluded within the adjusted range of the comparables to a market rent for the subject property of $7,400 per bed per month on a net basis, which is considered reasonable and market oriented.

Market Rent Conclusion

The following table shows our market rent conclusion for the subject property.

MARKET RENT SYNOPSIS	
TENANT CATEGORY	**Rehab Hospital**
Market Rent (Per Bed Per Month)	$7,400
Lease Term (Years)	20
Lease Type (Reimbursements)	Net
Contract Rent Increase Projection	2.00%

Absorption of Vacant Space

The subject property is presently 100 percent occupied. No absorption estimate is necessary.

Lease Expirations

The lease expiration schedule is an important investment consideration. As leases rollover, the landlord will be required to negotiate a renewal lease with the existing tenant, or to secure a new tenant for the space. The subject is leased for a 20-year term with two 10-year renewal options.

Most net-lease investors are seeking remaining terms of at least 10 to 15 years, or longer. Shorter lease terms typically increase risk and result in higher capitalization rates, other things being equal. The subject's lease term is in line with typical investor requirements.

Assumptions Regarding Existing Leases

The subject lease commenced in February 2023. As the tenant is not currently in default, we have modeled the actual terms of the existing lease and assume the tenant's obligations under the lease will be fulfilled.

Discussion of Revenue Items

Base Rental Revenue

Years	Totals
Cushman & Wakefield - Stabilized Year	**$4,429,000**

Our forecast rent is based on the subject's actual Year 1 rent.

Vacancy and Collection Loss

Vacancy and collection loss is a function of the interrelationship between absorption, lease expiration, renewal probability, estimated downtime between leases, and a collection loss factor based on the relative stability and credit of the subject's tenant base. Earlier in the report we discussed the vacancy rates for the market in which the subject property is located.

Single tenant properties like the subject are either 100 percent occupied or 100 percent vacant. To project a vacancy or collection loss with a tenant in place that is performing on their lease would understate the actual income potential of the property. Based on our discussions with various buyers and investors in the market, it is clear that most investors acquire single-tenant net leased properties under the premise that the tenant will remain in the space throughout their remaining lease term and thus, will do not make a deduction for vacancy and collection loss. The risk of the tenant defaulting and vacating the space is measured in the capitalization rate that is used.

Discussion of Expenses

The subject's lease is an absolute net lease with the tenant directly responsible for all expenses including management fees along with repairs and maintenance of the roof and structure.

As the subject is leased on an absolute net basis with the tenant directly responsible for expenses, we have not forecast expenses for the subject property. The subject's landlord will collect rent without any offsets or pass-throughs.

Income and Expense Pro Forma

The following chart summarizes our opinion of income and expenses for year one, which is the first stabilized year in this analysis. As shown, our estimate of net operating income is equal to the base rental revenue. Most market participants analyze net-leased properties in this manner; with no deductions for vacancy, collection loss or expenses. The risk associated with potential vacancy and expenses slippage is implicitly considered in the overall rate applied to the net operating income.

SUMMARY OF REVENUE AND EXPENSES				
Stabilized Year For Direct Capitalization:		**Year One**		
REVENUE	**Assumptions**	**Annual**	**$/Bed/Mo.**	**% of EGI**
Base Rental Revenue	$7,382	$4,429,000	$7,382	
POTENTIAL GROSS REVENUE		**$4,429,000**	**$7,382**	
Vacancy and Collection Loss	0.0%	$0	$0	
EFFECTIVE GROSS REVENUE		**$4,429,000**	**$7,382**	**100.00%**
OPERATING EXPENSES				
TOTAL EXPENSES		**$0**	**$0**	**0.00%**
NET OPERATING INCOME		**$4,429,000**	**$7,382**	**100.00%**

Investment Considerations

Before determining the appropriate risk rate(s) to apply to the subject, a review of recent market conditions, particularly in the financial markets, is warranted. The following subsection provides review of these trends, ending with a summary of the investment considerations impacting the subject property. The trends are based upon the appraiser's market research, discussions with participants in the market, and the relative position of the subject property within its market.

The Commercial Real Estate (CRE) market is driven by investor demand and strong liquidity. We are monitoring the impacts on both factors as they relate to the Federal Reserve's historical and projected interest rate changes, inflation, and other macroeconomic factors, which have increased uncertainty in the financial and CRE markets. Furthermore, Cushman & Wakefield is closely examining all latest economic developments, and their effects on the subject and its market.

Current Trends and Economic Conditions

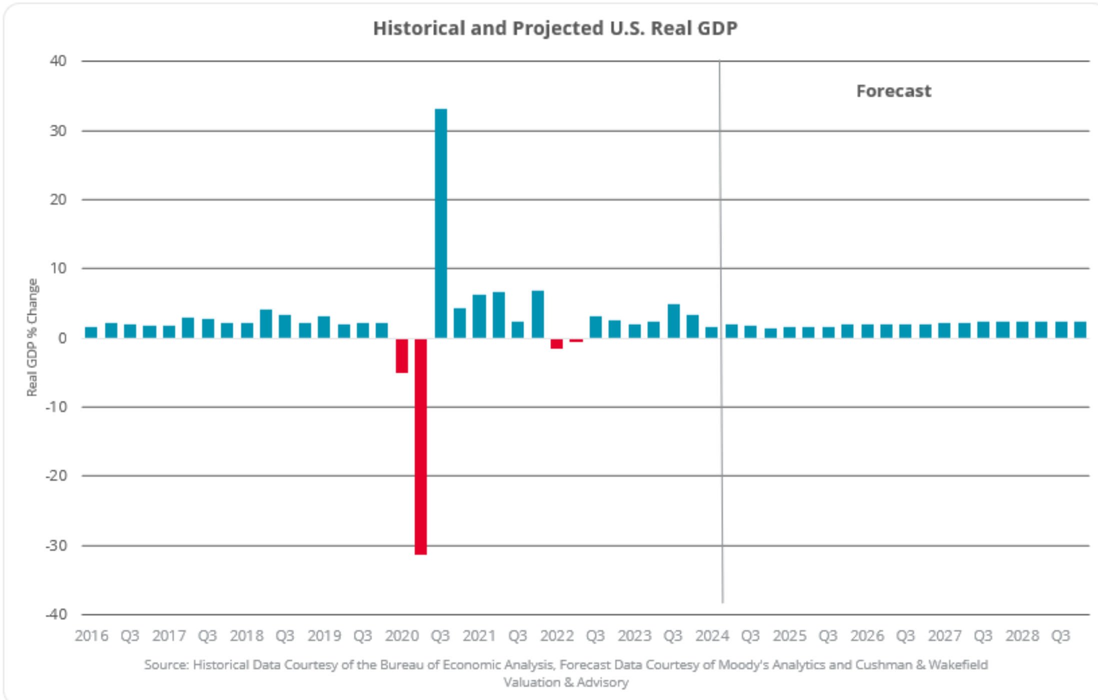
Overall, the economy was resilient in the first quarter of 2024. A strong job market fueled consumer spending and GDP increased at a 1.6% annual rate. While this was down sharply from the 3.4% annual growth rate at the end of 2023, economists were largely unconcerned by the slip, which stemmed primarily from large swings in business inventories and international trade; components that regularly swing wildly from one quarter to the next. Most of the economic anxiety was centered around inflation which appears to have stalled at about 3.5%.

Early in the year, the economy's resilience, coupled with a downward trend in inflation, caused financial markets to respond eagerly. This allowed for some stability and momentum to form throughout the financial and treasury markets. In turn, this optimism spilled over into the CRE capital markets as risk spreads trended in. By the end of the first quarter, however, inflation had stalled. In fact, some more "bad" news in the macroeconomy might counteractively spell good news for inflation and monetary policy. While there are signs that we're on the path to reaching the Federal Reserve Board's (Fed's) target inflation this year of approximately two percent, until there is measurable progress towards slowing inflation, the Fed is unlikely to cut rates; perhaps only doing so once or twice this year, if at all.

In response, the markets are actively recalibrating their expectations not only to a more gradual, delayed rate cutting cycle, but to a more accepted view of what it means to normalize higher interest rates. The stubbornness of inflation is a powerful reminder that a shift in the timing and magnitude of Fed rate cuts will not make or break the larger narrative that will unfold over the medium and long-term horizons. This restrictive monetary policy is intended to weigh on growth and trigger a slowdown. The good news is that the foundations for both households and businesses remain solid which will support CRE fundamentals in weathering the downturn relatively well.

In the end, the CRE market really doesn't need to wait for the Fed to cut rates to accept the normalized interest rate regime. Fortunately, the acceptance process is progressing even as inflation remains choppy and as the Fed remains patient. Such acceptance will continue to usher in more price discovery and transaction activity, all as property fundamentals, outside of lower-middle-quality office, remain on healthy footing, poised for inflection in the coming years.

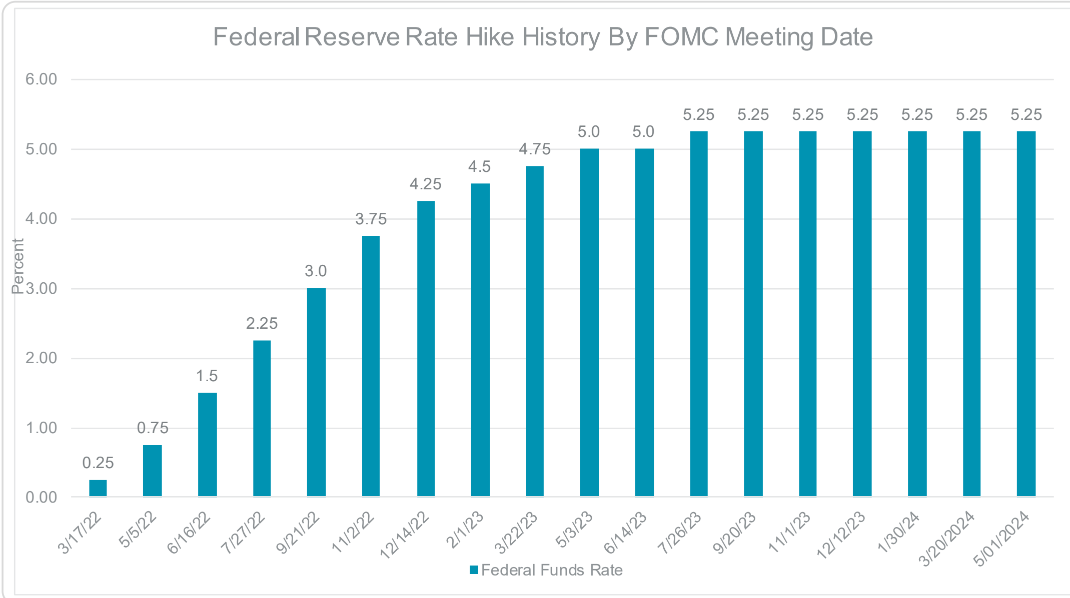
The following graph displays historical and projected U.S. real GDP percentage change (annualized on a quarterly basis) from first quarter 2016 through fourth quarter 2028:



The current wave of inflation began in 2021, immediately following the pandemic in 2020. Its rise has been largely attributed to various causes, including pandemic-related fiscal and monetary stimulus, shortages in the global supply chain, price gouging, and more recently, the Russian-Ukraine and the Israel-Hamas wars. While inflation has slowed significantly in the past year, it still hasn't loosened its grip entirely. For March 2024, the Bureau of Labor Statistics (BLS) reported that the Consumer Price Index (CPI) jumped 3.5% on an annual basis and 0.3% over February 2024. Core inflation, which excludes volatile food and energy prices, remained the same as last month at 3.8% year-over-year.

In early 2022, the Federal Reserve was holding the federal funds rate at around zero. They were buying billions of dollars of bonds every month to stimulate the economy, but various measures of inflation kept inching up and reaching 40-year highs. To combat inflation, the Federal Reserve employed multiple increases to the effective federal funds rate in 2022 and into the first half of 2023. In their May 2024 meeting, the Federal Reserve decided to pause interest rate hikes for the sixth consecutive time, leaving rates unchanged since July 2023.

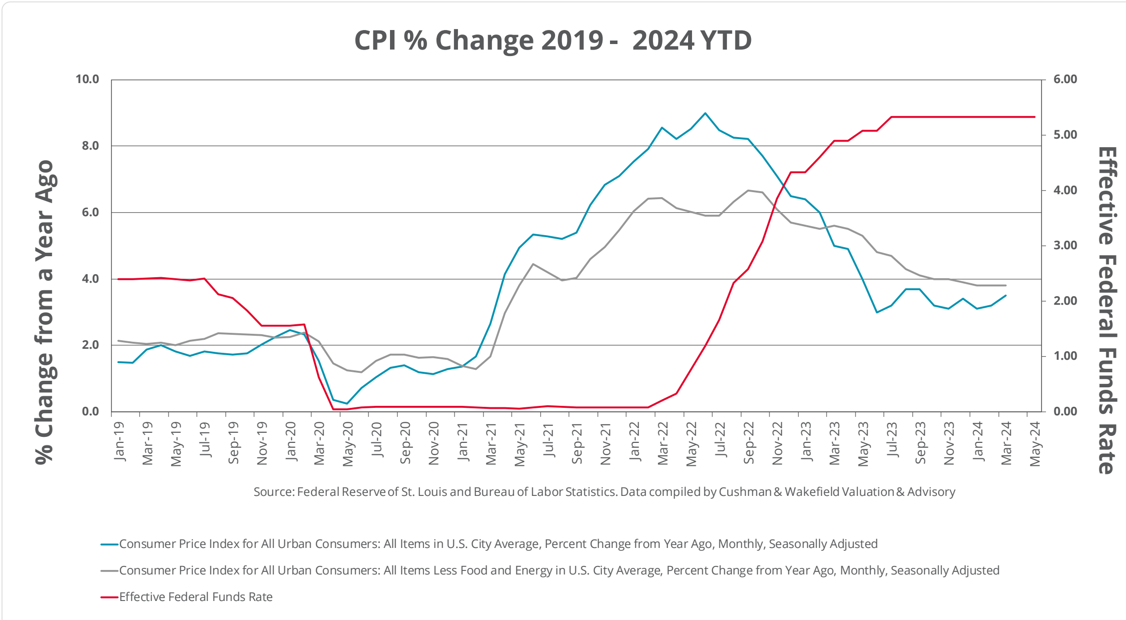
The following chart displays when the Federal Open Market Committee met, their federal funds rate changes, and their basis point increases:



The Effective Federal Funds Rate (EFFR) is an interest rate that calculates the effective median interest rate of overnight federal funds transactions from the previous day and is published daily by the Federal Reserve Bank of New York. The current EFFR is now targeted between 5.25% and 5.50%. This rate, and all interest rates, tend to move in the same direction as inflation, however they typically lag because they are also the primary tool used by central banks to manage inflation. Conversely, when inflation is falling and economic growth is slowing, central banks may lower interest rates to stimulate the economy.

The Federal Reserve generally strives for the dual objective of maximum employment and stable inflation near 2%. While inflation is significantly down from last year, it has stalled at around 3.5% for the past several months. Despite the elevated interest rate environment and slightly elevated inflation, March 2024's job numbers were strong. Around 303,000 jobs were added in the third month of the year, far exceeding the expectation of 200,000, and bringing the unemployment rate down to 3.8%.

The following graph compares CPI and Core CPI data (January 2019 – March 2024) with the EFFR from (January 2019 – May 2024):

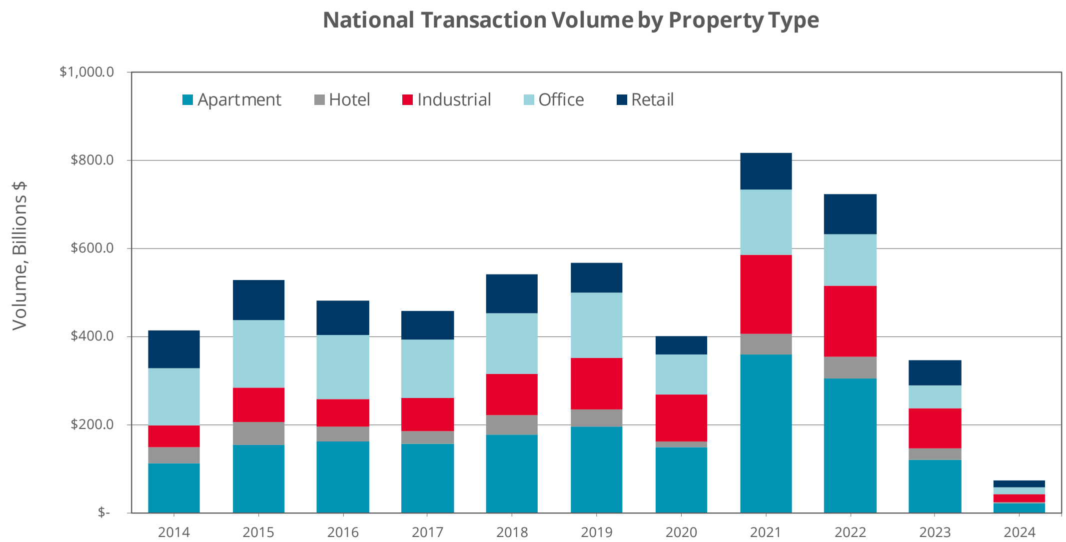


U.S. Real Estate Market Implications

Last year, deal volume fell at a pace that was reminiscent of the Global Financial Crisis. For the first quarter of 2024, deal volume did not begin to rebound, unfortunately. Activity continued to fall from the same time last year, however, overall momentum did trend towards improvement, or at least stability, as declines in both deal volume and prices moderated. Further, with a year-over-year drop of 16% this quarter, we are well past the low point which occurred in the final quarter of 2022 when deal volume fell 60%.

Entity-level deals helped slow declines, representing 15% of the total. These kinds of deals drove growth in the office sector, although demand for medical office space was greater than the demand for traditional offices this quarter. Entity-level deals also increased in the retail and industrial sectors by 33% from the same time last year. Had it not been for this type of deal, however, the story of moderation would not have changed too significantly. Individual asset sales fell 19% year-over-year, down from the peak of 57% in the second quarter 2023.

While commercial property prices fell overall in the first quarter of 2024, the drops were smaller than those seen in early 2023. They also fell unevenly across the various property types. Although most sectors were still shaking off the initial shock of higher mortgage costs in early 2023, the industrial sector witnessed a 5.7% year-over-year price increase. Even though industrial also felt the sting of higher mortgage costs in early 2023, which limited what buyers could pay for an asset, the sector managed to outperform the growing cost of capital and was able to drive up price growth in the first quarter of 2024.



Source: MSCI Real Capital Analytics and Cushman & Wakefield Valuation & Advisory

The PricewaterhouseCoopers (PwC) Real Estate Investor Survey analyzes a total of 41 markets, including 22 different asset classes and 19 individual office markets. For first quarter 2024, the average overall cap rate increased in 32 surveyed markets, declined in 5 and held steady in four. On a quarter-over-quarter basis, the average increase was 19 basis points, and on a year-over-year basis it was 99 basis points.

Overall office cap rates tended to be lower for CBD submarkets than for their suburban counterparts; however, the Dallas, Denver and Phoenix office markets bucked that trend this quarter. The spread between the average overall cap rates for CBDs vs the suburban markets has compressed over the past year, declining from 72 basis points in the first quarter of 2023 to 56 basis points for first quarter 2024. The spread between these rates is expected to continue to tighten in the coming year as the office sector works through challenges stemming from work-from-home patterns, higher costs of capital, and general market uncertainty.

While tenant demand is stalling the office recovery, there are still a few positive trends. First, a flight to quality is allowing tenants to benefit from more functional and well-situated assets. Second, some assets are converting to multi-family, which is reducing supply, and lastly, it appears that the interest rate cycle has peaked, leading to more realistic conversations around values, which should help deals flow.

The following table displays an overall cap rate analysis of six distinct property classes during first quarter 2024, and compares them to the previous year:

Overall Cap Rate Analysis

First Quarter 2024

Asset Class	Q1 2024	Q1 2023	Basis Point Change
National CBD Office	6.98%	5.78%	+120
National Suburban Office	6.43%	6.24%	+19
National Warehouse	5.38%	4.82%	+56
National Apartment	5.42%	5.01%	+41
National Regional Mall	8.31%	7.28%	+103
National Net Lease	7.42%	6.48%	+94

Source: PwC Real Estate Investor Survey

Conclusion

The U.S. economy continues to face interest rate and inflationary challenges while other measures remain strong. The CRE market continues to adapt to the elevated interest rate environment, however, it appears that the worst is now behind us. Meanwhile, as inflation proves to be stubbornly high, investors are quietly stirring as they anxiously await the Fed to cut rates.

In addition to the above, factors listed in the following table have been considered in the valuation of the subject property and have an impact on the selection of all investor rates.

INVESTMENT CONSIDERATIONS	
Real Estate Market Trends:	Real estate market trends have a significant bearing on the value of real property. The real estate market in which the subject property is located is currently stable.
Tenant Quality:	The quality of a property's tenant base is an important factor that is scrutinized by investors prior to acquiring real property. The quality of the subject's tenant roster is considered to be average.
Property Rating:	After considering all of the physical characteristics of the subject, we have concluded that this property has an overall rating that is good, when measured against other properties in this marketplace.
Location Rating:	After considering all of the locational aspects of the subject, including regional and local accessibility as well as overall visibility, we have concluded that the location of this property is good.
Overall Investment Appeal:	There are many factors that are considered prior to investing in this type of property. After considering all of these factors, we conclude that this property has good overall investment appeal.

Capitalization Rate Analysis

In determining an appropriate capitalization rate, we utilized market extraction from the sales comparables. There is no central source or investment survey that includes hospital investor guidelines for relative to targeted overall capitalization rates. On the following pages we discuss the process of how we determine an appropriate overall capitalization rate to apply to the subject’s forecast net income.

Capitalization Rate from Comparable Sales

CAPITALIZATION RATE SUMMARY			
No.	**Name and Location**	**Sale Date**	**Capitalization Rate**
1	PAM Health Rehabilitation Hospital of Greeley 6810 10th Street Greeley, CO,	2/2024	7.10%
2	Central Louisiana Surgical Hospital 651 North Bolton Avenue Alexandria, LA	1/2022	-
3	Four Property PAM Portfolio Various Locations	7/2021	7.47%
4	Beachwood Medical Center 25501 Chagrin Boulevard Beachwood, OH	4/2021	5.95%
5	PAM Rehab Hospital and LTACH of Corpus Christi 345 South Water Street Corpus Christi, TX	10/2020	6.62%
5	St. Luke's Community Hospitals Portfolio Various Locations Kansas	7/2019	5.57%
7	Bakersfield Heart Hospital 3001 Sillect Avenue Bakersfield, CA	3/2019	6.80%
STATISTICS			
Sample Size		7	6
Low		3/2019	5.57%
High		2/2024	7.47%
Median		5/2021	6.80%
Average		3/2021	6.58%

Capitalization Rate Conclusion

We considered all aspects of the subject property that would influence the overall rate. The subject is a 50-bed rehabilitation hospital that was built in 2022 and represents new construction in excellent condition. The subject is leased for a 20-year term on an absolute net basis with guarantees from entities of Ernest Health and Vibra Healthcare. It is located near the site of the proposed California Northstate University Hospital, which will compliment the subject's offering. Additionally, the subject is forecast to have a lease coverage ratio upon stabilization that is considered adequate to cover the lease payments. Given the property attributes and prevailing market return rates, we conclude that a 6.00 percent OAR is applicable to the subject NOI forecast.

Direct Capitalization Method Conclusion

In the Direct Capitalization Method, we developed an opinion of market value by dividing year one net operating income by our selected overall capitalization rate. Our conclusion using the Direct Capitalization Method is as follows:

DIRECT CAPITALIZATION METHOD		
Market Value As-Is		
NET OPERATING INCOME	**$4,429,000**	
Sensitivity Analysis (0.50% OAR Spread)	**Value**	**$/Bed**
Based on Low-Range of 5.50%	$80,527,273	$1,610,545
Based on Most Probable Range of 6.00%	$73,816,667	$1,476,333
Based on High-Range of 6.50%	$68,138,462	$1,362,769
Indicated Value	$73,816,667	$1,476,333
PLUS PACE Benefit	$12,038,613	$240,772
Adjusted Value	$85,855,280	$1,717,106
Rounded to nearest $100,000	**$85,900,000**	**$1,718,000**

As discussed in the Real Property Taxes and Assessments section of this report, we have added the PACE benefit to our value conclusion.

Yield Capitalization Method

In the Yield Capitalization Method, we employed ARGUS Enterprise 14.1 software to model the income characteristics of the property and to make a variety of cash flow assumptions. We attempted to reflect the most likely investment assumptions of typical buyers and sellers in this market segment.

General Cash Flow Assumptions

The start date of the Yield Capitalization analysis is June 1, 2024. We performed this analysis on a fiscal year basis. The analysis incorporates a forecast period of 11 years, and a holding period of 10 years.

The following table outlines the assumptions used in the Yield Capitalization analysis.

DISCOUNTED CASH FLOW MODELING ASSUMPTIONS			
VALUATION SCENARIO:	**Market Value As-Is**		
GENERAL CASH FLOW ASSUMPTIONS		**GROWTH RATES**	
Cash Flow Software:	ARGUS Enterprise 14.1	Market Rent:	2.00%
Cash Flow Start Date:	June 1, 2024	Consumer Price Index (CPI):	2.00%
Calendar or Fiscal Analysis:	Fiscal	Expenses:	2.00%
Investment Holding Period:	10 Years	Tenant Improvements:	2.00%
Analysis Projection Period:	11 Years	Real Estate Taxes:	2.00%
VACANCY & COLLECTION LOSS		**RATES OF RETURN**	
Global Vacancy:	0.00%	Internal Rate of Return (Cash Flow):	7.00%
Global Collection Loss:	0.00%	Internal Rate of Return (Reversion):	7.00%
Total Vacancy & Collection Loss:	0.00%	Terminal Capitalization Rate:	6.50%
		Reversionary Sales Cost:	2.00%
Credit Tenant Overrides		Basis Point Spread (OARout vs. OARin):	50 pts
Credit Vacancy:	0.00%		
Credit Collection Loss:	0.00%		
		VALUATION	
CAPITAL EXPENDITURES		**Market Value As-Is:**	**$71,741,723**
Reserves for Replacement ($/SF):	$0.00	**Adjustments to Value (PACE Benefit):**	$12,038,613
Other Deductions ($):	$0	Adjusted Value:	$83,780,336
		Rounded to nearest $100,000:	**$83,800,000**
		Value $/Bed:	$1,676,000

Speculative Leasing Assumptions

The contract lease terms for the existing tenant was used within the Yield Capitalization analysis with market leasing assumptions applied for renewals and absorption tenants. The income and expense information that was previously presented has been used as the basis for our market leasing projections.

The following chart summarizes the leasing assumptions that were used in preparing our Yield Capitalization analysis.

LEASING ASSUMPTIONS	
TENANT CATEGORY	**Rehab Hospital**
WEIGHTED ITEMS	
Renewal Probability	90.00%
Market Rent (Per Bed Per Month)	$7,400
Months Vacant	12.00
Leasing Commissions	
New Leases	5.00%
Renewal Leases	2.50%
NON-WEIGHTED ITEMS	
Lease Term (Years)	20
Lease Type (Reimbursements)	Net
Contract Rent Increase Projection	2.00%

Financial Assumptions

The financial assumptions used in the Yield Capitalization process are discussed in the following commentary.

Terminal Capitalization Rate Selection

A terminal capitalization rate was used to develop an opinion of the market value of the property at the end of the assumed investment holding period. The rate is applied to the net operating income following Year 10 before making deductions for costs of sales. We developed an opinion of an appropriate terminal rate based on indicated rates in today's market.

A premium was added to the going-in capitalization rate of 6.00 percent to allow for the risk of unforeseen events or trends that might affect our opinion of net operating income at reversion. This could include a possible deterioration in market conditions or in the property's physical condition. Investors typically add 50 to 100 basis points to the going-in cap rate to arrive at a terminal capitalization rate.

As a result, we applied a terminal rate of 6.50 percent in our analysis. This rate is 50 basis points above the overall rate going into the investment, which is considered reasonable.

Reversionary Sales Costs

We estimated the cost of sale at the time of reversion to be 2.00 percent, which is in keeping with local market practice.

Discount Rate Selection

We developed an opinion of future cash flows, including property value at reversion, and discounted that income stream at a discount rate typically required by investors for similar-quality real property. Based on investor parameters and given our knowledge of the risks associated with such a facility, we applied a 7.00 percent discount rate to the subject cash flows to arrive at our final value estimate. We consider that a 7.00 percent discount rate is reasonable based on the age, size, quality of the subject, as well as the competitive nature of the market.

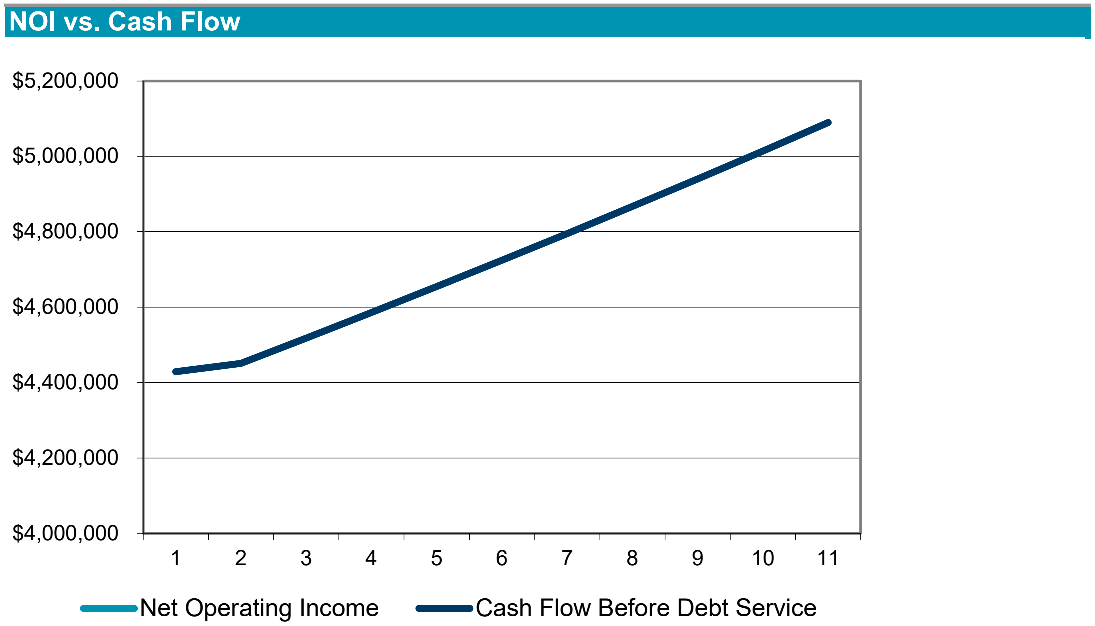
The ARGUS Enterprise 14.1 cash flow is presented on the following page. The cash flow commencement date is June 1, 2024.

Yield Capitalization Method Conclusion

Our cash flow projection and valuation matrix are presented at the end of this section.

ANNUAL CASH FLOW REPORT Sacramento Rehabilitation Hospital												Annual Growth
	1	2	3	4	5	6	7	8	9	10	11	Year 1 -
For the Years Beginning	**Jun-24**	**Jun-25**	**Jun-26**	**Jun-27**	**Jun-28**	**Jun-29**	**Jun-30**	**Jun-31**	**Jun-32**	**Jun-33**	**Jun-34**	
For the Years Ending	**May-25**	**May-26**	**May-27**	**May-28**	**May-29**	**May-30**	**May-31**	**May-32**	**May-33**	**May-34**	**May-35**	**Year 11**
Base Rental Revenue	$ 4,429,000	$ 4,451,145	$ 4,517,912	$ 4,585,681	$ 4,654,466	$ 4,724,283	$ 4,795,147	$ 4,867,074	$ 4,940,081	$ 5,014,182	$ 5,089,394	1.40%
Scheduled Base Rental Revenue	**$ 4,429,000**	**$ 4,451,145**	**$ 4,517,912**	**$ 4,585,681**	**$ 4,654,466**	**$ 4,724,283**	**$ 4,795,147**	**$ 4,867,074**	**$ 4,940,081**	**$ 5,014,182**	**$ 5,089,394**	**1.40%**
POTENTIAL GROSS REVENUE	**$ 4,429,000**	**$ 4,451,145**	**$ 4,517,912**	**$ 4,585,681**	**$ 4,654,466**	**$ 4,724,283**	**$ 4,795,147**	**$ 4,867,074**	**$ 4,940,081**	**$ 5,014,182**	**$ 5,089,394**	**1.40%**
EFFECTIVE GROSS REVENUE	**$ 4,429,000**	**$ 4,451,145**	**$ 4,517,912**	**$ 4,585,681**	**$ 4,654,466**	**$ 4,724,283**	**$ 4,795,147**	**$ 4,867,074**	**$ 4,940,081**	**$ 5,014,182**	**$ 5,089,394**	**1.40%**
NET OPERATING INCOME	**$ 4,429,000**	**$ 4,451,145**	**$ 4,517,912**	**$ 4,585,681**	**$ 4,654,466**	**$ 4,724,283**	**$ 4,795,147**	**$ 4,867,074**	**$ 4,940,081**	**$ 5,014,182**	**$ 5,089,394**	**1.40%**
CASH FLOW BEFORE DEBT SERVICE	**$ 4,429,000**	**$ 4,451,145**	**$ 4,517,912**	**$ 4,585,681**	**$ 4,654,466**	**$ 4,724,283**	**$ 4,795,147**	**$ 4,867,074**	**$ 4,940,081**	**$ 5,014,182**	**$ 5,089,394**	**1.40%**

The following graph depicts the forecasted change in both net income and net cash flow over the analysis period.



The results of the Yield Capitalization analysis are presented in the following:

PRICING MATRIX - Market Value As-Is					
Terminal	**Discount Rate (IRR) for Cash Flow**				
Cap Rates	**6.50%**	**6.75%**	**7.00%**	**7.25%**	**7.50%**
6.00%	$ 77,806,997	$ 76,383,048	$ 74,992,295	$ 73,633,856	$ 72,306,881
6.25%	$ 76,035,645	$ 74,652,746	$ 73,301,997	$ 71,982,549	$ 70,693,577
6.50%	$ 74,400,551	$ 73,055,544	**$ 71,741,723**	$ 70,458,265	$ 69,204,373
6.75%	$ 72,886,575	$ 71,576,652	$ 70,297,024	$ 69,046,892	$ 67,825,480
7.00%	$ 71,480,740	$ 70,203,396	$ 68,955,518	$ 67,736,330	$ 66,545,080
IRR Reversion	**6.50%**	**6.75%**	**7.00%**	**7.25%**	**7.50%**
Cost of Sale at Reversion:			2.00%		
Percent Residual:			54.37%		
Preliminary Value:			$71,741,723		
Adjustments to Value (PACE Benefit):			$12,038,613		
Adjusted Value:			$83,780,336		
Rounded to nearest $100,000			**$83,800,000**	**$1,408.21**	**$1,676,000**

Based on the rates selected, the value via the Yield Capitalization analysis is estimated at $83,800,000, rounded. The reversion contributes 54.37 percent to this value estimate.

As discussed in the Real Property Taxes and Assessments section of this report, we have added the PACE benefit to our value conclusion.

Reconciliation within the Income Capitalization Approach

We used both Yield and Direct Capitalization, and each method is well-supported by ample, recent market data. As the subject is a single-tenant property under a new 20-year lease, we have placed reliance on the Direct Capitalization method as a market participant would consider this approach most applicable for the subject property. The Yield Capitalization method provides further support for our conclusion via the Direct Capitalization method. The following is a summary of our concluded values in the Income Capitalization Approach:

INCOME CAPITALIZATION APPROACH CONCLUSION		
	Market Value	
Methodology	**As-Is**	**Per Bed**
Yield Capitalization	$83,800,000	$1,676,000
Direct Capitalization	$85,900,000	$1,718,000
Income Approach Conclusion	**$85,900,000**	**$1,718,000**

Reconciliation and Final Value Opinion

Valuation Methodology Review and Reconciliation

This appraisal employs all three typical approaches to value: the Cost Approach, the Sales Comparison Approach and the Income Capitalization Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that all approaches should be considered meaningful and applicable in developing a credible value conclusion.

The approaches indicated the following:

FINAL VALUE RECONCILIATION		
	Market Value As-Is	Per Bed
Date of Value	**June 1, 2024**	
Land Valuation		
Land Value	$3,660,000	
Cost Approach		
Conclusion	$77,800,000	$1,556,000
Sales Comparison Approach		
Percentage Adjustment Method	$88,500,000	$1,770,000
Conclusion	$88,500,000	$1,770,000
Income Capitalization Approach		
Yield Capitalization	$83,800,000	$1,676,000
Direct Capitalization	$85,900,000	$1,718,000
Conclusion	$85,900,000	$1,718,000
Final Value Conclusion	**$85,900,000**	**$1,718,000**

We gave most weight to the Income Capitalization Approach because this mirrors the methodology used by purchasers of this property type. The Sales Comparison Approach was useful providing further support for our conclusion via the Income Capitalization Approach. Market participants typically do not rely on the Cost Approach for income producing properties such as the subject, and we have therefore not relied on this approach.

Value Conclusions			
Appraisal Premise	**Real Property Interest**	**Date of Value**	**Value Conclusion**
Market Value As-Is	Leased Fee	June 1, 2024	$85,900,000

Extraordinary Assumptions

For a definition of Extraordinary Assumptions please see the Glossary of Terms & Definitions. The use of extraordinary assumptions, if any, might have affected the assignment results.

This appraisal assumes the subject meets the licensing requirements for the remining economic life of the improvements. We have not made an inspection of the subject for this assignment and this appraisal assumes the subject is in similar condition to our previous inspection in March 2023. This appraisal does not employ any other extraordinary assumptions.

Hypothetical Conditions

For a definition of Hypothetical Conditions please see the Glossary of Terms & Definitions. The use of hypothetical conditions, if any, might have affected the assignment results.

This appraisal does not employ any hypothetical conditions.

Exposure Time and Marketing Time

Based on our review of national investor surveys, discussions with market participants and information gathered during the sales verification process, a reasonable exposure time for the subject property at the value concluded within this report would have been approximately nine-twelve (9-12) months. This assumes an active and professional marketing plan would have been employed by the current owner. We believe, based on the assumptions employed in our analysis, as well as our selection of investment parameters for the subject, that our value conclusion represents a price achievable within nine-twelve (9-12) months.

Assumptions and Limiting Conditions

"Report" means the appraisal or consulting report and conclusions stated therein, to which these Assumptions and Limiting Conditions are annexed.

"Property" means the subject of the Report.

"Cushman & Wakefield" means Cushman & Wakefield, Inc. or its subsidiary that issued the Report.

"Appraiser(s)" means the employee(s) of Cushman & Wakefield who prepared and signed the Report.

The Report has been made subject to the following assumptions and limiting conditions:

- No opinion is intended to be expressed and no responsibility is assumed for the legal description or for any matters that are legal in nature or require legal expertise or specialized knowledge beyond that of a real estate appraiser. Title to the Property is assumed to be good and marketable and the Property is assumed to be free and clear of all liens unless otherwise stated. No survey of the Property was undertaken.
- The information contained in the Report or upon which the Report is based has been gathered from sources the Appraiser assumes to be reliable and accurate. The owner of the Property may have provided some of such information. Neither the Appraiser nor Cushman & Wakefield shall be responsible for the accuracy or completeness of such information, including the correctness of estimates, opinions, dimensions, sketches, exhibits and factual matters. Any authorized user of the Report is obligated to bring to the attention of Cushman & Wakefield any inaccuracies or errors that it believes are contained in the Report.
- The opinions are only as of the date stated in the Report. Changes since that date in external and market factors or in the Property itself can significantly affect the conclusions in the Report.
- The Report is to be used in whole and not in part. No part of the Report shall be used in conjunction with any other analyses. Publication of the Report or any portion thereof without the prior written consent of Cushman & Wakefield is prohibited. Reference to the Appraisal Institute or to the MAI designation is prohibited. Except as may be otherwise stated in the letter of engagement, the Report may not be used by any person(s) other than the party(ies) to whom it is addressed or for purposes other than that for which it was prepared. No part of the Report shall be conveyed to the public through advertising, or used in any sales, promotion, offering or SEC material without Cushman & Wakefield's prior written consent. Any authorized user(s) of this Report who provides a copy to, or permits reliance thereon by, any person or entity not authorized by Cushman & Wakefield in writing to use or rely thereon, hereby agrees to indemnify and hold Cushman & Wakefield, its affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the Report by any such unauthorized person(s) or entity(ies).
- Except as may be otherwise stated in the letter of engagement, the Appraiser shall not be required to give testimony in any court or administrative proceeding relating to the Property or the Appraisal.
- The Report assumes (a) responsible ownership and competent management of the Property; (b) there are no hidden or unapparent conditions of the Property, subsoil or structures that render the Property more or less valuable (no responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them); (c) full compliance with all applicable federal, state and local zoning and environmental regulations and laws, unless noncompliance is stated, defined and considered in the Report; and (d) all required licenses, certificates of occupancy and other governmental consents have been or can be obtained and renewed for any use on which the value opinion contained in the Report is based.
- The physical condition of the improvements considered by the Report is based on visual inspection by the Appraiser or other person identified in the Report. Cushman & Wakefield assumes no responsibility for the soundness of structural components or for the condition of mechanical equipment, plumbing or electrical components.
- The forecasted potential gross income referred to in the Report may be based on lease summaries provided by the owner or third parties. The Report assumes no responsibility for the authenticity or completeness of lease information provided by others. Cushman & Wakefield recommends that legal advice be obtained regarding the interpretation of lease provisions and the contractual rights of parties.

- The forecasts of income and expenses are not predictions of the future. Rather, they are the Appraiser's best opinions of current market thinking on future income and expenses. The Appraiser and Cushman & Wakefield make no warranty or representation that these forecasts will materialize. The real estate market is constantly fluctuating and changing. It is not the Appraiser's task to predict or in any way warrant the conditions of a future real estate market; the Appraiser can only reflect what the investment community, as of the date of the Report, envisages for the future in terms of rental rates, expenses, and supply and demand.
- Unless otherwise stated in the Report, the existence of potentially hazardous or toxic materials that may have been used in the construction or maintenance of the improvements or may be located at or about the Property was not considered in arriving at the opinion of value. These materials (such as formaldehyde foam insulation, asbestos insulation and other potentially hazardous materials) may adversely affect the value of the Property. The Appraisers are not qualified to detect such substances. Cushman & Wakefield recommends that an environmental expert be employed to determine the impact of these matters on the opinion of value.
- Unless otherwise stated in the Report, compliance with the requirements of the Americans with Disabilities Act of 1990 (ADA) has not been considered in arriving at the opinion of value. Failure to comply with the requirements of the ADA may adversely affect the value of the Property. Cushman & Wakefield recommends that an expert in this field be employed to determine the compliance of the Property with the requirements of the ADA and the impact of these matters on the opinion of value.
- If the Report is submitted to a lender or investor with the prior approval of Cushman & Wakefield, such party should consider this Report as only one factor, together with its independent investment considerations and underwriting criteria, in its overall investment decision. Such lender or investor is specifically cautioned to understand all Extraordinary Assumptions and Hypothetical Conditions and the Assumptions and Limiting Conditions incorporated in this Report.
- In the event of a claim against Cushman & Wakefield or its affiliates or their respective officers or employees or the Appraisers in connection with or in any way relating to this Report or this engagement, the maximum damages recoverable shall be the amount of the monies actually collected by Cushman & Wakefield or its affiliates for this Report and under no circumstances shall any claim for consequential damages be made.
- If the Report is referred to or included in any offering material or prospectus, the Report shall be deemed referred to or included for informational purposes only and Cushman & Wakefield, its employees and the Appraiser have no liability to such recipients. Cushman & Wakefield disclaims any and all liability to any party other than the party that retained Cushman & Wakefield to prepare the Report.
- Any estimate of insurable replacement cost/insurable value, if included within the agreed upon scope of work and presented within this report, is based upon figures derived from a national cost estimating service and is developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage for replacing any structure. This analysis should not be relied upon to determine insurance coverage. Furthermore, we make no warranties regarding the accuracy of this estimate.
- Unless otherwise noted, we were not given a soil report to review. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property. Drainage appears to be adequate.
- Unless otherwise noted, we were not given a title report to review. We do not know of any easements, encroachments, or restrictions that would adversely affect the site's use. However, we recommend a title search to determine whether any adverse conditions exist.
- Unless otherwise noted, we were not given a wetlands survey to review. If subsequent engineering data reveal the presence of regulated wetlands, it could materially affect property value. We recommend a wetlands survey by a professional engineer with expertise in this field.
- Unless otherwise noted, we observed no evidence of toxic or hazardous substances during our inspection of the site. However, we are not trained to perform technical environmental inspections and recommend the hiring of a professional engineer with expertise in this field.
- Unless otherwise noted, we did not inspect the roof nor did we make a detailed inspection of the mechanical systems. The appraisers are not qualified to render an opinion regarding the adequacy or condition of these components. The client is urged to retain an expert in this field if detailed information is needed.
- By use of this Report each party that uses this Report agrees to be bound by all of the Assumptions and Limiting Conditions, Hypothetical Conditions and Extraordinary Assumptions stated herein.

Certification

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- C&W has undertaken to complete this report without regard to race, color, religion, national origin, sex, marital status, or any other prohibited basis, and it is not intended to contain references that could be regarded as discriminatory.
- Gerald V. Rasmussen, MAI, FRICS did not make a personal inspection of the property that is the subject of this report, but has previously inspected the subject property in March 2023.
- Gerald V. Rasmussen, MAI, FRICS has provided prior services within the three-year period immediately preceding acceptance of this assignment, which included two appraisal assignments, but has provided no other services as an appraiser or in any other capacity.
- No one provided significant real property appraisal assistance to the persons signing this report, except for John W. Watkins, Jr. Assistance included property, market, and comparable research.
- As of the date of this report, Gerald V. Rasmussen, MAI, FRICS has completed the continuing education program for Designated Members of the Appraisal Institute.

Gerald V. Rasmussen, MAI, FRICS
Executive Managing Director/National Practice Leader
California Certified General Appraiser
License No. AG043979
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(203) 326-5884 Office Direct

Addenda Contents

Addendum A:
Glossary of Terms & Definitions

The following definitions of pertinent terms are taken from *The Dictionary of Real Estate Appraisal*, Seventh Edition (2022), published by the Appraisal Institute, Chicago, IL, as well as other sources.

Band of Investment

A technique in which the capitalization rates attributable to components of a capital investment are weighted and combined to derive a weighted-average rate attributable to the total investment (i.e., debt and equity, land and improvements).

Capital Expenditure

Investments of cash (or the creation of liability) to acquire or improve an asset, e.g., land, buildings, building additions, site improvements, machinery, equipment; as distinguished from cash outflows for expense items that are normally considered part of the current period's operations. Also referred to as *cap ex*.

Cash Equivalency Analysis

An analytical process in which the sale price of a transaction with atypical financing or financing with unusual conditions or incentives is converted into a price equivalent or consistent with what a cash buyer would pay with all other factors the same.

Depreciation

1. In appraisal, a loss in property value of improvements from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date. 2. In accounting, an allocation of the original cost of an asset, amortizing the cost over the asset's life; calculated using a variety of standard techniques.

Disposition Value

The most probable price that a specified interest in property should bring under the following conditions:

- Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
- The property is subjected to market conditions prevailing as of the date of valuation.
- The buyer and seller is each acting prudently and knowledgeably.
- The seller is under compulsion to sell.
- The buyer is typically motivated.
- Both parties are acting in what they consider their best interest.
- An adequate marketing effort will be made during the exposure time.
- Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
- The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms.

Entrepreneurial Incentive

The amount an entrepreneur expects or wants to receive as compensation for providing coordination and expertise and assuming the risks associated with the development of a project. Entrepreneurial incentive is the expectation of future reward as opposed to the profit actually earned on the project.

Equity Capitalization Rate

An income rate that reflects the relationship between one year's equity cash flow and the equity investment; also called the cash-on-cash rate, cash flow rate, cash throw-off rate, or equity dividend rate.

Excess Land

Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately.

Exposure Time

The time a property remains on the market. Per USPAP, 2024 ed., AO-35: An opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.

External Obsolescence

A type of depreciation; a diminution in value caused by negative external influences and generally incurable on the part of the owner, landlord, or tenant. The external influence may be either temporary or permanent. There are two forms of external obsolescence: economic and locational.

Extraordinary Assumption

An assignment-specific assumption, as of the effective date regarding uncertain information used in an analysis, which, if found to be false, could alter the appraiser's opinions or conclusions. Per USPAP, 2024 ed., Definitions-Comment: Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis.

Fair Market Value

1. In nontechnical usage, a term that is generally synonymous with the contemporary usage of market value. 2. As used in condemnation, litigation, income tax, and property tax situations, a term that is similar in concept to market value but may be defined explicitly by the relevant agency or interpreted differently by court precedent. In some situations, the interpretation of fair market value is more directly comparable to the concept of fair value than to market value in exchange.

Fair Value

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fee Simple Estate

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

Functional Obsolescence

The impairment of functional capacity of improvements according to market tastes and standards.

Highest and Best Use

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

Highest and Best Use as Improved

The use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one.

Hypothetical Condition

1. A condition that is presumed to be true when it is known to be false. 2. A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Per USPAP, 2024 ed., Definitions-Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

Insurable Replacement Cost

The estimated cost, at current prices as of the effective date of valuation, of a substitute for the building being valued, using modern materials and current standards, design, and layout for insurance coverage purposes guaranteeing that damaged property is replaced with new property (i.e., depreciation is not deducted).

Intended Use

1. The valuer's intent as to how the report will be used. 2. Per USPAP, 2024 ed., Definitions: The use(s) of an appraiser's reported appraisal or appraisal review assignment results, as identified by the appraiser based on communication with the client at the time of the assignment.

Intended User

1. The party or parties the valuer intends will use the report. 2. Per USPAP, 2024 ed., Definitions: The client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser based on communication with the client at the time of the assignment.

Investment Value

1. The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. 2. The value of an asset to the owner or a prospective owner given individual investment or operational objectives (may also be known as worth).

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

Leasehold Interest

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

Liquidation Value

The most probable price that a specified interest in property is likely to bring under the following conditions:

- Consummation of a sale within a short time period.
- The property is subjected to market conditions prevailing as of the date of valuation.
- Both the buyer and seller is acting prudently and knowledgeably.
- The seller is under extreme compulsion to sell.
- The buyer is typically motivated.
- Both parties are acting in what they consider to be their best interest.
- A normal marketing effort is not possible due to the brief exposure time.
- Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
- The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms.

Market Rent

The most probable rent that a property should bring in a competitive and open market under all conditions requisite to a fair lease transaction, the lessee and lessor each acting prudently and knowledgeably, and assuming the rent is not affected by undue stimulus.

Implicit in this definition is the execution of a lease as of a specified date under conditions whereby

- Lessee and lessor are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- Payment is made in terms of cash or in terms of financial arrangements comparable thereto; and
- The rent reflects specified terms and conditions typically found in that market, such as permitted uses, use restrictions, expense obligations, duration, concessions, rental adjustments and revaluations, renewal and purchase options, frequency of payments (annual, monthly, etc.), and tenant improvements (TIs)

Market Value

The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States: The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.

Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. [1]

Market Value As Is

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Interagency Appraisal and Evaluation Guidelines) Note that the use of the “as is” phrase is specific to appraisal regulations pursuant to FIRREA applying to appraisals prepared for regulated lenders in the United States. The concept of an “as is” value is not included in the Standards of Valuation Practice of the Appraisal Institute, Uniform Standards of Professional Appraisal Practice, or International Valuation Standards.

Marketing Time

An opinion of the amount of time to sell a property interest at the concluded market value or at a benchmark price during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which precedes the effective date of an appraisal. (Advisory Opinion 7 and Advisory Opinion 35 of the Appraisal Standards Board of The Appraisal Foundation address the determination of reasonable exposure and marketing time.) See also exposure time.

Mortgage-Equity Analysis

Capitalization and investment analysis procedures that recognize how mortgage terms and equity requirements affect the value of income-producing property.

Partial Interest

Divided or undivided rights in real estate that represent less than the whole, i.e., a fractional interest such as a tenancy in common or easement.

Physical Deterioration

The wear and tear that begins when a building is completed and placed into service.

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

For example, the value of a property as of a point in time when all improvements have been physically constructed (Upon Completion) and when the property has been leased to its optimum level of long-term occupancy (Upon Stabilization). At such point, all capital outlays for tenant improvements, leasing commissions, marketing costs and other carrying charges are assumed to have been incurred.

Remaining Economic Life

The estimated period over which existing improvements are expected to contribute economically to a property; an estimate of the number of years remaining in the economic life of a structure or structural components as of the effective date of the appraisal; used in the economic age-life method of estimating depreciation.

Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., “retrospective market value.”

Surplus Land

Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel.

Uniform Standards of Professional Appraisal Practice (USPAP)

In the United States, professional standards, developed for appraisers and users of appraisal services by the Appraisal Standards Board of The Appraisal Foundation, that are required for use in federally related transactions. Compliance with USPAP is also required in certain appraisals by state certification and licensing boards.

[1] “Interagency Appraisal and Evaluation Guidelines.” Federal Register 75:237 (December 10, 2010) p. 77472.

Addendum B:
Engagement Letter

Gerald V. Rasmussen, MAI, FRICS
Executive Managing Director/National Practice Leader

CUSHMAN & WAKEFIELD
Cushman & Wakefield of Connecticut, Inc.
107 Elm Street
Four Stamford Plaza, 8th Floor
Stamford, CT 06902
203-326-5884 Tel
203-348-6203 Fax
gerald.rasmussen@cushwake.com

May 20, 2024

Aubrey Ennis
Director of Acquisitions
BRIDGEVIEW REAL ESTATE
8390 LBJ Freeway, Suite 565
Dallas, TX 75243

Re: **Sacramento Rehabilitation Hospital**
10 Advantage Court
Sacramento, CA 95834

Dear Mr. Ennis:

Thank you for requesting our proposal for appraisal services. This proposal letter will become, upon your acceptance, our letter of engagement to provide the services outlined herein.

TERMS OF ENGAGEMENT

I. PROBLEM IDENTIFICATION

The Parties to This Agreement:	Cushman & Wakefield of Connecticut, Inc. ("C&W") and BRIDGEVIEW REAL ESTATE (the "Client").
Intended Users:	The appraisal will be prepared for the Client and is intended only for the use specified below. The Client agrees that there are no other Intended Users.
Intended Use:	Internal review by the Client excluding any use requiring the signing of Form 8283 in conjunction with an income tax deduction and or non-cash charitable donation.
Type of Opinion and Rights Appraised:	Market value of the Leased Fee Interest.
Date of Value:	• June 1, 2024
Subject of the Assignment and Relevant Characteristics:	The property to be appraised is Sacramento Rehabilitation Hospital, a 50-bed rehabilitation hospital located in Sacramento, CA.
Assignment Conditions:	We do not anticipate the use of any extraordinary assumptions or hypothetical conditions.

II. ANTICIPATED SCOPE OF WORK

USPAP Compliance: C&W will develop an appraisal in accordance with USPAP and the Code of Ethics and Certification Standards of the Appraisal Institute.

General Scope of Work:

- Research relevant market data, in terms of quantity, quality, and geographic comparability, to the extent necessary to produce credible appraisal results
- Consider and develop those approaches relevant and applicable to the appraisal problem. We anticipate developing the following valuation approaches:
  - Income Capitalization Approach
  - Cost Approach
  - Sales Comparison Approach

III. REPORTING AND DISCLOSURE

Scope of Work Disclosure: The actual Scope of Work will be reported within the report.

Reporting Option: The appraisal will be communicated in an Appraisal Report.

IV. FEE, EXPENSES AND OTHER TERMS OF ENGAGEMENT

Fee: All invoices are due and payable within 30 days of the invoice date. The Client shall be solely responsible for C&W's fees and expenses hereunder. Acknowledgement of this obligation is made by the countersignature to this agreement by an authorized representative of the Client.

Additional Expenses: Fee quoted is inclusive of expenses related to the preparation of the report.

Retainer: A retainer of 50% is required for this assignment in order to commence work.

Report Copies: The final report will be delivered in electronic format. Up to three hard copies will be provided upon request.

Start Date: The appraisal process will initiate upon receipt of signed agreement, applicable retainer, and the receipt of the property-specific data.

Acceptance Date: This proposal is subject to withdrawal if the engagement letter is not executed by the Client within four (4) business days.

Final Report Delivery: Within three (3) weeks of receipt of your written authorization to proceed and retainer, assuming prompt receipt of necessary property information. Payment of the fee shall be due and payable upon delivery of the report.

Changes to Agreement: The identity of the Client, Intended User(s) identified herein, or Intended Use identified herein; the date of value; type of value or interest appraised; or property appraised cannot be changed without a new agreement.

Prior Services Disclosure:	USPAP requires disclosure of prior services performed by the individual appraiser within the three years prior to this assignment. The undersigned appraiser(s) has provided prior services within the designated time frame.
Future Marketing Disclosure:	Unless otherwise directed at the conclusion of this engagement, we may disclose that we have appraised the subject property in future marketing documents and materials.
Conflicts of Interest:	C&W adheres to a strict internal conflict of interest policy. If we discover in the preparation of our appraisal a conflict with this assignment we reserve the right to withdraw from the assignment without penalty.
Cancellation of Engagement:	Client may cancel this agreement at any time prior to C&W's delivery of the appraisal report upon written notification to C&W. Client shall pay C&W for work completed on the assignment prior to C&W's receipt of written cancellation notice, unless otherwise agreed upon by C&W and Client in writing.
Withdrawal of Appraiser Prior to Completion of Assignment:	C&W may withdraw without penalty or liability from the assignment(s) contemplated under this agreement before completion or reporting of the appraisal in the event that C&W determines, at C&W's sole discretion, that insufficient information was provided to C&W prior to the engagement, that Client or other parties have not or cannot provide C&W with documentation or information necessary to C&W's analysis or reporting, that conditions of the subject property render the original scope of work in appropriate, that appraiser becomes aware that he or she lacks the competency needed for the assignment with the meaning of applicable professional standards, that a conflict of interest has arisen, or that the Client has not complied with its payment obligations under this agreement. C&W shall notify the Client of such withdrawal in writing.
Further Conditions of Engagement:	The Conditions of Engagement attached hereto are incorporated herein and are part of this letter of engagement.

Thank you for calling on us to render these services and we look forward to working with you.

Sincerely,
CUSHMAN & WAKEFIELD OF CONNECTICUT, INC.

Gerald V. Rasmussen

Gerald V. Rasmussen, MAI, FRICS
Executive Managing Director/National Practice Leader

cc:

AGREED:
CLIENT: BRIDGEVIEW REAL ESTATE

By:	Aubrey Ennis	Date:	5/20/24
Title:	Director of Acquisitions		

E-mail Address:	aubrey@bridgeviewre.com
Phone Number:	(405) 371-8890

Information Needed to Complete the Assignment

The information needed to complete this assignment will be requested by the appraiser.

CONDITIONS OF ENGAGEMENT

1) Each Intended User identified herein should consider the appraisal as only one factor together with its independent investment considerations and underwriting criteria in its overall investment decision. The appraisal cannot be used by any party or for any purpose other than the Intended User(s) identified herein for the Intended Use described herein.

2) Unless identified expressly in this agreement, there are no third-party beneficiaries of agreement pertaining to the appraisal, and no other person or entity shall have any right, benefit or interest under such agreement. The identification of a party as an intended user of the appraisal does not mean that the party is a third-party beneficiary of the agreement.

3) The appraisal report will be subject to our standard Assumptions and Limiting Conditions, which will be incorporated into the appraisal. All users of the appraisal report are specifically cautioned to understand the standard Assumptions and Limiting Conditions as well as any Extraordinary Assumptions and Hypothetical Conditions which may be employed by the appraiser and incorporated into the appraisal.

4) C&W shall have the right to utilize its affiliates in the performance of its services, provided that they comply with the obligations of C&W pursuant to this engagement.

5) The appraisal report or our name may not be used in any offering memoranda or other investment material without the prior written consent of C&W, which may be given at the sole discretion of C&W. Any such consent, if given, shall be conditioned upon our receipt of an indemnification agreement from a party satisfactory to us and in a form satisfactory to us. Furthermore, Client agrees to pay the fees of C&W's legal counsel for the review of the material which is the subject of the requested consent. C&W disclaims any and all liability with regard to the appraisal prepared pursuant to the engagement to any party other than the Intended User(s). Under no circumstances will C&W consent to the quote, reference or inclusion of the appraisal in connection with crowd funding activities. Further, crowd funding investors are specifically excluded from any class of Intended Users.

6) In the event the Client provides a copy of the appraisal to, or permits reliance thereon by, any party not identified herein as an Intended User, Client hereby agrees to indemnify and hold C&W, its affiliates and the respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the appraisal by any such party.

7) The balance of the fee for the appraisal will be due upon delivery of a report. Payment of the fee is not contingent on the appraised value, a loan closing, or any other prearranged condition. Additional fees will be charged on an hourly basis for any work, which exceeds the scope of this proposal, including performing additional valuation scenarios, additional research and conference calls or meetings with any party, which exceed the time allotted by C&W for an assignment of this nature. If we are requested to stop working on this assignment, for any reason, prior to our completion of the appraisal, C&W will be entitled to bill the Client for the time expended to date at C&W's hourly rates for the personnel involved.

8) If C&W or any of its affiliates or any of their respective employees receives a subpoena or other judicial command to produce documents or to provide testimony involving this assignment in connection with a lawsuit or proceeding, C&W will use reasonable efforts to notify the Client of our receipt of same. However, if C&W or any of its affiliates are not a party to these proceedings, Client agrees to compensate C&W or its affiliate for the professional time and reimburse C&W or its affiliate for the actual expense that it incurs in responding to any such subpoena or judicial command, including attorneys' fees, if any, as they are incurred. C&W or its affiliate will be compensated at the then prevailing hourly rates of the personnel responding to the subpoena or command for testimony.

9) By signing this agreement Client expressly agrees that its sole and exclusive remedy for any and all losses or damages relating to this agreement or the appraisal shall be limited to the amount of the appraisal fee paid by the Client. In the event that the Client, or any other party entitled to do so, makes a claim against C&W or any of its affiliates or any of their respective officers or employees in connection with or in any way relating to this engagement or the appraisal, the maximum damages recoverable from C&W or any of its affiliates or their respective officers or employees shall be the amount of the monies actually collected by C&W or any of its affiliates for this assignment and under no circumstances shall any claim for consequential, indirect, special, punitive or liquidated damages be made.

10) C&W disclaims any and all liability to any party with regard to the appraisal report other than an Intended User identified herein.

11) The fees and expenses shall be due C&W as agreed in this letter. If it becomes necessary to place collection of the fees and expenses due C&W in the hands of a collection agent and/or an attorney (whether or not a legal action is filed) Client agrees to pay all fees and expenses including attorneys' fees incurred by C&W in connection with the collection or attempted collection thereof.

12) Unless the time period is shorter under applicable law, any legal action or claim relating to the appraisal or this agreement shall be filed in court (or in the applicable arbitration tribunal, if the parties to the dispute have executed an arbitration agreement) within two (2) years from the date of delivery to Client of the appraisal report to which the claims or causes of action relate or, in the case of acts or conduct after

delivery of the report, two (2) years from the date of the alleged acts or conduct. The time period stated in this section shall not be extended by any delay in the discovery or accrual of the underlying claims, causes of action or damages. The time period stated in this section shall apply to all non-criminal claims or causes of action of any type.

13) Notwithstanding that C&W may comment on, analyze or assume certain conditions in the appraisal, C&W shall have no monetary liability or responsibility for alleged claims or damages pertaining to: (a) title defects, liens or encumbrances affecting the property; (b) the property's compliance with local, state or federal zoning, planning, building, disability access and environmental laws, regulations and standards; (c) building permits and planning approvals for improvements on the property; (d) structural or mechanical soundness or safety; (e) contamination, mold, pollution, storage tanks, animal infestations and other hazardous conditions affecting the property; and (f) other conditions and matters for which licensed real estate appraisers are not customarily deemed to have professional expertise.

14) Legal claims or causes of action relating to the appraisal or this agreement are not assignable, except: (i) as the result of a merger, consolidation, sale or purchase of a legal entity, (ii) with regard to the collection of a bona fide existing debt for services but then only to the extent of the total compensation for the appraisal plus reasonable interest, or (iii) in the case of an appraisal performed in connection with the origination of a mortgage loan, as part of the transfer or sale of the mortgage before an event of default on the mortgage or note or its legal equivalent.

15) Each party represents and warrants to the other that it, and all persons and entities owning (directly or indirectly) an ownership interest in it: (a) are not, and will not become, a person or entity with whom a party is prohibited from doing business under regulations of the Office of Foreign Asset Control ("OFAC") of the Department of the Treasury (including, but not limited to, those named on OFAC's Specially Designated and Blocked Persons list) or under any statute, executive order or other governmental action; and (b) are not knowingly engaged in, and will not knowingly engage in, any dealings or transactions or be otherwise associated with such persons or entities described in clause (a) above.

16) Each party represents and warrants to the other that it (and any party acting on its behalf) has not, in order to enter into this agreement, offered, promised, authorized or made any payments or transfers of anything of value which have the purpose or effect of public or commercial bribery, kickbacks or other unlawful or improper means of doing business ("Prohibited Activity") and will not engage in Prohibited Activity during the term of this agreement. In the event of any violation of this section, the non-offending party shall be entitled to immediately terminate this agreement and take such other actions as are permitted or required to be taken under law or in equity.

Addendum C:
Comparable Sale Data Sheets

LAND SALE COMPARABLE 1

Property Name:	Commercial Land
Address:	3851 East Commerce Way
City, State, Zip:	Sacramento CA 95834
Jurisdiction:	Sacramento County
MSA:	Sacramento
Submarket:	
Property Type:	Land
Property Subtype:	Commercial
Classification:	N/A
ID:	722557
Tax Number(s):	225-2300-030 -031 & -038

PROPERTY INFORMATION

Site Area (Acres):	19.3101	Public Utilities:	All Available
Site Area (Sq.Ft.):	841,144	Electricity:	Yes
Zoning:	SC-PUD	Water:	Yes
Utility:	Average	Sewer:	Yes
Access:	Excellent	Gas:	Yes
Frontage:	Excellent	Proposed Use:	Retail-Commercial
Visibility:	Excellent	Maximum FAR:	N/A
Shape:	Irregular	Potential Building Area:	N/A
Topography:	Level	Potential Units:	N/A
Entitlements:	Yes		

SALE INFORMATION

Status:	Closed Sale	OAR:	N/A
Sale Date:	1/2023	NOI:	N/A
Sale Price:	$12,789,000	Price per Sq.Ft.:	$15.20
Value Interest:	Fee Simple	Price per Acre:	$662,296
Grantor:	Alleghany Properties LLC	Price per Potential Building Area:	N/A
Grantee:	Costco Wholesale Corporation	Price per Potential Units:	N/A
Financing:	N/A		
Condition of Sale:	None		

VERIFICATION COMMENTS

Gary Ballelli, selling broker; Public Records

COMMENTS

This comparable represents the sale of a 19.31-acre commercially zoned site located at southeast quadrant of the Interstate 5 Freeway off-ramp and Arena Boulevard in Sacramento. The land was purchased by the Costco Wholesale Corporation for future development of a Costco warehouse store. Completion of the development is schedule for April 2024. The site has 1,280 linear feet of frontage along the Interstate 5 off-ramp, and very good freeway visibility. The land also has good frontage and visibility along Arena Boulevard. The property sold on January 19, 2023 for $12,789,000, or $15.20 per square foot.

LAND SALE COMPARABLE 2

Address:	3950 Duckhorn Drive
City, State, Zip:	Sacramento CA 95834
Jurisdiction:	Sacramento County
MSA:	Sacramento
Submarket:	
Property Type:	Land
Property Subtype:	Industrial
Classification:	N/A
ID:	685903
Tax Number(s):	N/A

PROPERTY INFORMATION

Site Area (Acres):	11.5400	Public Utilities:	All Available
Site Area (Sq.Ft.):	502,682	Electricity:	N/A
Zoning:	EC-50	Water:	N/A
Utility:	Average	Sewer:	N/A
Access:	Good	Gas:	N/A
Frontage:	Average	Proposed Use:	N/A
Visibility:	Good	Maximum FAR:	N/A
Shape:	Rectangular	Potential Building Area:	N/A
Topography:	Level	Potential Units:	N/A
Entitlements:	No		

SALE INFORMATION

Status:	Closed Sale	OAR:	N/A
Sale Date:	8/2022	NOI:	N/A
Sale Price:	$4,522,000	Price per Sq.Ft.:	$9.00
Value Interest:	Fee Simple	Price per Acre:	$391,854
Grantor:	Alleghany Properties	Price per Potential Building Area:	N/A
Grantee:	Panattoni	Price per Potential Units:	N/A
Financing:	N/A		
Condition of Sale:	N/A		

VERIFICATION COMMENTS

Colliers, public record

COMMENTS

Three contiguous parcels with freeway visibility and good I-5 access

Address:	3801 Gateway Park Boulevard
City, State, Zip:	Sacramento CA 95834
Jurisdiction:	Sacramento County
MSA:	Sacramento
Submarket:	
Property Type:	Land
Property Subtype:	Commercial
Classification:	N/A
ID:	690584
Tax Number(s):	N/A

PROPERTY INFORMATION

Site Area (Acres):	12.5401	Public Utilities:	All Available
Site Area (Sq.Ft.):	546,242	Electricity:	N/A
Zoning:	SC	Water:	N/A
Utility:	Average	Sewer:	N/A
Access:	Average	Gas:	N/A
Frontage:	Average	Proposed Use:	N/A
Visibility:	Average	Maximum FAR:	N/A
Shape:	Irregular	Potential Building Area:	N/A
Topography:	Level	Potential Units:	N/A
Entitlements:	No		

SALE INFORMATION

Status:	Closed Sale	OAR:	N/A
Sale Date:	6/2022	NOI:	N/A
Sale Price:	$8,277,000	Price per Sq.Ft.:	$15.15
Value Interest:	Fee Simple	Price per Acre:	$660,043
Grantor:	Ethan Conrad	Price per Potential Building Area:	N/A
Grantee:	Truxel Owner LLC	Price per Potential Units:	N/A
Financing:	N/A		
Condition of Sale:	Arm's Length		

VERIFICATION COMMENTS

public records

COMMENTS

Shopping Center zoned parcel set back from Truxel Rd & Gateway Park Blvd, where corner parcels are already developed with multi-tenant retail buildings. This portion suitable for anchor and in-line development.

LAND SALE COMPARABLE 4

Address:	4501 truxel road
City, State, Zip:	Sacramento CA 95834
Jurisdiction:	Sacramento County
MSA:	Sacramento
Submarket:	
Property Type:	Land
Property Subtype:	N/A
Classification:	N/A
ID:	690583
Tax Number(s):	N/A

PROPERTY INFORMATION

Site Area (Acres):	8.4600	Public Utilities:	All Available
Site Area (Sq.Ft.):	368,517	Electricity:	N/A
Zoning:	EC-80	Water:	N/A
Utility:	Average	Sewer:	N/A
Access:	Average	Gas:	N/A
Frontage:	Average	Proposed Use:	N/A
Visibility:	Average	Maximum FAR:	N/A
Shape:	Irregular	Potential Building Area:	N/A
Topography:	Level	Potential Units:	N/A
Entitlements:	No		

SALE INFORMATION

Status:	Closed Sale	OAR:	N/A
Sale Date:	4/2022	NOI:	N/A
Sale Price:	$4,422,500	Price per Sq.Ft.:	$12.00
Value Interest:	Fee Simple	Price per Acre:	$522,754
Grantor:	Buzz Oates	Price per Potential Building Area:	N/A
Grantee:	Pac West Diversified	Price per Potential Units:	N/A
Financing:	N/A		
Condition of Sale:	N/A		

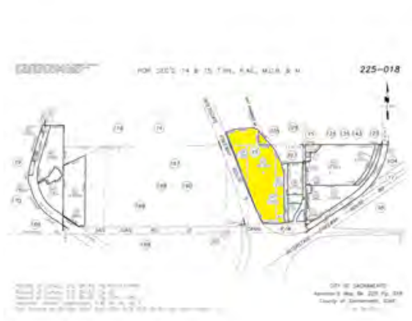
VERIFICATION COMMENTS

public records

COMMENTS

Corner parcel on Truxel Rd and East Entry, on northeast side of Arco/Sleep Train site. Zoned as Employment Center, other similar zoning at Truxel & Del Paso has been developed as mid-rise office.

LAND SALE COMPARABLE 5



Property Name:	Commercial Land
Address:	3701 East Commerce Way
City, State, Zip:	Sacramento CA 95834
Jurisdiction:	Sacramento County
MSA:	Sacramento
Submarket:	
Property Type:	Land
Property Subtype:	Commercial
Classification:	N/A
ID:	697523
Tax Number(s):	225-2300-012

PROPERTY INFORMATION

Site Area (Acres):	37.0003	Public Utilities:	All Available
Site Area (Sq.Ft.):	1,611,720	Electricity:	Yes
Zoning:	Mixed Use	Water:	Yes
Utility:	Good	Sewer:	Yes
Access:	Good	Gas:	Yes
Frontage:	Good	Proposed Use:	Retail-Commercial
Visibility:	Good	Maximum FAR:	N/A
Shape:	Irregular	Potential Building Area:	N/A
Topography:	Level	Potential Units:	N/A
Entitlements:	No		

SALE INFORMATION

Status:	Closed Sale	OAR:	N/A
Sale Date:	3/2022	NOI:	N/A
Sale Price:	$21,125,500	Price per Sq.Ft.:	$13.11
Value Interest:	Fee Simple	Price per Acre:	$570,955
Grantor:	Alleghany Properties Inc	Price per Potential Building Area:	N/A
Grantee:	Kaiser Foundation Health Plan	Price per Potential Units:	N/A
Financing:	Cash to seller		
Condition of Sale:	N/A		

VERIFICATION COMMENTS

Public Records

COMMENTS

This is the March 2022 sale of a 1,611,720 square foot (37.00-acre) commercial land site located at 3701 East Commerce Way in Sacramento, CA. The site is zoned as Mixed Use. The buyer was Kaiser Permanente, which plans on building an outpatient facility. The property sold on March 30, 2022, for $21,125,500, or $13.11 per square foot of land area.

PAM Health Rehabilitation Hospital of Greeley
6810 10th Street
Greeley, CO

Property Type:	Healthcare
Property Subtype:	Rehab Hospital

PROPERTY INFORMATION

Site Area (Acres)	5.32
Site Area (Sq. Ft.)	231,913
Gross Building Area:	51,500
Net Building Area:	51,500
Year(s) Built:	2023
Quality:	Excellent
Condition:	Excellent

ESTIMATED PATIENT VOLUMES

Inpatient Surgeries	N/A
Outpatient Surgeries	N/A
Births	N/A
Outpatient Visits	N/A
Emergency Room (Not Admitted)	N/A
Emergency Room (Admitted)	N/A

Source: American Hospital Directory

BED TYPES

Licensed Acute Care Beds:	0
Licensed ALTEC Beds:	0
Licensed Other Beds:	42
Total Licensed Beds	42

INPATIENT UTILIZATION DATA

	Discharges	%	Patient Days	%	ALOS
Medicaid	N/A	N/A	N/A	N/A	N/A
Medicare	N/A	N/A	N/A	N/A	N/A
Private/Other	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A

Source: American Hospital Directory

SALE INFORMATION

Sale Status:	Recorded Sale	OAR:	7.1%
Sale Date:	February-24	NOI:	$2,575,000
Sale Price:	$36,290,600	NOI Per Bed:	$61,310
		EBITDA:	$2,575,000
Sale Price Per Bed:	$864,062	Expense Ratio:	N/A
Grantor:	6810 Greeley Stolley LLC	EGIM:	14.09
Grantee:	Medproperties Greeley LLC	Building Occupancy:	100.0%
Value Interest:	Leased Fee	EBITDA Multiplier:	14.09
Sale Price Per Sq. Ft.	$704.67	Ground Lease:	N/A

VERIFICATION COMMENTS: Knowledgable third party, public records, industry publications

COMMENTS

This is the sale of a rehabilitation hospital leased for 20 years to PAM Health. The lease is NNN with 2.5 percent annual escalations. The initial lease rate was set at 8.5 percent of the construction budget. The hospital represented new construction having opened in January 2024.

Central Louisiana Surgical Hospital
651 North Bolton Avenue
Alexandria, LA

Property Type:	Healthcare
Property Subtype:	Surgical Hospital

PROPERTY INFORMATION

Site Area (Acres)	9.05
Site Area (Sq. Ft.)	394,218
Gross Building Area:	82,585
Net Building Area:	82,585
Year(s) Built:	2007
Quality:	Good
Condition:	Good

ESTIMATED PATIENT VOLUMES

Inpatient Surgeries	300
Outpatient Surgeries	7,400
Births	0
Outpatient Visits	23,100
Emergency Room (Not Admitted)	0
Emergency Room (Admitted)	0

Source: American Hospital Directory

BED TYPES

Licensed Acute Care Beds:	24
Licensed ALTEC Beds:	0
Licensed Other Beds:	0
Total Licensed Beds	24

INPATIENT UTILIZATION DATA

	Discharges	%	Patient Days	%	ALOS
Medicaid	1	0%	3	0%	3.00
Medicare	324	88%	776	49%	2.40
Private/Other	43	12%	799	51%	18.58
Total	368	100%	1,578	100%	4.29

Source: American Hospital Directory

SALE INFORMATION

Sale Status:	Recorded Sale	OAR:	N/A
Sale Date:	January-22	NOI:	N/A
Sale Price:	$42,000,000	NOI Per Bed:	N/A
		EBITDA:	N/A
Sale Price Per Bed:	$1,750,000	Expense Ratio:	N/A
Grantor:	Central Louisiana Surgical Hospital LLC	EGIM:	N/A
Grantee:	IRA Capital	Building Occupancy:	100.0%
Value Interest:	Leased Fee	EBITDA Multiplier:	N/A
Sale Price Per Sq. Ft.	$508.57	Ground Lease:	N/A

VERIFICATION COMMENTS: Public records, industry publications, buyer's press release

COMMENTS

This is the sale of a surgical hospital containing 24-beds that was fully leased to Central Louisiana Surgical Hospital, a joint venture majority-owned by CRISTUS Health in partnership with the surgical hospital physicians. The hospital contains eight operating rooms and offers the first robotic-assisted knee surgery in Central Louisiana. Specialties include orthopedics, neuro, cardio, and gastroenterology. Net patient revenues in FY 2021 were $47,957,637 and EBITDA was $5,918,751. Further lease terms and a capitalization rate were not available.

Four Property PAM Portfolio
Various Cities

Property Type:	Healthcare
Property Subtype:	Long-Term Acute Care

PROPERTY INFORMATION

Site Area (Acres)	26.71
Site Area (Sq. Ft.)	1,163,488
Gross Building Area:	211,221
Net Building Area:	205,589
Year(s) Built:	1992 - 2010
Quality:	Average
Condition:	Average

ESTIMATED PATIENT VOLUMES

Inpatient Surgeries	< 100
Outpatient Surgeries	0
Births	0
Outpatient Visits	< 100
Emergency Room (Not Admitted)	0
Emergency Room (Admitted)	0

Source: American Hospital Directory

BED TYPES

Licensed Acute Care Beds:	232
Licensed ALTEC Beds:	0
Licensed Other Beds:	0
Total Licensed Beds	232

INPATIENT UTILIZATION DATA

	Discharges	%	Patient Days	%	ALOS
Medicaid	9	0%	133	0%	14.78
Medicare	1,638	60%	34,906	56%	21.31
Private/Other	1,071	39%	27,815	44%	25.97
Total	2,718	100%	62,854	100%	23.13

Source: American Hospital Directory

SALE INFORMATION

Sale Status:	Recorded Sale	OAR:	7.5%
Sale Date:	July-21	NOI:	$7,129,234
Sale Price:	$95,464,688	NOI Per Bed:	$30,729
		EBITDA:	$7,129,234
Sale Price Per Bed:	$411,486	Expense Ratio:	0.0%
Grantor:	Welltower	EGIM:	13.39
Grantee:	Flagler Investment Holdings LLC	Acute Care Occupancy:	74.2%
Value Interest:	Leased Fee	EBITDA Multiplier:	13.39
Sale Price Per Sq. Ft.	$451.97	Ground Lease:	N/A

VERIFICATION COMMENTS: Buyer and public records

COMMENTS

This is a sale-leaseback of four long-term acute care hospitals operated by Post Acute Medical. The seller was Welltower and the buyer was Flagler Investment Holdings. The rent on the properties was reset at the time of sale and were leased on a net basis for 20 years with annual CPI escalations and a 2.0 percent floor. The properties are located at 8902 Floyd Curl Drive, San Antonio, TX; 6150 Edgelake Drive, Sarasota, FL (shown above); 2500 North Tenaya Way, Las Vegas, NV; and 3219 South 79th East Avenue, Tulsa, OK.

Beachwood Medical Center
25501 Chagrin Boulevard
Beachwood, OH

Property Type:	Healthcare
Property Subtype:	Acute Care Hospital

PROPERTY INFORMATION

Site Area (Acres)	5.85
Site Area (Sq. Ft.)	254,978
Gross Building Area:	78,838
Net Building Area:	69,800
Year(s) Built:	2019
Quality:	Good
Condition:	Good

ESTIMATED PATIENT VOLUMES

Inpatient Surgeries	500
Outpatient Surgeries	0
Births	0
Outpatient Visits	0
Emergency Room (Not Admitted)	0
Emergency Room (Admitted)	Less than 100

Source: American Hospital Directory

BED TYPES

Licensed Acute Care Beds:	24
Licensed ALTEC Beds:	0
Licensed Other Beds:	0
Total Licensed Beds	24

INPATIENT UTILIZATION DATA

	Discharges	%	Patient Days	%	ALOS
Medicaid	0	0%	0	0%	-
Medicare	242	54%	333	58%	1.38
Private/Other	210	46%	240	42%	1.14
Total	452	100%	573	100%	1.27

Source: American Hospital Directory

SALE INFORMATION

Sale Status:	Recorded Sale	OAR:	5.95%
Sale Date:	April-21	NOI:	$3,465,875
Sale Price:	$58,250,000	NOI Per Bed:	$144,411
		EBITDA:	$3,465,875
Sale Price Per Bed:	$2,427,083	Expense Ratio:	N/A
Grantor:	Manna Isle Ohio LLC	EGIM:	N/A
Grantee:	MMAC-FCA Beachwood LLC	Occupancy:	100.0%
Value Interest:	Leased Fee	EBITDA Multiplier:	N/A
Sale Price Per Sq. Ft.	$834.53	Ground Lease:	N/A

VERIFICATION COMMENTS: Deed, public records, industry publications

COMMENTS

This is a sale-leaseback of a 24-bed hospital. The property was leased for 15 year on a triple-net basis to Lake Health and is part of the University Hospitals system that has an A2 credit rating from Moody's. Newmark represented the seller.

PAM Rehab Hospital and LTACH of Corpus Christi
345 South Water Street
Corpus Christi, TX

Property Type:	Healthcare
Property Subtype:	LTACH and Rehab Hospital

PROPERTY INFORMATION

Site Area (Acres)	2.63
Site Area (Sq. Ft.)	114,589
Gross Building Area:	68,948
Net Building Area:	68,948
Year(s) Built:	2018
Quality:	Good
Condition:	Good

ESTIMATED PATIENT VOLUMES

Inpatient Surgeries	Less than 100
Outpatient Surgeries	0
Births	0
Outpatient Visits	0
Emergency Room (Not Admitted)	0
Emergency Room (Admitted)	0

Source: American Hospital Directory

BED TYPES

Licensed Acute Care Beds:	0
Licensed LTACH Beds:	19
Licensed Other Beds (Rehab):	40
Total Licensed Beds	59

INPATIENT UTILIZATION DATA

	Discharges	%	Patient Days	%	ALOS
Medicaid	0	0%	0	0%	-
Medicare	629	71%	8,436	68%	13.41
Private/Other	259	29%	3,882	32%	14.99
Total	888	100%	12,318	100%	13.87

Source: American Hospital Directory

SALE INFORMATION

Sale Status:	Recorded Sale	OAR:	6.62%
Sale Date:	October-20	NOI:	$2,418,000
Sale Price:	$36,500,000	NOI Per Bed:	$40,983
		EBITDA:	$2,418,000
Sale Price Per Bed:	$618,644	Expense Ratio:	N/A
Grantor:	Medistar Corpus Christi Rehab LLC	EGIM:	N/A
Grantee:	Scope PAM CC SM LLC (Flagler)	Acute Care Occupancy:	57.2%
Value Interest:	Leased Fee	EBITDA Multiplier:	N/A
Sale Price Per Sq. Ft.	$529.38	Ground Lease:	N/A

VERIFICATION COMMENTS: Public records, industry publications, buyer's press release

COMMENTS

This is the sale of a LTACH and rehabilitation hospital. The facility has 19 LTACH beds and 40 rehabilitation beds. The property is leased to Post Acute Medical under a long-term net lease. The tenant's EBITDAR from operations at the facility was $5,655,832 for the 12 months period ending May 31, 2020.

St. Luke's Community Hospitals Portfolio
Various Locations
Kansas

Property Type:	Healthcare
Property Subtype:	Micro-Hospital Portfolio

PROPERTY INFORMATION

Site Area (Acres)	15.49
Site Area (Sq. Ft.)	674,744
Gross Building Area:	118,630
Net Building Area:	118,630
Year(s) Built:	2018/2019
Quality:	Good
Condition:	Good

ESTIMATED PATIENT VOLUMES

Inpatient Surgeries	N/A
Outpatient Surgeries	N/A
Births	N/A
Outpatient Visits	N/A
Emergency Room (Not Admitted)	N/A
Emergency Room (Admitted)	N/A

Source: American Hospital Directory

BED TYPES

Licensed Acute Care Beds:	73
Licensed ALTEC Beds:	0
Licensed Other Beds:	0
Total Licensed Beds	73

INPATIENT UTILIZATION DATA

	Discharges	%	Patient Days		%	ALOS
Medicaid	N/A	N/A	N/A	N/A	N/A	N/A
Medicare	N/A	N/A	N/A	N/A	N/A	N/A
Private/Other	N/A	N/A	N/A	N/A	N/A	N/A
Total	N/A	0%	N/A	N/A	N/A	N/A

Source: American Hospital Directory

SALE INFORMATION

Sale Status:	Recorded Sale	OAR:	5.57%
Sale Date:	July-19	NOI:	$8,098,780
Sale Price:	$145,400,000	NOI Per Bed:	$110,942
		EBITDA:	$8,098,780
Sale Price Per Bed:	$1,991,781	Expense Ratio:	N/A
Grantor:	Embree Asset Group	EGIM:	N/A
Grantee:	Medical Properties Trust	Occupancy:	100.0%
Value Interest:	Leased Fee	EBITDA Multiplier:	N/A
Sale Price Per Sq. Ft.	$1,225.66	Ground Lease:	N/A

VERIFICATION COMMENTS: Operator, public records, industry publications

COMMENTS

This is the sale of a seven property micro-hospital portfolio. The operator is Saint Luke's Health System, a credit tenant with an A1 rating from Moody's. The properties were leased with an average term of 14 years and two 5-year options. The leases are triple net with annual escalations are 2.0 percent. The properties are located in Leawood, Kansas City, Roeland Park, Olathe, Overland Park (2), and Shawnee. The properties contain a combined 73 beds and have an additional 54 ER bays.

Bakersfield Heart Hospital
3001 Sillect Avenue
Bakersfield, CA

Property Type:	Healthcare
Property Subtype:	Specialty Hospital

PROPERTY INFORMATION

Site Area (Acres)	9.35
Site Area (Sq. Ft.)	407,285
Gross Building Area:	85,971
Net Building Area:	85,971
Year(s) Built:	2000
Quality:	Good
Condition:	Good

ESTIMATED PATIENT VOLUMES

Inpatient Surgeries	900
Outpatient Surgeries	1,300
Births	0
Outpatient Visits	19,700
Emergency Room (Not Admitted)	5,800
Emergency Room (Admitted)	1,900

Source: American Hospital Directory

BED TYPES

Licensed Acute Care Beds:	47
Licensed ALTEC Beds:	0
Licensed Other Beds:	0
Total Licensed Beds	47

INPATIENT UTILIZATION DATA

	Discharges	%	Patient Days	%	ALOS
Medicaid	87	3%	517	4%	5.94
Medicare	1,195	47%	6,077	43%	5.09
Private/Other	1,281	50%	7,687	54%	6.00
Total	2,563	100%	14,281	100%	5.57

Source: American Hospital Directory

SALE INFORMATION

Sale Status:	Recorded Sale	OAR:	6.8%
Sale Date:	March-19	NOI:	$3,331,376
Sale Price:	$49,000,000	NOI Per Bed:	$70,880
		EBITDA:	$3,331,376
Sale Price Per Bed:	$1,042,553	Expense Ratio:	N/A
Grantor:	Heart Hospital of BK LLC	EGIM:	N/A
Grantee:	TST Bakersfield ACF LLC	Acute Care Occupancy:	83.2%
Value Interest:	Leased Fee	EBITDA Multiplier:	N/A
Sale Price Per Sq. Ft.	$569.96	Ground Lease:	N/A

VERIFICATION COMMENTS: Public records, industry publications, buyer's press release, deed, knowledgeable third party

COMMENTS

This is a sale-leaseback of the Bakersfield Heart Hospital, which specialized in heart and vascular care. The hospital also has a full service emergency room and joint program. The seller is a group of physicians who will retain the operations and continue to operate the hospital. The proceeds of the sale were used to pay down debt.

Addendum D:
Property Information

<u>EXHIBIT A</u>

Legal Description

Being all of Lot 13, as shown on the Final Map entitled "Natomas Crossing Area 3, Phase 1", recorded in Book 317 of Maps, at Page 11, and a portion of Parcel 1, as described within the Certificate Of Compliance For Lot Line Adjustment recorded October 27, 2005 in Book 20051027 of Official Records, at Page 2205, Sacramento County Records, in the City of Sacramento, County of Sacramento, State of California, more particularly described as follows:

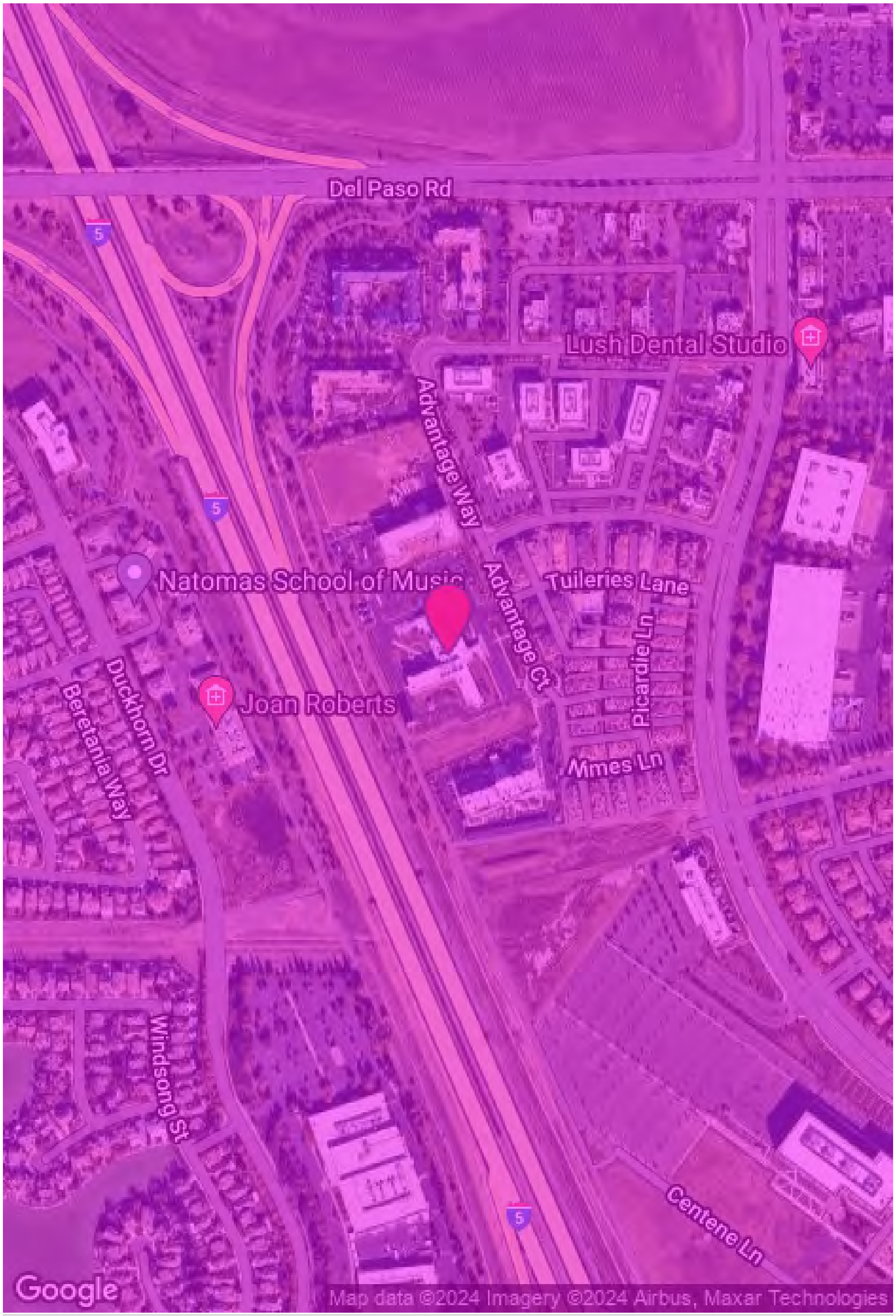
Beginning at a point which is the Southeast corner of said Lot 13; thence from said point of beginning, South 34°09'33" West, a distance of 58.00 feet to a point of intersection with the Southwesterly Right-of-Way line of Advantage Court; thence leaving said Southwesterly Right-of-Way line and into said Parcel 1, South 34°09'33" West, a distance of 22.95 feet; South 23°04'05" East, a distance of 76.17 feet; thence South 66°55'55" West, a distance of 396.37 feet to the Westerly boundary line of said Parcel 1; thence along the Westerly line of said Parcel 1, North 23°23'27" West, a distance of 119.28 feet to the Southwest corner of said Lot 13; thence along the exterior boundary line of said Lot 13, North 23°23'27" West, a distance of 516.78 feet to the Northwest corner of said Lot 13; thence North 66°47'38" East, a distance of 433.47 feet to point of intersection with the Southwesterly Right-of-Way line of Advantage Court; thence leaving said Southwesterly Right-of-Way line, North 66°35'37" East, a distance of 31.50 feet to the Northeast corner of said Lot 13, also being a point on the centerline of Advantage Court; thence along said centerline South 23°24'23" East, a distance of 517.30 feet to the point of beginning.

Described as "Parcel 2" in that certain Certificate of Compliance for Lot Line Adjustment recorded September 3, 2008, in Book 20080903, Page 1497, Official Records.

APN: 225-1960-038

CoreLogic

Overview Map



Flood Zones: X500 or B Zone A Zone V Zone D Zone Floodway CBRA

The closest match to 10 advantage court, sacramento, ca is 10 ADVANTAGE CT SACRAMENTO, CA 95834-2131

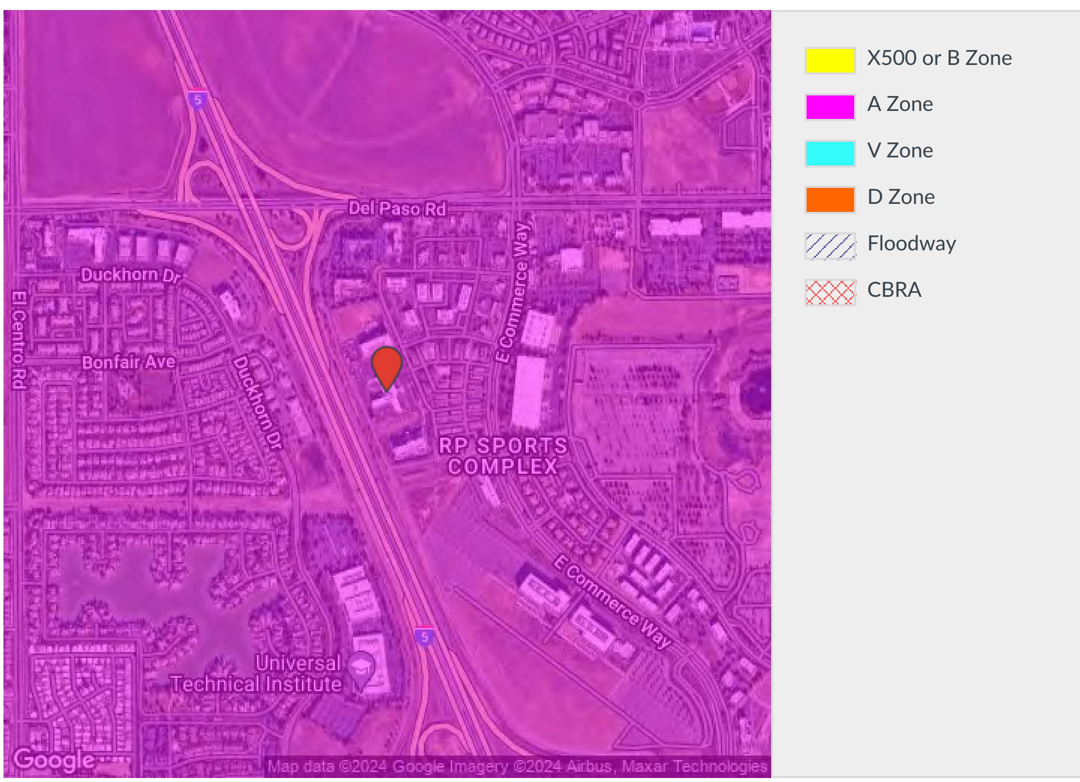
10 ADVANTAGE CT SACRAMENTO, CA 95834-2131

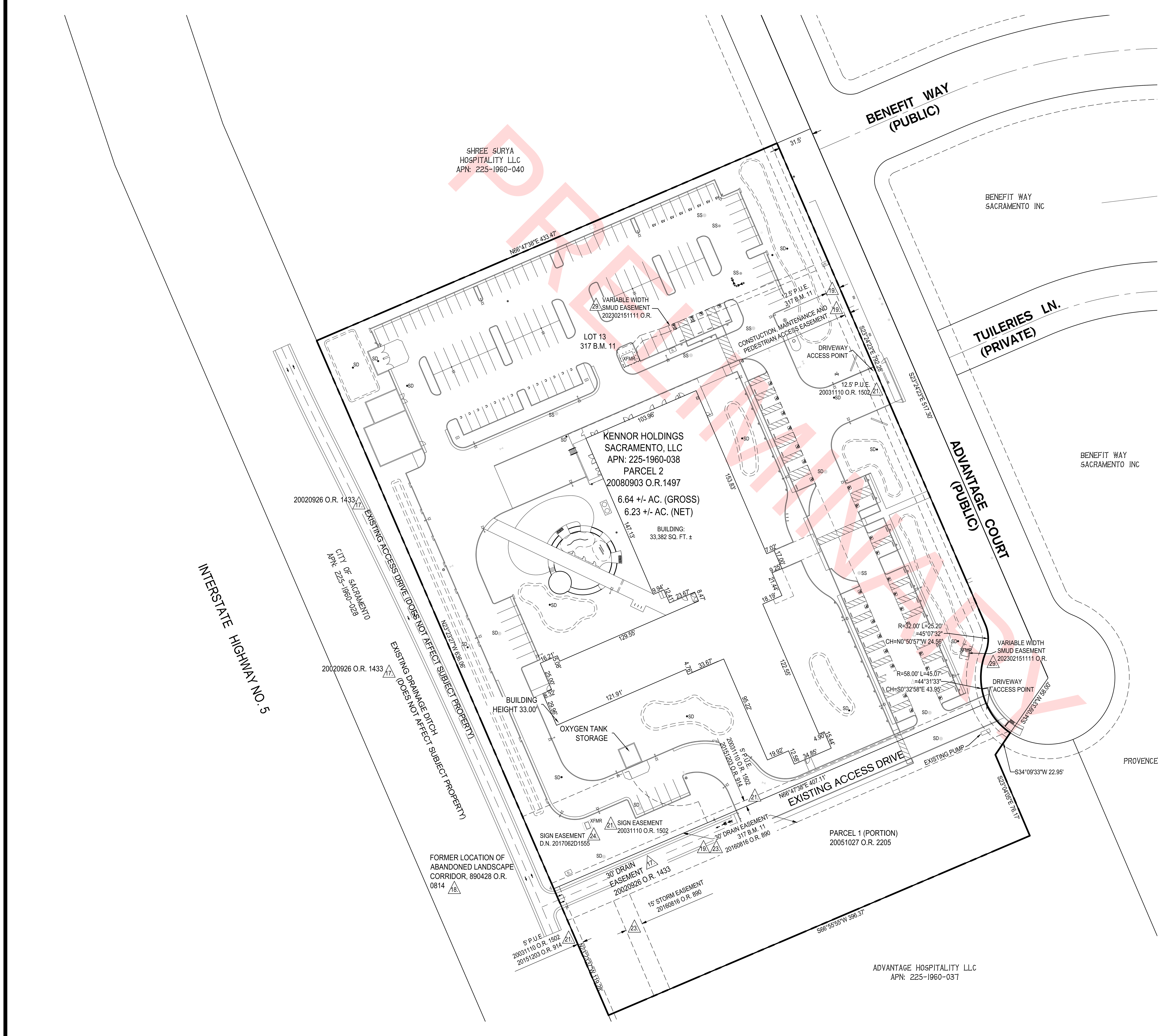
LOCATION ACCURACY: Excellent **LATITUDE:** 38.651649 **LONGITUDE:** -121.529158 **MATCH CODE:** A4000 **SOURCE:** PxPoint **CENSUS BLOCK ID:** 060670070271002

Flood Zone Determination Report

Flood Zone Determination: IN

SFHA (FLOOD ZONE)	IN	WITHIN 250 FEET OF FLOOD ZONE	YES
FLOOD ZONE	A99	COMMUNITY	060266
COMMUNITY NAME	SACRAMENTO, CITY OF	PANEL	0045J
PANEL DATE	June 16, 2015	COBRA	OUT
PARTICIPATION STATUS	R	ORIGIN FIRM DATE	September 15, 1978
MAP NUMBER	06067C0045J	FIPS CODE	06067





LEGEND

- EXISTING PROPERTY LINE
- EXISTING CENTERLINE
- EXISTING EASEMENT
- SS● EXISTING SANITARY SEWER MAINTENANCE HOLE
- SD● EXISTING STORM DRAIN MAINTENANCE HOLE
- SD OR SD EXISTING STORM DRAIN CATCH BASIN
- EXISTING FIRE HYDRANT
- EXISTING GATE VALVE
- G EXISTING GAS METER
- C EXISTING COMMUNICATION VAULT
- SL EXISTING STREET LIGHT BOX
- EL EXISTING ELECTRIC BOX
- XFMR EXISTING ELECTRICAL TRANSFORMER
- W EXISTING WATER VAULT
- EXISTING SIGN
- EXISTING AREA LIGHT
- EXISTING UTILITY BOX
- EXISTING IRRIGATION CONTROL VALVE
- EXISTING CLEANOUT

NOTE

SOUTH LINE OF PARCEL 13 AND NORTH LINE OF PARCEL 1 (PORTION) ARE CONTIGUOUS.

0' 20' 40' 80'

SCALE: 1"=40'

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REVISIONS

No. Date Description

PROJECT

VIBRA HOSPITAL NATOMAS

10 ADVANTAGE COURT
SACRAMENTO, CA 95834

SHEET TITLE

ALTA/NSPS LAND TITLE SURVEY

Proj Mgr	KJG
Drawn by	SRS
Date	5/31/2023
Job No.	17158
SHEET:	3
	OF: 3

Skip to main content

Organizations that have achieved
The Gold Seal of Approval® from
The Joint Commission®

Quality Report

Sacramento Rehabilitation Hospital, LLC

DBA: Sacramento Rehabilitation Hospital
HCO ID: 679076
10 Advantage Court
Sacramento, CA, 95834
(916) 628-8301
https://sacramentorehab.com/

Summary of Quality Information

Accreditation Programs

View Accreditation History

Program	Accreditation Decision	Effective Date	Last Full Survey Date	Last On-Site Survey Date
Hospital	Accredited	3/25/2023	3/24/2023	3/24/2023
Laboratory	Accredited	11/3/2023	9/21/2023	9/21/2023

Sites

Sacramento Rehabilitation Hospital, LLC
DBA: Sacramento Rehabilitation Hospital
10 Advantage Court
Sacramento, CA, 95834

Available Services

- General Laboratory Tests
- Inpatient Unit (Inpatient)
- Rehabilitation Unit (Inpatient)
- Rehabilitation Unit (24-hour Acute Care/Crisis Stabilization)
- Sterile Medication Compounding (Inpatient)

National Patient Safety Goals and National Quality Improvement Goals

Symbol Key

- This organization achieved the best possible results
- This organization's performance is better than the target range/value
- This organization's performance is similar to the target range/value

- This organization's performance is worse than the target range/value
- This measure is not applicable for this organization
- Not displayed

Measures Footnote Key

1. The measure or measure set was not reported.
2. The measure set does not have an overall result.
3. The number is not enough for comparison purposes.
4. The measure meets the Privacy Disclosure Threshold rule.
5. The organization scored above 90% but was below most other organizations.
6. The measure results are not statistically valid.
7. The measure results are based on a sample of patients.
8. The number of months with measure data is below the reporting requirement.
9. The measure results are temporarily suppressed pending resubmission of updated data.
10. Test Measure: a measure being evaluated for reliability of the individual data elements or awaiting National Quality Forum Endorsement.
11. There were no eligible patients that met the denominator criteria.

* This information can also be viewed at **Hospital Compare**.

** Indicates per 1000 hours of patient care.
*** The measure was not in effect for this quarter.
---- Null value or data not displayed.

Hospital	**2023 National Patient Safety Goals**	**Nationwide Comparison:**	**Statewide Comparison:**
Laboratory	**2023 National Patient Safety Goals**	**Nationwide Comparison:**	**Statewide Comparison:**

New Changes to Quarterly Measure

Download Quarterly Measure Results

* State results are not calculated for the National Patient Safety Goals.

INTERNET COPY

PARCEL NUMBER	BILL NUMBER	TRA	AGENT BRANCH	PROPERTY LOCATION
225-1960-038-0000	23437251	03314		10 ADVANTAGE CT

SACRAMENTO COUNTY

DEPARTMENT OF FINANCE - TAX COLLECTOR
700 H STREET, SACRAMENTO, CA 95814, ROOM 1710
PO BOX 508, SACRAMENTO, CA 95812-0508
TELEPHONE:(916) 874-6622

CHAD RINDE
DIRECTOR OF FINANCE
TAX COLLECTOR

2023-2024

FISCAL YEAR JULY 1, 2023 TO JUNE 30, 2024

SECURED PROPERTY TAX BILL

ANNUAL

PAY ONLINE AT EPROPTAX.SACCOUNTY.GOV

PROPERTY ASSESSMENT	
LAND	4,454,070
IMPROVEMENTS	2,145,000
FIXTURES	
PERSONAL PROPERTY	
ASSESSED VALUES SUBTOTAL	6,599,070
LESS: HOMEOWNER EXEMPTION	
OTHER EXEMPTION	
NET VALUE ON JAN 1, 2023	6,599,070

IMPORTANT MESSAGES:

PLEASE NOTE
YOU WILL NOT RECEIVE A
SEPARATE BILL OR REMINDER
NOTICE FOR THE 2ND INSTALLMENT

DIRECT LEVIES & ASSESSMENTS

LEVY	DIRECT LEVY	INFORMATION	AMOUNT
0673	N. NATOMAS TMA CFD	916-808-1440	5,646.92
0612	SACTO CORE LIBRARY SERV. TAX	800-441-8280	243.20
0668	NORTH NATOMAS DRAINAGE 97-01	916-808-1440	5,640.76
0739	RD 1000 STORMWATER SERVICE FEE	800-676-7516	1,649.98
0671	N NATOMAS LANDSCAPING CFD 3	916-808-1440	4,322.80
0169	NATOMAS BASIN LOCAL ASMT DIST	916-874-7606	1,397.76
0198	SAFCA CONSOLIDATED CAP ASMT #2	916-874-7606	4,228.42
0168	SACRAMENTO AREA FLOOD CONTROL	916-874-7606	1,079.86
1190	CSCDA CA FIRST PETROS	866-779-5549	1,164,772.12
0659	SACRAMENTO ADDL LIBRARY SRV TAX	800-441-8280	624.64
0738	RECLAMATION DISTRICT NO. 1000	800-273-5167	429.88
TOTAL DIRECT LEVIES & ASSESSMENTS:			1,190,036.34

AD VALOREM TAXES

TAXING AGENCY	TAX RATE	AMOUNT
COUNTY WIDE 1%	1.00000	65,990.70
NATOMAS UNIF GOB	.15600	10,294.55
LOS RIOS COLL GOB	.01920	1,267.02
TOTAL AD VALOREM TAXES		77,552.27
ADD: DIRECT LEVIES & ASSESSMENTS:		1,190,036.34
Adjustment To Make Bill Even:		-.01
TOTAL AMOUNT DUE:		1,267,588.60

PARCEL NUMBER	BILL NUMBER	TRA	AGENT BRANCH	PROPERTY LOCATION
225-1960-038-0000	23437251	03314		10 ADVANTAGE CT

2ND INSTALLMENT

PAY ONLINE AT
EPROPTAX.SACCOUNTY.GOV

OR BY PHONE AT
1-844-430-2823

2023-2024

SECURED PROPERTY TAX BILL

ANNUAL

OWNER'S NAME:

MAIL TO: SACRAMENTO COUNTY TAX COLLECTOR
P.O.BOX 508 SACRAMENTO CA 95812-0508

IF AFTER APR. 10, 2024 PAY: $ 697,193.73
(INCLUDES 10 % PENALTY
+ $20.00 COST)

PAY THIS AMOUNT:
FEB. 1, 2024 $ **633,794.30**
DELINQUENT AFTER APRIL 10

23437251225196003800009 06337943006971937322404109

PARCEL NUMBER	BILL NUMBER	TRA	AGENT BRANCH	PROPERTY LOCATION
225-1960-038-0000	23437251	03314		10 ADVANTAGE CT

1ST INSTALLMENT

PAY ONLINE AT
EPROPTAX.SACCOUNTY.GOV

OR BY PHONE AT
1-844-430-2823

2023-2024

SECURED PROPERTY TAX BILL

ANNUAL

OWNER'S NAME:

MAIL TO: SACRAMENTO COUNTY TAX COLLECTOR
P.O.BOX 508 SACRAMENTO CA 95812-0508

IF AFTER DEC. 10, 2023 PAY: $ 697,173.73
(INCLUDES 10 % PENALTY)

AMOUNT TO PAY BOTH INSTALLMENTS
BY DEC. 10, 2023 $ 1,267,588.60

PAY THIS AMOUNT:
NOV. 1, 2023 $ **633,794.30**
DELINQUENT AFTER DEC. 10

23437251225196003800009 06337943006971737312312100

INTERNET COPY

PARCEL NUMBER	BILL NUMBER	CODE AREA	DATE OF ISSUE
225-1960-038-0000	23521928	03314	11/21/23

TAXING AGENCY	TAX BASE	TAX RATE
COUNTY WIDE 1%	1	1.0000
NATOMAS UNIF GOB	1	.1560
LOS RIOS COLL GOB	1	.0192

SACRAMENTO COUNTY

CHAD RINDE
DIRECTOR OF FINANCE
TAX COLLECTOR

SECURED PROPERTY TAX BILL 2023-2024

FOR FISCAL YEAR BEGINNING JULY 1,2023 AND ENDING JUNE 30,2024

SUPPLEMENTAL ASSESSMENT
2023 - 2024

PROPERTY LOCATION
10 ADVANTAGE CT 95834

MAIL TO:

* * ATTENTION * *

FOR FISCAL YEAR 2023 - 2024
AN IMPROVEMENT EXISTED BUT WAS NOT
ASSESSED

SUPPLEMENTAL ASSESSMENT DUE TO NEW
CONSTRUCTION ON 02/15/23

* REFER TO ASSESSOR'S NOTICE OF SUPPLEMENTAL
ASSESSMENT DATED - 09/29/23.

IMPORTANT INFORMATION ON REVERSE SIDE

ASSESSOR	TAX COLLECTOR
GENERAL INFORMATION (916) 875-0700	
HOMEOWNER EXEMPTION (916) 875-0710	CURRENT YEAR PAYMENTS (916) 874-6622
ASSESSED VALUES (916) 875-0700	PRIOR YEAR DELINQUENCIES (916) 874-6622

PROPERTY DESCRIPTION	NEW APPRAISED VALUES	PRIOR VALUES	DIFFERENCE	TAX RATE	TAX AMOUNT
LAND IMPROVEMENTS FIXTURES PERSONAL PROPERTY	4,454,070 36,551,000	4,454,070 2,145,000	34,406,000	1.1752	404339.31
SUBTOTAL	41,005,070	6,599,070	34,406,000		404339.31
LESS: HOMEOWNERS EXEMPTION OTHER EXEMPTION					
TOTALS	41,005,070	6,599,070	34,406,000		404339.31
				ADJUSTED TAX	

FIRST INSTALLMENT DUE 12/31/23 → 202169.66

SECOND INSTALLMENT DUE 04/30/24 → 202169.65

TOTAL DUE → **404339.31**

FOLD AND DETACH HERE

PARCEL NUMBER	BILL NUMBER	DATE OF ISSUE
225-1960-038-0000	23521928	11/21/23

SECOND INSTALLMENT PAYMENT

2

SACRAMENTO COUNTY SECURED PROPERTY TAX BILL 2023-2024

OWNER'S NAME:

SECURED
SUPPLEMENTAL

PAYMENTS MUST BE RECEIVED IN TAX OFFICE BY 5:00 PM OR POSTMARKED BY THE DUE DATE SPECIFIED. PAYMENTS WITH LATE POSTMARKS WILL BE RETURNED FOR PENALTY.

PAY

DUE 04/30/24	**202169.65**
AFTER 04/30/24 ADD 10% PENALTY + $20.00 COST	20236.96
TOTAL DELINQUENT INSTALLMENT DUE	222406.61
ADDITIONAL PENALTIES ARE CHARGED IF TAXES ARE NOT PAID BY	06/30/24

MAKE CHECK PAYABLE TO SACRAMENTO COUNTY
AND MAIL TO: TAX COLLECTOR'S OFFICE
P O BOX 508, SACRAMENTO, CA 95812-0508

235219282251960038000009 020216965022240661224043O3

FOLD AND DETACH HERE

PARCEL NUMBER	BILL NUMBER	DATE OF ISSUE
225-1960-038-0000	23521928	11/21/23

FIRST INSTALLMENT PAYMENT

1

SACRAMENTO COUNTY SECURED PROPERTY TAX BILL 2023-2024

OWNER'S NAME:

SECURED
SUPPLEMENTAL

PAYMENTS MUST BE RECEIVED IN TAX OFFICE BY 5:00 PM OR POSTMARKED BY THE DUE DATE SPECIFIED. PAYMENTS WITH LATE POSTMARKS WILL BE RETURNED FOR PENALTY.

PAY

DUE 12/31/23	**202169.66**
AFTER 12/31/23 ADD 10% PENALTY	20216.97
TOTAL DELINQUENT INSTALLMENT DUE	222386.63
TO PAY TOTAL DUE RETURN BOTH STUBS BY 12/31/23 WITH PAYMENT OF	404339.31

MAKE CHECK PAYABLE TO SACRAMENTO COUNTY
AND MAIL TO: TAX COLLECTOR'S OFFICE
P O BOX 508, SACRAMENTO, CA 95812-0508

235219282251960038000009 020216966022238663123123I8

TAXR2307 (066) SS2

Addendum E:
Supporting Argus Schedules

Cash Flow

Sacramento Rehabilitation Hospital (Amounts in USD)
Jun, 2024 through May, 2035
6/10/2024 2:19:13 PM

	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	
For the Years Ending	May-2025	May-2026	May-2027	May-2028	May-2029	May-2030	May-2031	May-2032	May-2033	May-2034	May-2035	Total
Rental Revenue												
Potential Base Rent	4,429,000	4,451,145	4,517,912	4,585,681	4,654,466	4,724,283	4,795,147	4,867,074	4,940,081	5,014,182	5,089,394	52,068,367
Scheduled Base Rent	4,429,000	4,451,145	4,517,912	4,585,681	4,654,466	4,724,283	4,795,147	4,867,074	4,940,081	5,014,182	5,089,394	52,068,367
Total Rental Revenue	4,429,000	4,451,145	4,517,912	4,585,681	4,654,466	4,724,283	4,795,147	4,867,074	4,940,081	5,014,182	5,089,394	52,068,367
Total Tenant Revenue	4,429,000	4,451,145	4,517,912	4,585,681	4,654,466	4,724,283	4,795,147	4,867,074	4,940,081	5,014,182	5,089,394	52,068,367
Potential Gross Revenue	4,429,000	4,451,145	4,517,912	4,585,681	4,654,466	4,724,283	4,795,147	4,867,074	4,940,081	5,014,182	5,089,394	52,068,367
Effective Gross Revenue	4,429,000	4,451,145	4,517,912	4,585,681	4,654,466	4,724,283	4,795,147	4,867,074	4,940,081	5,014,182	5,089,394	52,068,367
Net Operating Income	4,429,000	4,451,145	4,517,912	4,585,681	4,654,466	4,724,283	4,795,147	4,867,074	4,940,081	5,014,182	5,089,394	52,068,367
Cash Flow Before Debt Service	4,429,000	4,451,145	4,517,912	4,585,681	4,654,466	4,724,283	4,795,147	4,867,074	4,940,081	5,014,182	5,089,394	52,068,367
Cash Flow Available for Distribution	4,429,000	4,451,145	4,517,912	4,585,681	4,654,466	4,724,283	4,795,147	4,867,074	4,940,081	5,014,182	5,089,394	52,068,367

Building Area Occupancy Report

Sacramento Rehabilitation Hospital (Measures in SF)
Jun, 2024 through May, 2035
6/10/2024 2:23:29 PM

Month	FY 2025		FY 2026		FY 2027		FY 2028		FY 2029		FY 2030	
	Occupied		Occupied		Occupied		Occupied		Occupied		Occupied	
	Area	**%**	**Area**	**%**	**Area**	**%**	**Area**	**%**	**Area**	**%**	**Area**	**%**
June	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%
July	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%
August	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%
September	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%
October	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%
November	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%
December	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%
January	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%
February	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%
March	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%
April	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%
May	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%
Average Occupancy	**59,508**	**100.00**	**59,508**	**100.00**	**59,508**	**100.00**	**59,508**	**100.00**	**59,508**	**100.00**	**59,508**	**100.00**
Total Net Rentable Area	**59,508**		**59,508**		**59,508**		**59,508**		**59,508**		**59,508**	

Month	FY 2031		FY 2032		FY 2033		FY 2034		FY 2035	
	Occupied		Occupied		Occupied		Occupied		Occupied	
	Area	**%**	**Area**	**%**	**Area**	**%**	**Area**	**%**	**Area**	**%**
June	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%
July	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%
August	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%
September	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%
October	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%
November	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%
December	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%
January	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%
February	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%
March	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%
April	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%
May	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%	59,508	100.00%
Average Occupancy	**59,508**	**100.00**	**59,508**	**100.00**	**59,508**	**100.00**	**59,508**	**100.00**	**59,508**	**100.00**
Total Net Rentable Area	**59,508**		**59,508**		**59,508**		**59,508**		**59,508**	

* Results displayed are based on Forecast data only

Tenant Rent Roll

Sacramento Rehabilitation Hospital (Amounts in USD)
Jun, 2024 through May, 2025
Grouped By - None
6/10/2024 2:24:10 PM

Tenant Name	Lease Type	Lease Status	Area	Lease Start Date	Lease End Date	Potential Base Rent	Scheduled Base Rent	Potential Gross Revenue	Net Cash Flow
Kennor Holdings Sacramento, LLC	Office	Contract	59,508	2/1/2023	1/31/2043	4,429,000	4,429,000	4,429,000	4,429,000
Total			**59,508**			**4,429,000**	**4,429,000**	**4,429,000**	**4,429,000**

Addendum F:
Qualifications of the Appraiser

Gerald V. Rasmussen, MAI, FRICS Executive Managing Director

Valuation & Advisory
Practice Group Leader | Senior Housing / Healthcare
Cushman & Wakefield of Connecticut, Inc.

Professional Expertise

Mr. Rasmussen joined Cushman & Wakefield of Connecticut, Inc. in November of 2001. He is the National Practice Leader for the Valuation & Advisory Senior Housing/Healthcare Industry group. As Practice Group Leader, he oversees a team of 35 professional appraisers, all of whom have extensive senior housing and healthcare experience. Combined, the group has completed in excess of 10,000 healthcare related valuation assignments.

Prior to joining Cushman & Wakefield in 2001, Mr. Rasmussen worked for BA Appraisals, Inc. in New York City where he was a Senior Appraiser from January 1985 until 1986. In August of 1986, he began working for Moran & Associates, Inc. in Stamford, CT until November 2001 when he joined Cushman & Wakefield's Valuation & Advisory.

Mr. Rasmussen has been a member of the Connecticut Real Estate Appraisal Commission since April, 1996. He has been involved with and written decisions that have impacted not only the laws of Connecticut, but have impacted the appraisal industry on a national basis.

He has been a member and an officer of the Connecticut Chapter of the Appraisal Institute serving as its President in 2000. He received the prestigious Louise Lee and Y.T. Lum Award from the Appraisal Institute's Education Trust Fund as the Honoree of the Year in 2001. He has been recognized numerous times by the Connecticut Chapter of the Appraisal institute for his contributions to the Real Estate Appraisal community.

Mr. Rasmussen has been a Board Member and officer including serving as President of the Connecticut Real Estate Education Foundation. This group funds various programs and studies that have impacted the appraisal community and the industry.

Memberships, Licenses, Professional Affiliations and Education

- Designated Member, Appraisal Institute (MAI 8203). As of the current date, Gerald V. Rasmussen, MAI has completed the requirements of the continuing education program of the Appraisal Institute.
- Fellow, Royal Institution of Chartered Surveyors (FRICS)
- Commissioner, Acting Chairman, State of Connecticut Real Estate Appraisal Commission
- Bachelor of Science in Business Administration, Long Island University, Cum Laude

- Certified General Real Estate Appraiser in the following states:

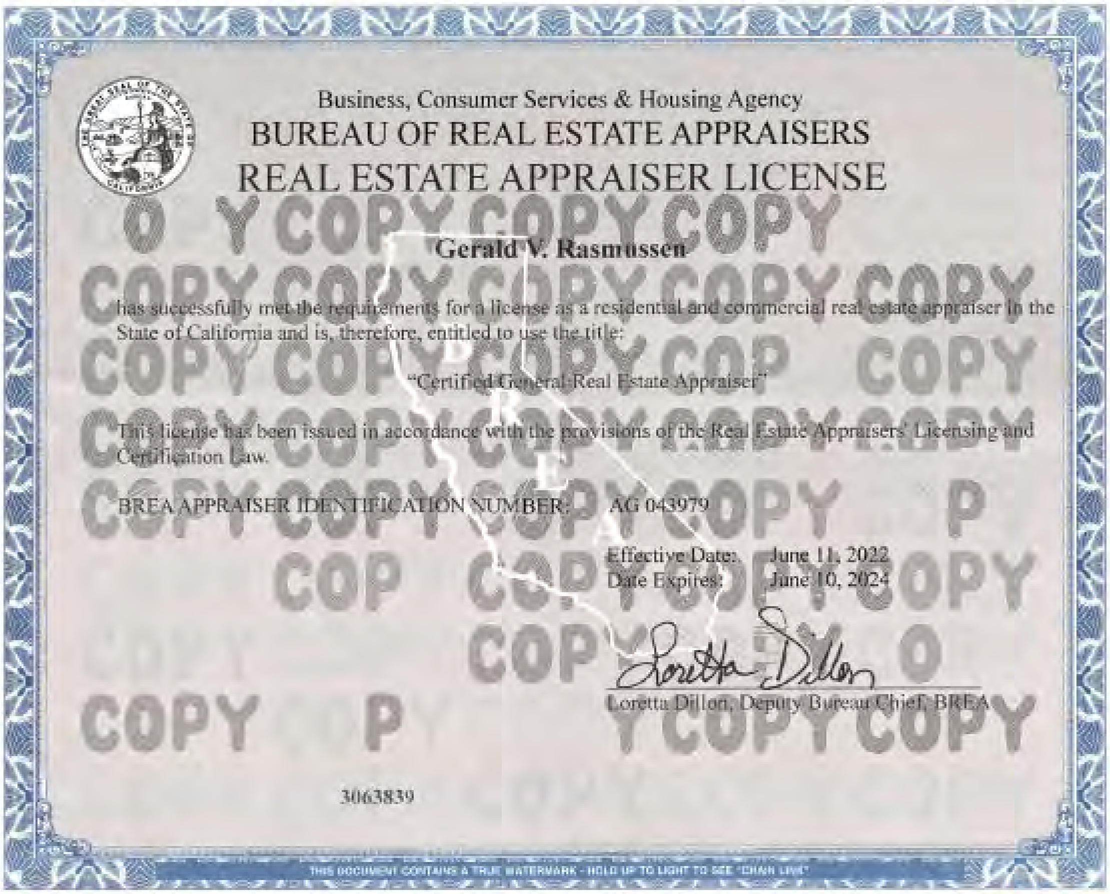
State	License Number
Alabama	G00866
Alaska	134750
Arizona	31710
Arkansas	CG-3351
California	AG043979
Colorado	CG100023222
Connecticut	RCG.0000510
Delaware	X1-0000640
Georgia	330331
Hawaii	CGA 1176
Idaho	CGA-4521
Illinois	553001939
Indiana	CG40801017
Iowa	CG03284
Kansas	G-3141
Kentucky	5222
Louisiana	G4152
Maine	CG1749
Maryland	32215
Massachusetts	5613
Michigan	1205073219
Minnesota	40527154
Mississippi	GA-893
Missouri	2017017862
Montana	REA-RAG-LIC-10306

State	License Number
Nebraska	CG212178R
Nevada	A.0207542-CG
New Hampshire	NHCG-745
New Jersey	42RG00160200
New Mexico	03555-G
New York	46000001881
North Carolina	A6766
North Dakota	CG-21758
Ohio	2008000510
Oklahoma	13246CGA
Oregon	C001178
Pennsylvania	GA003449
Rhode Island	CGA.0A01362
South Carolina	AB .6415 CG
South Dakota	1430CG
Tennessee	4306
Texas	TX-1337775-G
Utah	6825683-CG00
Vermont	80.0075939
Virginia	4001013534
Washington	1101813
Washington D.C.	GA12052
West Virginia	CG439
Wisconsin	1412-10
Wyoming	AP-1645

Other Awards and Achievements

- Fair market rent reset between these two companies of 179 Skilled Nursing and Long Term Acuity Hospitals (LTAC) located in 35 states.
- A multi-year tax appeal of a high-end Continuing Care Retirement Community.
- Portfolios: He has been involved with a significant number of the largest portfolios occurring in the marketplace in the past year. These include portfolios of Skilled Nursing, Assisted Living and dementia facilities.
- Mr. Rasmussen has also been involved with the revaluation of all commercial properties in Stamford, Connecticut, Wallingford, Connecticut and Glen Cove, New York for tax assessment purposes.
- His experience has included a significant amount of court testimony, having been qualified as an expert witness in the U.S. Federal Bankruptcy, New York State Supreme, Connecticut Superior and Connecticut Housing Courts

CALIFORNIA



Business, Consumer Services & Housing Agency

BUREAU OF REAL ESTATE APPRAISERS

REAL ESTATE APPRAISER LICENSE

Gerald V. Rasmussen

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

"Certified General Real Estate Appraiser"

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

BREA APPRAISER IDENTIFICATION NUMBER: AG 043979

Effective Date: June 11, 2022
Date Expires: June 10, 2024

Loretta Dillon

Loretta Dillon, Deputy Bureau Chief, BREA

3063839

THIS DOCUMENT CONTAINS A TRUE WATERMARK - HOLD UP TO LIGHT TO SEE "CHAIN LINK"