



**2Life**  
COMMUNITIES

Age affordably. Live well.

To: Waltham Community Preservation Committee % Planning Department  
Applicant: 2Life Communities  
Co-Applicant: Deaconess Abundant Life Communities and the Leland Home Board  
Date: July 29, 2021  
Re: Revised Leland Home Redevelopment CPA Funding Application

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We look forward to meeting with you on Friday the 30th to request your continued support of \$6 million for the redevelopment of the Leland Home in advance of an anticipated City Council vote on Monday evening August 2nd. Since appearing before you in February when you granted support for the project, we have engaged with the City Council and neighbors to refine our project concept to address several concerns that were raised including traffic, parking, and height. We have also identified ways to restructure the state and federal financing to deepen the affordability.

With Councillor Joey LaCava's support we have worked with neighbors and incorporated their feedback into a revised conceptual plan that includes the following details:

- The project will consist of a total of 68 affordable apartments with 63 1-BRs and 5 2-BRs (originally 79 with 68 1-BRs and 11 2-BRs)
- The maximum height will be three stories (originally 4)
- There will be a total of 51 parking spaces and a .75 ratio (originally 40 spaces and a .5 ratio)
- There will be an inviting front porch
- There will be a drop off and pick up zone and 3 visitor spaces on Newton Street to minimize stop and go traffic and provide visitor convenience
- There will be no left turn from the property onto Newton Street
- The three mature trees on Newton Street will be preserved
- We will create a large village center on the ground floor for delivery of programs and services.

Our revised financing includes utilization of a 4% Low Income Housing Tax Credit (LIHTC) instead of a 9% credit which allows 97% of the units to be affordable at or below 60% of the area median income (66 units, excluding 2 units reserved for live-in staff). In our



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original proposal which utilized the 9% credit, only 67% of the units (53 units) were affordable at this level, with 24 units affordable up to 100% of the area median income. The 4% LIHTC generates substantial additional equity which, together with several other changes to the state and federal financing, support this greater number of lower income units and also allows us to lower the tax credit rents from \$1,330 to \$1,200 for a 1-BR and from \$1,600 to \$1,450 for a 2-BR. We feel the revised income mix and lower rents will more appropriately serve older adults in Waltham where 53% of older adults earn less than \$50,000 per year.

While the project is slightly smaller, we are still requesting \$6 million due to several line item costs that have gone up in the intervening time as well as certain fixed costs that haven't changed even though the project is smaller. You will notice that while the total project cost per unit cost has gone up from \$449k to \$485k. The \$6 million will also help to support the deeper affordability together with other anticipated increases to state and federal subsidy sources.

Thank you for your tremendous support for the project thus far and I look forward to discussing our proposed changes with you on Friday. I hope you agree that these changes make the project stronger and continue to embody our commitment to maximum affordability and to being thoughtful and responsive neighbors.

Enclosed please find an updated funding application and narrative (pg. 3-15), the previously submitted appraisal (pg. 29-169), a letter from WATCH (pg. 20) and list of petitioners in support of the project (pg. 21-26), the current conceptual site plan (pg.16-17), front porch rendering (honoring the signature front porch on the current Leland Home), massing study of the view from Main Street that illustrates the contextual nature of the 3-story height, an updated proforma and unit mix with a side by side comparison of the changes from our February submission (pg. 18-19) and a letter updating the City Council ahead of an 8/2 vote (pg. 27-28).



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# City of Waltham Massachusetts

## Community Preservation Act

### Community Housing

### Funding Application WCPA-2



## SECTION I APPLICANT/DEVELOPER INFORMATION

Contact Person/Primary Applicant <sup>(1)</sup> \_\_\_\_\_

Organization, if applicable \_\_\_\_\_

Co-Applicant, if applicable <sup>(1)</sup> \_\_\_\_\_

Owner of project (if not developer/sponsor) <sup>(2)</sup> \_\_\_\_\_

Mailing Address \_\_\_\_\_

\_\_\_\_\_

Daytime Phone (Contact Person/Primary Applicant) \_\_\_\_\_

Email address \_\_\_\_\_

Fax number \_\_\_\_\_

Developer (if different than applicant) \_\_\_\_\_

Developer mailing address \_\_\_\_\_

\_\_\_\_\_

Developer daytime phone \_\_\_\_\_

Developer email address \_\_\_\_\_

Developer fax number \_\_\_\_\_

## SECTION II PROJECT INFORMATION

Project Name \_\_\_\_\_

Address of Project \_\_\_\_\_

\_\_\_\_\_

Assessor's Parcel ID \_\_\_\_\_

(see <http://waltham.patriotproperties.com/default.asp> to look up parcel ID by address)

Type of CPA-funded project (check all that apply):

☐ Creation

☐ Preservation

☐ Support

☐ Acquisition

☐ Rehabilitation and Restoration

Brief project description \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**PROJECT FUNDING**

City Funding Sources	\$	Purpose
CDBG/Housing Development		
Community Preservation Fund		
Other Waltham City funds		
<b>Total amount of City funding requested</b>		
<b>Estimated total Development Costs</b>		

**TYPE OF HOUSING** (check all that apply and provide Number of units)

Housing Target Class	Housing Target	Number of Units
Homeownership	<input type="checkbox"/> Single Family	
	<input type="checkbox"/> Condominium	
	<input type="checkbox"/> Cooperative	
	<input type="checkbox"/> Other _____	
Rental	<input type="checkbox"/> Individual/Family	
	<input type="checkbox"/> Group home/congregate	
	<input type="checkbox"/> Other _____	
Targeted Population	<input type="checkbox"/> Individual/Family	
	<input type="checkbox"/> Special needs/Identify needs	
	<input type="checkbox"/> Elderly	
	<input type="checkbox"/> Homeless	
	<input type="checkbox"/> At risk of homelessness	
	<input type="checkbox"/> Other _____	

**UNITS OF HOUSING**

Unit style	Total # units	# units <= 30% AMI	# units <= 50% AMI	# units <= 80% AMI	# units <= 80-100% AMI	Market Rent(s)	Market Sale Price(s)
SRO							
1 BR							
2 BR							
3 BR							
4 BR							
Other							

Key: &lt;= is “less than or equal”

**SECTION III SITE INFORMATION**Lot size (ft<sup>2</sup>) \_\_\_\_\_

Zoning district(s) \_\_\_\_\_

Ward \_\_\_\_\_

Do you have site control (e.g. Purchase and Sales Agreement, option to purchase, deed? Note: Community Preservation Fund applicants are required to submit evidence of site control with the application.)

☐ Yes☐ No**ZONING:** If applicable, explain what zoning relief is required (e.g. a zoning variance, special permit) and why.

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**ENVIRONMENTAL:** Please describe any anticipated environmental issues/concerns with the site. If the site contains known environmental hazards, provide a remediation plan.

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How old is the existing building (or buildings), if applicable? \_\_\_\_\_

Are there (or will there be) children under the age of seven living on the premises?

☐ Yes☐ No**DISLOCATION:** Will the project temporarily or permanently displace or require relocation of existing tenants?

If yes, please describe any outreach efforts and/or notifications to residents to date.

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**HISTORIC:** Is the property listed in the National Register of Historic Places, located in a local historic district, National Register Historic District or eligible for listing in the National Register?

- ☐ Yes; identify district(s): \_\_\_\_\_
- ☐ No

## SECTION IV PROJECT SCHEDULE (AFTER APPROPRIATION OF CPA FUNDS)

Milestone	Date
Inform Ward Councillors and immediate abutters of proposed plans	
Pre-development (design, zoning, permitting)	
Acquisition	
Rehabilitation/construction	
Marketing/outreach	
Expected date of project completion	
Full Occupancy	
Other significant milestone to implementation _____	
Other significant milestone to implementation _____	
Other significant milestone to implementation _____	

## SECTION V FINANCING AND OPERATING BUDGET

**PROJECT BUDGET:** Submit proforma development and operating budgets. Include all anticipated sources and uses of financing for the project. The operating budget must detail operating income and expenses. Detail the hard and soft costs. Identify contingencies. Applicants may use their own format or any of those used by Massachusetts affordable housing lenders and agencies. Refer to the attached Developer's Checklist which lists all the information required for submission.

**CAPITAL NEEDS ASSESSMENT:** Community Preservation Funds may not be used for housing-related maintenance costs. All applicants seeking Community Preservation Funds for community housing must submit a capital needs assessment with their application, unless the project is new construction or substantial rehabilitation.

**CITY OF WALTHAM ASSESSORS PROPERTY APPRAISAL AND DATA:** Applicants must provide an "as is" appraisal of the project building(s) that provides satisfactory evidence that the purchase price of the project building(s) does not exceed fair market value. In addition, all applicants for housing funds must summarize data from the Waltham Assessors Department identifying the assessed value of the project building(s) and comparable properties in the neighborhood and/or City.

**PROOF OF FINANCIAL COMMITMENT (INCLUDING COMMITMENTS FOR HOUSING**

**SUBSIDIES):** If the Applicant does not have financing, describe what sources of financing are planned and the time frame that funds are expected to be available, with conditions, deadlines, limitations, and any and all restrictions related to the commitment of non-City sources of funding. If receiving housing subsidies, submit commitment letters or explain when the applicant will seek housing subsidies and from what source(s).

**SECTION VI PROJECT DESCRIPTION**

Attach answers to the following questions. Applications will be returned as incomplete if all requested information is not provided. Include supporting materials as necessary.

**GOALS:** What are the goals of the proposed project?

**COMMUNITY NEED:** Why is this project needed? Does it address needs in existing City plans?

**COMMUNITY SUPPORT:** What is the nature and level of support for this project? Include letters of support and any petitions. Is a neighborhood outreach program planned?

**CREDENTIALS:** In Section IV, some critical steps to completion and success of the project were estimated. How will the experiences of the Applicant(s) contribute to the success of this project?

**SUCCESS FACTORS:** How will the success of this project be measured? Be specific.

**MAINTENANCE:** If ongoing maintenance is required for your project, how will it be funded? (Note that CPA Funds may not be used for maintenance, but maintenance is an important consideration for all projects.)

**ADDITIONAL INFORMATION:** Provide the following additional information, as applicable.

**OTHER CITY AGENCIES:** If actions for acceptance or approval are required from other City Departments, Boards, Commissions, Committees or others, include the reference (s) or proof of the status of their actions. If plans or documents are available from those agencies, provide a reference copy or public location for CPA review.

**COMBINATION COMMUNITY HOUSING/COMMUNITY PRESERVATION PROJECTS:**

If seeking Community Preservation Funds for a project combining community housing with any other Community Preservation categories (historic, open space, recreation), also submit a complete **Historic, Open Space and Recreation Funding Application WCPA-1**. Items which are common to both Forms can be filled by reference to "WCPA-1".

**LEVERAGED ADDITIONAL BENEFITS:** Provide information indicating how this project can be used to achieve additional community benefits.

**Superscripted Notes:**

(1) City Property: If the proposal is located on City-owned land, either the Primary Applicant or Co-Applicant must be the City Board, Commission or Department that has custody of the land.

(2) Appraisals: If the requested funds are for a real estate acquisition, an independent appraisal will be required which the non-City Applicant, if applicable, will be required to fund. No funding decisions will be made without an independent appraisal. Additional appraisals may be required for final approval.

I verify that all information stated in this application is true and accurate.

Applicant signature	Date
<i>Lizbeth Heyer</i>	



**FOR COMMUNITY PRESERVATION COMMITTEE USE ONLY**

Application received on \_\_\_\_\_

Application received by \_\_\_\_\_

Date Project presented to CPC for Submission Acceptance Process \_\_\_\_\_

Was Project accepted for Consideration? \_\_\_\_\_

If accepted for Consideration, Project Public Hearing date \_\_\_\_\_

Following meeting Date for decision to recommend for funding \_\_\_\_\_

Was project recommended for funding to the City Council? \_\_\_\_\_

Was project funded by the City Council? \_\_\_\_\_

If project funded by the City Council, for how much? \_\_\_\_\_

Date funding Contract signed with applicant \_\_\_\_\_

**APPLICATION SUBMISSION REQUIREMENTS**

Proposals for Community Preservation Act funding must be submitted using the City of Waltham's Application forms WCPA-1 and WCPA-2.

If the proposal is exclusively a community housing project, applicants must submit WCPA-2. If the proposal combines community housing with any other funding category, both WCPA-2 and the WCPA-1 must be submitted. Otherwise applicants can submit just WCPA-1.

All information requested on the application forms must be included with the proposal at the time of submission or it will not be accepted for consideration. Applications may not include any handwritten information.

Applications and all supporting documentation must be submitted as hardcopy with eleven (11) copies (including one unbound for reproduction) to the official mailing address as specified in Article VI. If an Application is recommended for funding by the CPC, then an additional 17 copies must be provided for use by the City Council.

Applicants are encouraged to include any maps, diagrams, and/or photographs pertaining to the project. Letters of support for the project from community organizations or other sources may also be submitted.

Applicants will also submit an electronic version of each and every document submitted in their application if available, either on CD or USB flash drive, preferably in Portable Document Format (PDF) or other commonly used file formats (eg. .doc, .docx, .xls, .xlsx, .jpeg).

Applicants should include actual quotes for project costs whenever possible. If not available, estimates may be used, provided the basis of the estimate is fully explained.

Applicants should pursue matching or supplemental funds from state, federal and/or private sources when available.

Applicants should detail who will be responsible for project implementation and management. Their relevant experience should be included in the narrative. Please be sure that project management costs have been included in the overall project budget.

## DEVELOPER CHECKLIST

☐ Submit the information required for **Community Housing Application WCPA-2** and if necessary **Historic, Open Space and Recreation Funding Application WCPA-1**. Applications for CPA funding should be submitted to:

Community Preservation Committee (CPC)  
C/O Community Preservation Act Program Manager  
Waltham City Hall  
610 Main St.  
Waltham MA 02452

Or in person, with an appointment, to the Community Preservation Act Program Manager at 11 Carter St..  
Telephone: 781-314-3117

### REQUIRED FOR ALL HOUSING PROJECTS:

- ☐ Completed WCPA-2 funding requires: ten (10) bound copies, one (1) unbound copy for reproductions, and one electronic copy (CD or thumb drive not in Read-Only status).
- ☐ Development pro forma and operating budgets
- ☐ Preliminary site plan locating existing buildings and parking.
- ☐ Letters of community support, if available.
- ☐ Site approval (eligibility) letter if project requires City applicant or co-applicant.
- ☐ Remediation plan approved by the Conservation Commission if site contains known environmental hazards.
- ☐ Appraisal of the property (required for acquisition only).
- ☐ Commitment letter for housing subsidies or explanation when applicant will seek housing subsidies and from what source(s).
- ☐ Plan to cultivate community support.
- ☐ Proof of hazard insurance (required at closing).

### REQUIRED FOR COMMUNITY HOUSING PROJECTS REQUESTING COMMUNITY PRESERVATION FUNDS:

- ☐ Evidence of site control.
- ☐ Capital needs assessment if applicant is applying for funds to create community housing, unless the project is new construction or substantial rehabilitation.
- ☐ Description of project involving other Community Preservation categories (historic preservation, open space, recreation).

## FUNDING TERMS

Community Preservation Funds:

- Deferred loans
- Deed restrictions

Housing Development Funds:

- Deferred loans
- Deed restrictions

Housing Rehabilitation Funds:

- Direct loans limited to funding construction.
- Grants for lead paint, asbestos, and other hazard remediation; and removal of architectural barriers for the disabled.

## NOTES:

For informational purposes only. Terms are subject to change without notice.

Terms acceptable to the CPC, City Mayor and City Council may vary widely and have not been determined for FY 2007-08 at this time.

**Goals: What are the goals of the proposed project?**

The 2Life/Deaconess team's goals for the project are twofold:

- To preserve the Leland name as a pillar of the Waltham community.
- To provide an opportunity for residents to age in community while living a life full of meaning and purpose in a supportive environment by redeveloping the building, expanding the number of older adults it serves and providing life enhancing supports and services to those living in the building and in the Waltham Community more broadly.;
- To create modern, thoughtfully and contextually designed rental housing with supportive services that is affordable in perpetuity and serves older adults age 62 and better who are currently underserved in the Waltham housing market.

**Community Need: Why is this project needed? Does it address needs in existing City plans?**

The new senior apartments proposed with the Leland Redevelopment Project will directly address a large and growing need within Waltham. The Metropolitan Area Planning Council's Metro Boston 2030 Population and Housing Demand Projections, estimates that in Waltham from 2010 to 2030, the over 65 population is projected to increase by 43%. Regional economic data underscores why affordable supportive housing in Waltham will provide economic security for a growing number of Waltham seniors who struggle to afford their housing and care needs

A study by Wider Opportunities for Women and UMASS/Boston shows that "the elderly in Massachusetts struggle with the nation's largest shortfall between income and costs, with the age group's median income covering only about 60 percent of basic living expenses here. In Massachusetts, for example, the median income of retired residents 65 or older is just under \$17,000 which falls more than \$10,000 short of what the study estimates it costs for basic necessities, such as food and shelter. In fact, Massachusetts has the second highest rate of nursing home placements in the US; not because we have higher rates of advanced frailty, rather because older adults cannot afford the high cost of housing and care, leaving a Medicaid nursing home as the only viable option to receive subsidized care.

The challenge of the high cost of aging in Massachusetts is exacerbated by the negative impacts of loneliness on older adults who live alone. Multiple studies have linked loneliness to an increased risk of dementia. A study published in 2007 found that elderly people who report being lonely were twice as likely to have dementia as those who were not lonely. Another study found that loneliness can be twice as unhealthy as obesity, including those who reported being lonely having a 14% greater risk of dying. The figure means that loneliness has around twice the impact on an early death as obesity. According to a study by the University of California at San Francisco, people who are lonely were 59% more at risk of declining Activities of Daily Living (ADLs).

Through 2Life Communities' affordability pledge and supportive services, the Leland Home redevelopment will provide a vibrant and life-altering alternative to the high cost of aging in Waltham and disrupt the negative impacts of loneliness on older adults by allowing seniors to age in community instead of alone at home in isolation.

**Community Support: What is the nature and level of support for this project? Include letters of support and any petitions. Is a neighborhood outreach program planned?**

2Life Communities' real estate practice is guided by our commitment to deep and meaningful community engagement, including extensive transparency and work with all stakeholders to design a project that is contextual and highly responsive to community needs and concerns. In fact, for our five recent development projects we held multiple community meetings before we filed for a Comprehensive or Special permit to ensure that the proposed project was as responsive as possible to community needs. We have upheld this commitment through the community process we engaged in to develop the revised project presented to you with this application.

In addition to engagement with project neighbors, we have obtained 76 signatures from Waltham residents on a petition supporting the project. We also obtained a letter of support from WATCH. Copies of both are attached.

**Credentials: In Section IV, some critical steps to completion and success of the project were estimated. How will the experiences of the Applicant(s) contribute to the success of this project?**

2Life Communities will partner with the Leland/Deaconess team to deliver much-needed affordable senior housing and services to the Waltham community. 2Life Communities, formerly Jewish Community Housing for the Elderly, is a well-established non-profit provider of senior supportive housing in the Greater-Boston area. Since its founding in 1965, 2Life has developed eight distinct properties and more than 1,300 units, all of which we own, manage and provide services to: Ulin House, Leventhal House, Kurlat House, and Weinberg House make up our Brighton Campus. We have two properties in Newton, Golda Meir House and Coleman House, and Shillman House is in Framingham, Brown House in Brookline. Two projects are currently under development: the 144-unit JJ Carroll property in Brighton and 68-unit Golda Meir House Expansion in Newton and another two projects (in Newton and Lynn) are under site control and in the predevelopment phase.

2Life Communities has a Real Estate Department of six full-time professionals dedicated to managing new construction and comprehensive renovation projects. Over the past five years, the Department has competed over \$110 million in construction with another \$100 million in the pipeline. The Real Estate Department works closely with 2Life staff in Finance, Property Management, Compliance, Resident Services, and Programs throughout the programming, design, financing and lease-up process to lay the foundation for successful operations. As a whole, 2Life has approximately 170 staff across its five locations, most of whom work for our property management company. 2Life is in an exceptionally strong position to move this initiative forward quickly, given its strong balance sheet and ability to self-fund pre-development activities.

2Life's real estate development practice is built to innovate. Every one of our projects seeks to demonstrate new and creative ways to support aging in community:

- **Affordability:** The high cost of housing in Massachusetts is the single biggest cause of economic insecurity among older adults. We assemble financing to create housing that is affordable to anyone who has been priced out of the supportive senior housing market. In addition to our deeply subsidized projects, this includes groundbreaking work on aging in

community options for seniors who are over-income for housing with government subsidies but do not make enough to afford market rate options.

- Village Centers: Research has proven that community is the best antidote to the loneliness and social isolation experienced by so many older adults. We make it easy to be part of the community, both by building on main streets and near public transportation, and by creating vibrant program spaces on our campuses that are accessible to residents and neighbors alike. Resident Services offices are always located near mailboxes and other hubs of activity to make it easy for staff to know every resident and for residents to get the help they need.
- Accessibility: We work to ensure that each resident can stay in their apartment even if their circumstances change. Our apartments include universal design features and are designed to adapt to each individual's changing physical and intellectual circumstances.
- Sustainability and Emerging Technology: In addition to developing highly efficient buildings, we are experts in "grey-green technology" that is good for the planet, saves money on operations, and is informed by how seniors use technology.
- Life Cycle Investing: As a long-term owner and operator, we have a long-term stake in what we build. Our projects are smart, comprehensive, and informed by best practice, prioritizing high-performing materials and systems that last. In addition to being more environmentally and financially sustainable over the life of the building, this helps us create more livable homes for residents.

With the successful track record of the Weinberg House (132 Chestnut Hill Ave in Brighton) and our Brown Family House (370 Harvard St in Brookline), 2Life proposes to bring the same significant depth of experience in permitting and constructing projects to the Leland Redevelopment Project.

**Success Factors: How will the success of this project be measured? Be specific.**

The team will use the following as measures of success:

- a) the project is permitted with significant support from the Waltham community and that the Leland Home name continues to be a pillar of the community
- b) the building is programmatically connected to the Senior Center so that 2Life residents can easily access programs and services available, and that 2Life's programs and services are utilized by current members of the Senior Center as well as other community members.
- c) the financing and operating subsidies are structured in a way that delivers affordability along a broad spectrum, and that the project is self-sustaining for the years to come.

**Maintenance: If ongoing maintenance is required for your project, how will it be funded? (Note that CPA Funds may not be used for maintenance, but maintenance is an important consideration for all projects.)**

Ongoing maintenance will be funded by the project's operating budget. (See attached)

**Additional Information**

**Proof of Financial Commitment**

**Leland Home Redevelopment Project**  
**CPA Application Materials**

We do not yet have commitments for our other funding sources. The following is the expected timeline and process:

- Federal and State Low Income Housing Tax Credits and State soft-debt sources: Anticipated pre-application to the Department of Housing and Community Development, October 2021; award anticipated August, 2022
- State Mass Rental Voucher Program subsidies: Anticipated pre-application to the Department of Housing and Community Development, October 2021; award anticipated August, 2022
- Gap financing: 2Life will seek sources to close the remaining \$459,000 funding gap and will pledge to raise philanthropic contributions if necessary, an strategy we have successfully undertaken on several other projects.
- Construction and Permanent Loan: Anticipated commitment; spring. 2023

**Other City Agencies:**

On June 14, 2021 we obtained a 1-year demolition delay ruling from the Waltham Historic Commission.



Zoning Summary

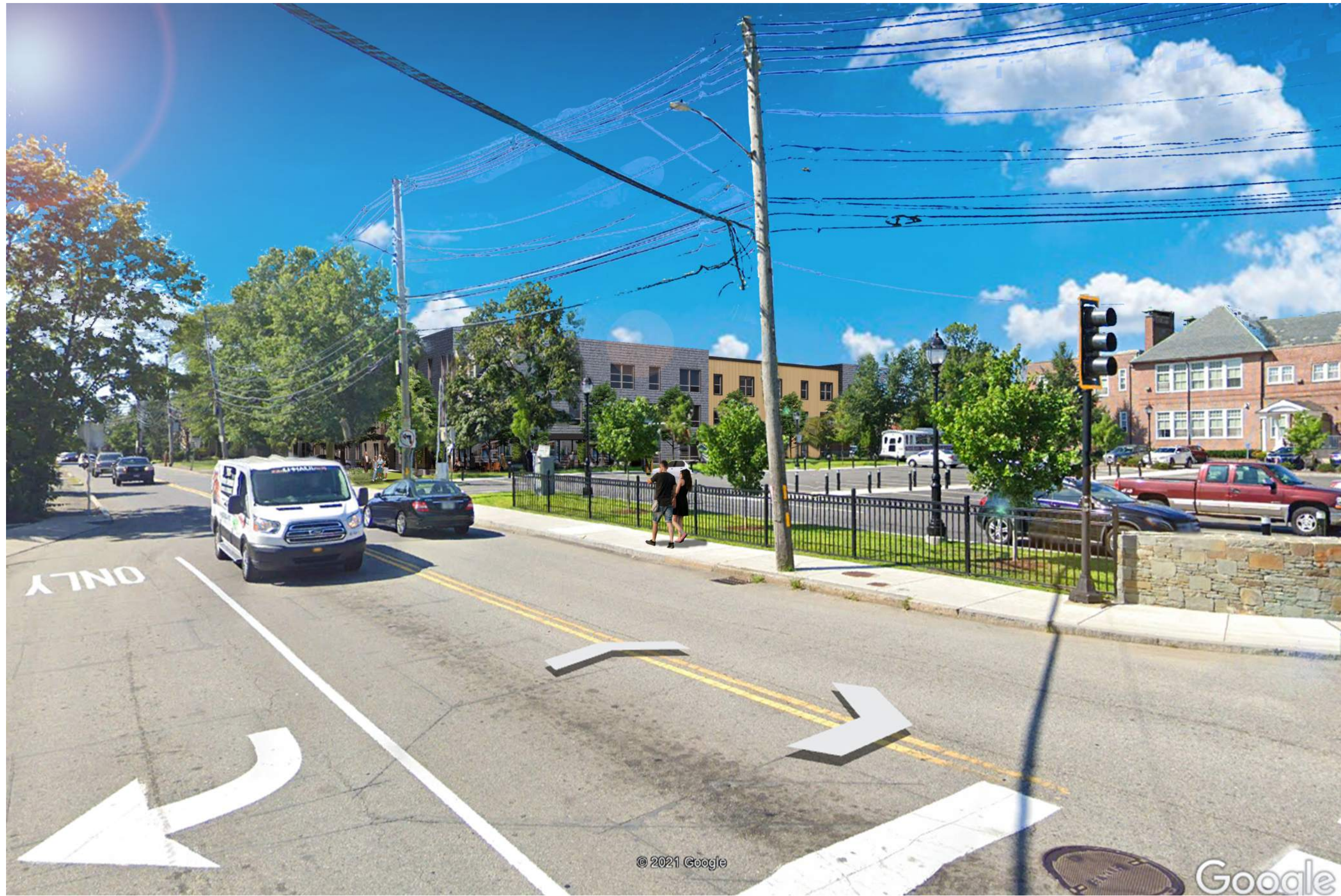
ZONE: RB (Single-Family, Two-Family, Assisted Living)		
	EXISTING	PROPOSED
LOT AREA	63,784 SF	63,784 SF
BUILDING COVERAGE (Max. 30%)	15,000 SF (23.5%)	23,312 SF (36.5%)
OPEN SPACE	28,784 SF (45.1%)	16,309 SF (25.7%)
PAVED AREA	20,000 SF (31.3%)	24,163 SF (37.9%)
GROSS BUILDING AREA	71,468 SF	
UNIT COUNT	68 UNITS (63 One Bedrooms) (5 Two Bedrooms)	
	REQUIRED	PROPOSED
FAR	N/A	1.12
SETBACKS		
FRONT	15 FT (or >1/2 height)	32 FT
SIDE	10 FT (or >1/2 height)	16 FT
REAR	30 FT (or >1/2 height)	16 FT
HEIGHT	40 FT / 3 STORIES	32 FT
PARKING	2 per Unit	51 (0.75 per unit)

TYPICAL MULTI-FAMILY ZONING

ZONE: MF (Multi-Family)		
	REQUIRED	PROPOSED
FAR	N/A	1.12
SETBACKS		
FRONT	10 FT (or >1/2 height)	32 FT
SIDE	10 FT (or >1/2 height)	16 FT
REAR	20 FT (or >1/2 height)	16 FT
HEIGHT	74 FT / 6 STORIES	32 FT
PARKING	2 per Unit	51 (0.75 per unit)



Porch Render



Main St Rendering



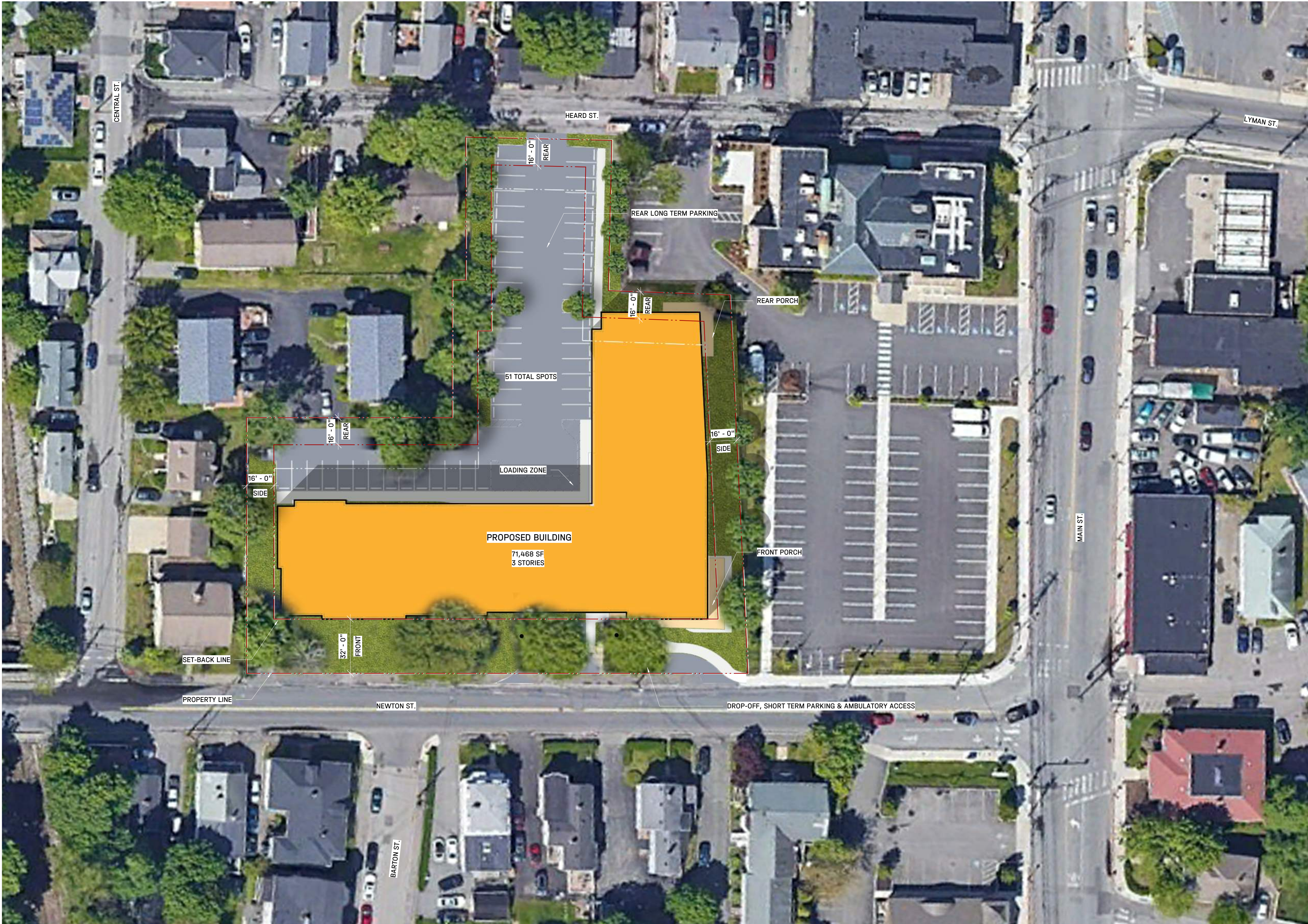
**THE LELAND HOME**

[illegible]

SCALE: 1" = 30'-0"

## SITE PLAN

# A1.01



 **SITE PLAN**  
SCALE: 1" = 30'-0"



**Leland Home Redevelopment**  
**29-Jul-21**

Original Proposal - 79 Units			Current Proposal - 68 Units		Difference	
SOURCES	Total	P/U	Total	P/U	Total	P/U
Permanent Loan	8,742,000	110,658	2,069,000	30,426	-6,673,000	-80,232
Tax Credit Equity	9,699,030	122,773	14,783,191	217,400	5,084,161	94,627
State Tax Credit	3,799,620	48,096	3,799,620	55,877	0	7,780
Waltham CPA	6,000,000	75,949	6,000,000	88,235	0	12,286
DHCD Sub Debt	3,975,000	50,316	5,000,000	73,529	1,025,000	23,213
Energy Rebates (Sponsor Loan)	252,096	3,191	204,000	3,000	-48,096	-191
MassHousing	2,400,000	30,380			-2,400,000	-30,380
Gap Financing Required			495,025	7,280	495,025	7,280
2Life Deferred Dev Fee	600,000	7,595	650,000	9,559	50,000	1,964
<b>Total Sources</b>	<b>35,467,746</b>	<b>448,959</b>	<b>33,000,836</b>	<b>485,306</b>	<b>-2,466,910</b>	<b>36,348</b>
USES	Total	P/U	Total	P/U	Total	P/U
<b>Acquisition</b>	1,960,000	24,810	1,960,000	28,824	0	4,013
<b>Construction</b>						
Hard Costs - Building	20,604,500	260,816	18,720,000	275,294	-1,884,500	14,478
Parking						
General Requirements/Conditions	2,060,450	26,082	2,246,400	33,035	185,950	6,954
Overhead, Profit	1,586,547	20,083	936,000	13,765	-650,547	-6,318
Cost of Construction	24,251,497	306,981	21,902,400	322,094	-2,349,097	15,113
Contingency	1,212,575	15,349	1,095,120	16,105	-117,455	756
<b>Subtotal Construction</b>	<b>25,464,071</b>	<b>322,330</b>	<b>22,997,520</b>	<b>338,199</b>	<b>-2,466,551</b>	<b>15,869</b>
<b>Soft Costs</b>						
Architect & Engineering	1,655,165	20,951	1,494,839	21,983	-160,326	1,031
Survey and Permits	515,599	6,527	481,628	7,083	-33,971	556
Clerk of the Works	100,000	1,266	100,000	1,471	0	205
Environmental Engineer	100,000	1,266	75,000	1,103	-25,000	-163
Energy/Green Consulting	77,800	985	77,800	1,144	0	159
Bond Premium	181,320	2,295	167,731	2,467	-13,588	171
Borrower Legal	235,000	2,975	235,000	3,456	0	481
Lender Legal	15,000	190	15,000	221	0	31
Title/Recording	40,000	506	40,000	588	0	82
Accounting/Cost Cert	41,000	519	45,000	662	4,000	143
Marketing & Rent-Up	50,000	633	25,000	368	-25,000	-265
Real Estate Taxes	63,504	804	63,504	934	0	130
BR + Owner's Liability Insurance	101,992	1,291	125,000	1,838	23,008	547
Pre-Construction Services	0	0	0	0	0	0
Appraisal	25,000	316	25,000	368	0	51
Construction Loan Interest	850,000	10,759	800,000	11,765	-50,000	1,005
Inspecting Engineer	23,250	294	32,000	471	8,750	176
Construction Loan Fees	95,000	1,203	342,000	5,029	247,000	3,827
Perm Loan Fees	87,420	1,107	47,587	700	-39,833	-407
MIP	10,928	138	5,173	76	-5,755	-62
Credit Enhancement Fees	0	0	0	0	0	0
Letter of Credit Fees	0	0	0	0	0	0
Other Financing Fees	5,500	70	5,500	81	0	11
Relocation	0	0	0	0	0	0
Other: Utilities New Connection Fees	50,000	633	50,000	735	0	102
Other: Retail Fit Out	0	0	0	0	0	0
Other: FF&E	75,000	949	75,000	1,103	0	154
Other: Low-Voltage	275,000	3,481	275,000	4,044	0	563
Other: Solar HW	0	0	0	0	0	0
Perm Loan Application Fee	3,000	38	3,000	44	0	6
DHCD Application Fee	3,100	39	3,100	46	0	6
DHCD Processing Fee	60,000	759	85,000	1,250	25,000	491
DHCD Compliance Fee	23,850	302	29,700	437	5,850	135
Predevelopment Interest	0	0	25,000	368	25,000	368
Soft Cost Contingency	175,170	2,217	236,178	3,473	61,008	1,256
<b>Subtotal Soft Costs</b>	<b>4,938,597</b>	<b>62,514</b>	<b>4,984,740</b>	<b>73,305</b>	<b>46,142</b>	<b>10,791</b>
Developer Overhead	1,200,000	15,190	1,300,000	19,118	100,000	3,928
Developer's Fee	1,200,000	15,190	1,300,000	19,118	100,000	3,928
Replacement Reserves	0	0	0	0	0	0
Operating Reserves	705,077	8,925	458,576	6,744	-246,501	-2,181
<b>Subtotal Fees, etc.</b>	<b>3,105,077</b>	<b>39,305</b>	<b>3,058,576</b>	<b>44,979</b>	<b>-46,501</b>	<b>5,674</b>
<b>Total Uses</b>	<b>35,467,746</b>	<b>448,959</b>	<b>33,000,836</b>	<b>485,306</b>	<b>-2,466,910</b>	<b>36,348</b>
<b>SURPLUS/GAP</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Original Proposal -79 Units					Current Proposal - 68 Units				Difference
	1 BR	2 BR	Total Units	Annual	1 BR	2 BR	Total Units	Annual	
# of units	7	1	8				0		-8
30% Contract rent	\$2,116	\$2,570		\$208,584	\$2,116	\$2,570		\$0	(\$208,584)
N/A Utility Allow.									
Gross Rent	\$2,116	\$2,570			\$2,116	\$2,570			
# of units	13	7	20		28	2	30		10
50% Contract rent	\$1,334	\$1,601		\$342,588	\$1,511	\$1,812		\$551,184	\$208,596
N/A Utility Allow.									
Gross Rent	\$1,334	\$1,601			\$1,511	\$1,812			
# of units	0	0	0		0	0	0		0
50% Contract rent	\$1,060	\$1,270		\$0	\$1,200	\$1,430		\$0	
5% Utility Allow.									
Gross Rent									
# of units	22	3	25		33	3	36		11
60% Contract rent	\$1,330	\$1,600		\$408,720	\$1,200	\$1,450		\$527,400	\$118,680
0.0% Utility Allow.									
Gross Rent	\$1,330	\$1,600			\$1,200	\$1,450			
# of units	24	0	24		0	0	0		-24
100% Contract rent	\$2,000	\$2,400		\$576,000	\$2,000	\$2,400		\$0	(\$576,000)
0% Utility Allow.									
Gross Rent	\$2,000	\$2,400			\$2,000	\$2,400			
# of units	0	0	0		0	0	0		0
120%/130% Contract rent	\$2,500	\$3,100		\$0	\$2,500	\$3,100		\$0	
N/A Utility Allow.									
Gross Rent	\$2,500	\$3,100			\$2,500	\$3,100			
# of units	2	0	2		2	0	2		0
Contract rent	\$900	\$0		\$21,600	\$0	\$0		\$0	(\$21,600)
Utility Allow.									
Gross Rent	\$900	\$0			\$0	\$0			
	68	11	79	1,557,492	63	5	68	1,078,584	(478,908)
	86%	14%			93%	7%			
			53	67%			66	97%	30%



**Waltham Alliance for Teaching, Community Organizing and Housing**  
24 CRESCENT STREET, SUITE 201, WALTHAM, MA 02453  
Phone 781.891.6689 • Fax 781.891.1703 • [www.watchcdc.org](http://www.watchcdc.org)

**Letter of Support for 2Life Project**

Dear Waltham City Councillors,

May 11, 2021

I am writing on behalf of WATCH CDC's Board of Directors to express our full support for the 2Life affordable housing proposal at the site of the Leland Home. Waltham has a dire need for affordable housing, especially in a post-pandemic world. As rent costs go up, Waltham has entered into an affordability crisis and our marginalized community members are experiencing the worst of it. As a city and as a community, it is our job to ensure that all community members have equal access to safe and affordable housing.

This project is one step in the right direction for what Waltham needs. Family and individual housing for low-income residents is desperately needed. The current waiting list for public housing for those eligible is over five years. We know there is not enough affordable housing to provide shelter to Waltham residents in the lower income brackets. WATCH CDC encourages those involved in the Leland Home proposal to have as many units as possible for those living at 30-50% AMI (Area Median Income). We believe our community's future and economy depend on having an affordable place to live for our young families, our low-wage workers, and our retired seniors. It is important that Waltham leads in this realm and sets an example for surrounding communities to follow.

By creating the proposed affordable housing units through the Leland project, Waltham will be taking a great step toward a sustainable future for all of our residents.

We ask that you please support this much needed project.

Daria Gere

Executive Director, WATCH CDC



## Support Affordable Housing for Seniors in Waltham

<https://www.thepetitionsite.com/285/329/813/support-affordable-housing-for-seniors-in-waltham/>

Author: 2Life Communities

Recipient: Waltham residents

Petition:

[2Life Communities](#), the Leland Board and Deaconess Abundant Life Communities have partnered to redevelop the Leland Home into a supportive community where seniors 62 and better can continue to live a life full of meaning and purpose in a dynamic and supportive environment, adjacent to Waltham's vibrant Senior Center. The new Leland Home will create 79 affordable apartments for low and moderate income seniors in a new beautiful, high quality, universally designed, energy efficient community with supportive services.

**We need your support to bring this desperately needed supportive housing to Waltham's older adults!** Please sign this petition to show your support for the new Leland Home.

### How you can help:

1. Click [here](#) to email a letter of support to City Councillors ahead of a June 28th vote
2. Share this call to action with Waltham friends and family

### Suggestions for "Why is this Important to You?"

*Through 2Life Communities' affordability pledge and supportive services, the new Leland Home will provide a vibrant and life-altering alternative to the high cost of aging in Waltham and disrupt negative impacts of loneliness on older adults by allowing seniors to age in community instead of isolation at home. Please support this important project.*

### Questions?

Please reach out to Ithzel Polanco-Cabadas, 2Life's Project Manager, at [ipolanco@2lifecommunities.org](mailto:ipolanco@2lifecommunities.org) or 617-912-8490.

	<b>Name</b>	<b>From</b>	<b>Comments</b>
1.	Maryann S	EVERGREEN PARK, IL	
2.	Collin W	chico, CA	
3.	Emmanuel A	Waltham, MA	
4.	Bianca R	Paranaque City, ph	
5.	Anne F	Carouge GE, ch	
6.	K L R	Waltham, MA	Affordable housing in Waltham is at a premium and a fine project like this will help.
7.	Hannah A	Waltham, MA	
8.	Kathryn I	GULFPORT, MS	
9.	karyn b	waltham, MA	
10.	Shirley S	waltham, MA	Waltham and surrounding towns need more affordable housing. It is a lovely and well-located site.
11.	Dennis S	Waltham, MA	This would be an excellent location for housing, and I fully support additional affordable housing. There simply is not enough of it.
12.	Robyn W	Waltham, MA	
13.	Cindy M	Newton, MA	2Life is a fantastic model of affordable senior living and I support the building of more locations!
14.	wendy s	allston, MA	America\'s population is aging. We need to create affordable, efficient senior housing. It is good for all people, for the environment (having group housing rather than individual homes) and the right thing to do. Let\'s help our seniors age comfortable and cared for.
15.	PAMELA L	WEST NEWTON, MA	I know seniors who want to downsize and can find no options that are affordable in the area. Providing social connection in such a community is important for seniors\' welfare.
16.	Nancy S	Waltham, MA	We need more affordable housing in Waltham. Unhoused people need an anchor to work from to be able to focus on meeting other needs, like healthy food and health care. There are many unmet needs of others besides the elderly, but this will help all people by taking care of this group\'s needs
17.	Nancy M	Waltham, MA	
18.	Geoffrey S	WALTHAM, MA	We need affordable senior housing and this will allow for that as well as the continued Leland Home name and reputation.
19.	Marcia M	Waltham, MA	My mother spent her last few years at Leland Home. The Leland Home was a blessing, easing her through her last days and providing me with comfort that she was well cared (continues on next page)

	<b>Name</b>	<b>From</b>	<b>Comments</b>
19.	Marcia M	Waltham, MA	<i>(continued from previous page)</i> for. Waltham needs more affordable senior housing now to provide for our Waltham residents as they age in place.
20.	Edward L	Waltham, MA	My mother spent time at the LeLand Home before she passed. A wonderful place with a wonderful staff. We need this faculty back on line as soon as possible.
21.	Reva gold F	West Newton, MA	Eastern MA is in dire need of affordable housing for seniors!
22.	Anatoly B	Waltham, MA	My wife and I are elderly people. 5 We need inexpensive, high-quality housing. We have been waiting in line in your community for three years now. I hope that something will change for the better in the near future. With respect , Anatoly.
23.	Cid B	Waltham, MA	
24.	Jack M	Waltham, MA	Let\'s lend a hand to those who extended their\'s for others for a lifetime.
25.	Bill L	Concord, MA	Waltham needs a central, affordable housing and care option for our seniors. I saw the work the Leland team did for my mother in a very challenging facility. A new facility built at today\'s standards will allow them to continue to do great things at an even higher level of care. This is very important for our aging Waltham residents. Thank you for your support
26.	Michael D	Waltham, MA	
27.	Bruce B	Waltham, MA	I\'m chairman of the board and have been committed to Leland for 20 years. This is the best project for seniors that I\'ve seen
28.	Charles E	Waltham, MA	Important for our city
29.	Irene L	WALTHAM, MA, MA	I am a senior citizen in search of affordable housing.
30.	Kathy K	Waltham, MA	
31.	Ron R	Waltham, MA	Senior living. great reuse
32.	Suzanne D	WALTHAM, MA	
33.	Donald P	Waltham, MA	Help for the elderly
34.	Mike M	Waltham, MA	
35.	Kristina Z	Waltham, MA	
36.	Alta H	Auburndale, MA	I recently struggled to help my mother find affordable housing in our area, and am aware of how great the need is.
37.	Joan P	Waltham, MA	Would like to see housing for moderate income be available. Seems like most if not all goes to low income folks. Great to hear of this effort
38.	Janet M	Waltham, MA	Family members and I grew up in waltham and we need this for seniors.
39.	Anna C	Waltham, MA	

	<b>Name</b>	<b>From</b>	<b>Comments</b>
40.	Robert M	Waltham, MA	
41.	Danielle M	Waltham, MA	
42.	Mark P	Waltham, MA	Every community should contribute to the health and welfare of senior citizens
43.	Nick E	Waltham, MA	
44.	Nehemie B	Waltham, MA	It would help provide homes for our less fortunate seniors in the community and reduce homelessness
45.	JOE N	WALTHAM, MA	
46.	Valeriia L	Waltham, MA	
47.	Marina S	Newton, MA	We need to have more affordable housings in Waltham, where I live right now.
48.	Oleksander L	Waltham, MA	We need affordable senior housing in Waltham.
49.	Sue H	Waltham, MA	
50.	Judy F	Waltham, MA	We very much need more affordable housing in Waltham. This would be an excellent use of Leland House.
51.	Katherine S	Waltham, MA	
52.	Jenn N	Waltham, MA	
53.	Merle G	Chestnut Hill, MA	
54.	Shikena S	Waltham, MA	
55.	Paulette J	Waltham, MA	
56.	Philomena P	Waltham, MA	
57.	Logan S	Waltham, MA	Affordable housing is a huge issue in Waltham, and we should provide as much of it as we can!
58.	Corinne L	Waltham, MA	It is critical that we have more affordable housing in Waltham and this project sounds like an excellent way to create more of it.
59.	Toba S	Waltham, MA	
60.	William H	West Newton, MA	Vibrant communities require affordable housing.
61.	Harvey G	Waltham, MA	Adequate affordable housing is one of the most critical needs of our nation and we can help with this project.
62.	Sherdena C	Waltham, MA	
63.	Sandra S	Waltham, MA	I work in the senior living industry (Hebrew SeniorLife) at a CCRC in Canton. We get calls regarding affordable housing ALL THE TIME and it would be wonderful to have additional options available in the great city of Waltham. We need more options for seniors so they can live in community where they can form friendships, learn new things, and decrease the isolation that so many of them face living alone.
64.	Diana Y	Waltham, MA	It's time to use Waltham CPA funds to create housing as well as protecting existing housing.
65.	David G	Waltham, MA	



	<b>Name</b>	<b>From</b>	<b>Comments</b>
66.	Robert R	WALTHAM, MA	Because diversity keeps communities healthy.
67.	Anne L	Waltham, MA	More affordable housing- especially for seniors -is needed in Waltham.
68.	Susan B	Waltham, MA	We must provide for safe and affordable housing for the seniors in our community. The use of CPA funds to provide affordable housing such as this proposal is an appropriate use of such funds and should be an important investment for our community.
69.	Anjana B	Waltham, MA	The need exists and it's the right thing to do.
70.	Maureen T	Waltham, MA	
71.	joe m	waltham, MA	
72.	Joyce N	Waltham, MA	
73.	Helene G	Waltham, MA	Aging in your familiar community is important ant
74.	Joan R	Waltham, MA	With the tsunami of aging boomers, there will be a dramatic need for senior housing that is affordable. I support bring a leader in senior housing to Waltham.
75.	Marianne P	Waltham, MA	Golden years should be golden years, not tarnished by unaffordable housing and poverty. Elder residents more than deserve to feel comfortable and safe.
76.	Helen B	Waltham, MA	Waltham offers very few opportunities for seniors to live on their own and, with our expanding and aging community, it is vital that we support their ability to continue to live in Waltham, with an interesting quality of life.
77.	Beverly R	Waltham, MA	I fully support this affordable housing project for seniors in Waltham; a wonderful opportunity for our elderly community.
78.	Pauline C	Waltham, MA	
79.	Elaine H	Waynesville, NC	Being on the board of the Friends of Waltham Senior Citizens, I see first hand the needs of the seniors. Decent affordable housing is certainly top on the list!
80.	Elsine O	Waltham, MA	
81.	Kelly H	Chelmsford, MA	My parents are in Waltham several of their friends could use affordable housing in the area.
82.	David B	Waltham, MA	Senior housing is an important issue
83.	James T	Waltham, MA	We need quality housing for our seniors with support services.
84.	Mark Q	Waltham, MA	Waltham needs more affordable options for their seniors!
85.	Betty R	Waltham, MA	It would be very nice have more options of elderly living in Waltham that is also affordable.
86.	Karen R	Waltham, MA	There is a NEED for affordable senior living in Waltham.
87.	Glen D	Waltham, MA	Waltham has demand for more affordable housing for seniors.

	<b>Name</b>	<b>From</b>	<b>Comments</b>
88.	Bob T	Waltham, MA	
89.	Jaime M	Waltham, MA	I feel the seniors of Waltham should have a safe and affordable place to call home! The Leland home is beautiful and would be the most perfect place for the seniors of Waltham! Especially being located right next to the senior center!
90.	Jayne M	Waltham, MA	
91.	Roberta T	Waltham, MA	There are elders in need who may have few living options as they grow old.
92.	Lisa R	Waltham, MA	Because my mom is elderly, and is on limited low income.
93.	ken I	Toronto, ca	



**2Life**  
COMMUNITIES

Age affordably. Live well.

July 29, 2021

Waltham City Council  
c/o Robert J. Waddick, City Clerk and Joseph Vizzard, Assistant City Clerk  
City of Waltham  
610 Main Street  
Waltham, Massachusetts 02452

Dear Councillors,

I am writing to provide you with an update on our Leland Home project, which has evolved since we were last before you for consideration of a \$6 million CPA award. With Councilor Joey LaCava's assistance we have worked with the community to further develop our vision with the following changes that I am pleased to report address neighbors' concerns about the project's impact on traffic, parking and neighborhood context, while preserving the mission of the project – *to redevelop the Leland Home as 100% affordable supportive housing for Waltham's lower income older adults*:

- The project will consist of 68 affordable apartments (originally 79)
- The maximum height will be three stories (originally 4 stories)
- There will be a total of 51 parking spaces and a .75 ratio (originally 40 spaces and a .5 ratio)
- There will be a drop off zone and guest parking on Newton Street to minimize stop and go traffic on Newton Street and provide visitor convenience

While minor alterations were made to the site plan and design to accommodate these changes, we were able to maintain our commitment to preserve the three mature trees on Newton Street, prohibit left turns onto Newton St., maintain a gracious and welcoming front porch to honor Leland's existing porch and create a large village center on the ground floor for delivery of programs and services.

In the intervening time since our original proposal to the CPC in February, we have also been able to restructure the anticipated state and federal financing to lower the rents on 13 of the apartments making them even more affordable. Now 97% of the apartments (66 apartments) will be affordable at or below 60% of the area median income, rather than the prior mix of 67% at this level with 23% at or below 100% of AMI (note 2 rent-free apartments are set aside for live-in staff to provide off-hours emergency response). We

SUPPORTED BY



30 Wallingford Road • Brighton, MA 02135-4753

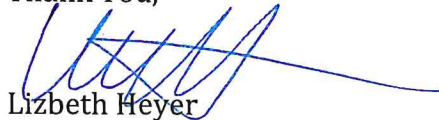
TEL 617-912-8400 • FAX 617-912-8489 • [2lifecommunities.org](http://2lifecommunities.org)

believe the revised income mix and lower rents will more appropriately serve older adults in Waltham where 53% earn less than \$50,000 per year.

We feel these changes make the project stronger and exemplify our commitment to maximum affordability and being a thoughtful and responsive neighbor. We will be appearing before the CPC tomorrow to provide an update on these project changes and hopefully confirm their continued support of \$6 million.

I look forward to being before you for Monday evening consideration of our CPA request and am happy to answer any questions you may have at 857-231-0146 or [lheyer@2lifecommunities.org](mailto:lheyer@2lifecommunities.org).

Thank You,



Lizbeth Heyer  
Chief of Real Estate and Innovation

SUPPORTED BY



30 Wallingford Road • Brighton, MA 02135-4753  
TEL 617-912-8400 • FAX 617-912-8489 • [2lifecommunities.org](http://2lifecommunities.org)



## APPRAISAL OF THE GOING CONCERN

The Leland Home  
21 Newton Street  
Waltham, Middlesex County, Massachusetts 02453

As of February 19, 2020

### Prepared For:

Deaconess Abundant Life Communities  
80 Deaconess Road  
Concord, Massachusetts 01742

### Prepared By:

Cushman & Wakefield of Massachusetts, Inc.  
Senior Housing/Healthcare Industry Group  
225 Franklin Street  
Boston, Massachusetts 02110  
Cushman & Wakefield File ID: 20-27001-900272





The Leland Home  
21 Newton Street  
Waltham, Middlesex County, Massachusetts 02453



Cushman & Wakefield of Massachusetts, Inc.  
225 Franklin Street  
Boston, Massachusetts 02110  
cushmanwakefield.com

February 24, 2020

Jim McGowan  
Chief Financial Officer  
**Deaconess Abundant Life Communities**  
80 Deaconess Road  
Concord, Massachusetts 01742

Re: Appraisal of the Going Concern  
In an Appraisal Report

**The Leland Home**  
21 Newton Street  
Waltham, Middlesex County, Massachusetts 02453

C&W File ID: 20-27001-900272

Dear Mr. McGowan:

In fulfillment of our agreement as outlined in the Letter of Engagement, we are pleased to transmit our appraisal of the above property in an appraisal report dated February 24, 2020. The date of value "As Is" was February 19, 2020.

The value opinion in this report is qualified by certain assumptions, limiting conditions, certifications, and definitions. We particularly call your attention to the extraordinary assumptions and hypothetical conditions listed after our value estimate.

This appraisal has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP), including the Competency Provision.

The property consists of an existing 39-licensed bed, residential care facility known as The Leland Home, which was originally constructed circa 1900. The facility currently contains 17,027± square feet of gross building area and is situated on a 1.508-acre parcel of land. The facility occupancy was 74 percent at the time of inspection. Stabilized residential care occupancy has been forecast as 85.0 percent.

The property is licensed as a Level IV Rest home. It has a good location in downtown Waltham adjacent to the William F. Stanley Senior Center. The property appears to be well maintained, but contains elements of functional obsolescence, with relatively narrow hallways and a decentralized building layout.

The property has been appraised as a going concern (also referred to in the industry as Total Assets of the Business, TAB) and assumes a fair sale, which includes the transfer of a valid operating license, an assembled workforce, and the transfer of all business assets necessary for the operation of a licensed health care facility.

Based on the agreed to Scope of Work, and as outlined in the report, we have developed an opinion that the Market Value of the Fee Simple estate of the referenced property as a going concern, subject to the assumptions and limiting conditions, certifications, extraordinary and hypothetical conditions as follows:

VALUE CONCLUSIONS			
Appraisal Premise	Real Property Interest	Date of Value	Value Conclusion
Market Value As-Is	Fee Simple Going Concern	February 19, 2020	\$1,960,000

Allocations to Real Property, FF&E and Business enterprise value are detailed below.

BUSINESS ENTERPRISE ALLOCATIONS		C&W Year 1 As-Is
		As Of: 2/19/20
Going Concern Value		\$1,960,000
Allocation:		
Value of Real Property:		\$1,740,000
Value of FF&E		\$60,000
Allocation to BEV		\$160,000

## Insurable Value

The insurable value for the improvements is estimated to be \$1,800,000. We note that insurable value does not include any fixtures, furnishings and equipment (FF&E) that are necessary for the going concern value of the property. Insurance riders generally do not include FF&E as part of the insurable value.

The value opinions in this report are qualified by certain assumptions, limiting conditions, certifications, and definitions. We particularly call your attention to the extraordinary assumptions and hypothetical conditions listed below.

## 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 state licensing requirements over the remaining economic life of the improvements.

## 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.

- None



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 MASSACHUSETTS, INC.**



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Wade A. Collins, MAI  
Senior Director  
Senior Housing/Healthcare Industry Group  
Massachusetts Certified General Appraiser  
License No. 102308  
License Expiration Date August 9, 2021  
wade.collins@cushwake.com  
617-204-4166 Office Direct  
617-330-9499 Fax

## Summary of Salient Facts and Conclusions

The property consists of a one-building, three-story residential care facility containing 39 licensed beds and 39 operating beds situated on a 1.508-acre parcel of land.

### BASIC INFORMATION

<b>Common Property Name:</b>	The Leland Home	
<b>Address:</b>	21 Newton Street Waltham, Massachusetts, 02453	
<b>County:</b>	Middlesex	
<b>Property Latitude/Longitude:</b>	42.37631	-71.229510
<b>Property Ownership Entity:</b>	Leland Home for Women	

### SITE INFORMATION

<b>Land Area:</b>	<b><u>Square Feet</u></b>	<b><u>Acres</u></b>
<b>Total Land Area:</b>	65,688	1.508
<b>Site Shape:</b>	Irregular	
<b>Site Topography:</b>	Level	
<b>Frontage:</b>	Good	
<b>Site Utility:</b>	Good	
<b>Flood Zone Status:</b>		
<b>Flood Zone:</b>	FEMA Zone X	
<b>Flood Panel Number:</b>	250222-0413E	
<b>Flood Map Date:</b>	June 4, 2010	

### PROPERTY INFORMATION

<b>Type of Property:</b>	Residential Care
<b>Building Area</b>	
<b>Total Operating Beds:</b>	39
<b>Total Licensed Beds:</b>	39
<b>Gross Building Area:</b>	17,027 SF
<b>Number of Buildings:</b>	One
<b>Number of Stories:</b>	Three
<b>Parking Spaces:</b>	24
<b>Quality:</b>	Average
<b>Year Built:</b>	1900
<b>Condition:</b>	Average

**MUNICIPAL INFORMATION****Assessment Information:**

<b>Assessing Jurisdiction</b>	City of Waltham
<b>Assessor's Parcel Identification No.</b>	R061-013-0003
<b>Current Tax Year</b>	2019
<b>Assessor's Full Market Value</b>	\$2,219,300
<b>Current Tax Liability</b>	\$26,521

**Zoning Information:**

<b>Municipality Governing Zoning</b>	City of Waltham
<b>Current Zoning</b>	RA-3
<b>Is current use permitted?</b>	Yes, with a special permit
<b>Current Use Compliance</b>	Legally Conforming With A Special Permit

**HIGHEST & BEST USE****As Though Vacant:**

As Permitted By Zoning, A Residential Use

**As Improved:**

The Continuation Of Its Current Use As A Senior Housing And Care Facility

**DATES OF INSPECTION AND VALUATION**

<b>Interest Appraised:</b>	Fee Simple Estate of the Going Concern
<b>Date of Inspection:</b>	February 19, 2020
<b>Date of Value - As-Is:</b>	February 19, 2020

**OCCUPANCY**

<b>Current Occupancy:</b>	74%
<b>Stabilized Occupancy:</b>	85%

<b>VALUATION INDICES</b>		<b>Market Value As-Is</b>
<b>Number SNF Beds</b>		<b>39</b>
<b>SALES COMPARISON APPROACH</b>		
Indicated Value:		\$2,060,000
Per Bed:		\$52,821
Per SF:		\$121
<b>INCOME CAPITALIZATION APPROACH</b>		
<b>Direct Capitalization</b>		
NOI (stabilized):		\$235,616
Capitalization Rate:		12.00%
Indicated Value:		\$1,963,467
Indicated Value Rounded:		\$1,960,000
Per Bed:		\$50,256
Per SF:		\$115
<b>Income Capitalization Approach</b>		
Indicated Value:		\$1,960,000
Per Bed:		\$50,256
Per SF:		\$115
<b>FINAL VALUE CONCLUSION</b>		
Real Property Interest:		Fee Simple
Concluded Value:		\$1,960,000
Per Bed:		\$50,256
Per SF:		\$115
<b>INSURABLE VALUE</b>		
Concluded Value:		\$1,800,000
<b>EXPOSURE AND MARKETING TIME</b>		
Exposure Time:		Four to Six Months
Marketing Time:		Four to Six Months

## Exposure Time

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

We surveyed the following senior housing market participants, all directly involved in the marketing and sale of senior housing and healthcare properties.

SOURCE	SURVEY RANGE
Blueprint - Mike Segal	SNF: 120 - 270 days IL/AL: 120 - 270 days
Colliers - Bob Gaines	SNF: 180 - 270 days IL/AL: 90 - 120 days
Cushman & Wakefield National Senior Housing Brokerage - Mary Christian	SNF: 90 - 180 days, add 30 days for portfolios IL/AL: 60 - 120 days, add 30 days for portfolios
Senior Living Brokerage - Jeff Binder	SNF: 120 - 180 days, add 30 - 45 days for portfolios IL/AL: 60 - 120 days, add 30 - 45 days for portfolios
Evans Senior Investments - Jason Stroiman	SNF: 90 days, no difference for portfolios IL/AL: 90 days, no difference for portfolios
JCH Senior Housing Group - Shep Roylance	SNF: 60 - 90 days, priced right in primary/secondary market SNF: 120 - 180 days, priced high or in tertiary market ILAL: 90 - 120 days, priced right in primary/secondary market IL/AL: 150 - 270 days, priced high or in tertiary market

## MARKETING TIME

In addition to USPAP's requirement for Exposure Time support, certain clients require that Marketing Time is stated and supported.

Based on our knowledge of the market and in discussions with market participants, we are of the opinion the above survey range is still applicable as an estimate for marketing time for the period immediately after the effective date of appraisal.

## Subject's Strengths and Weaknesses

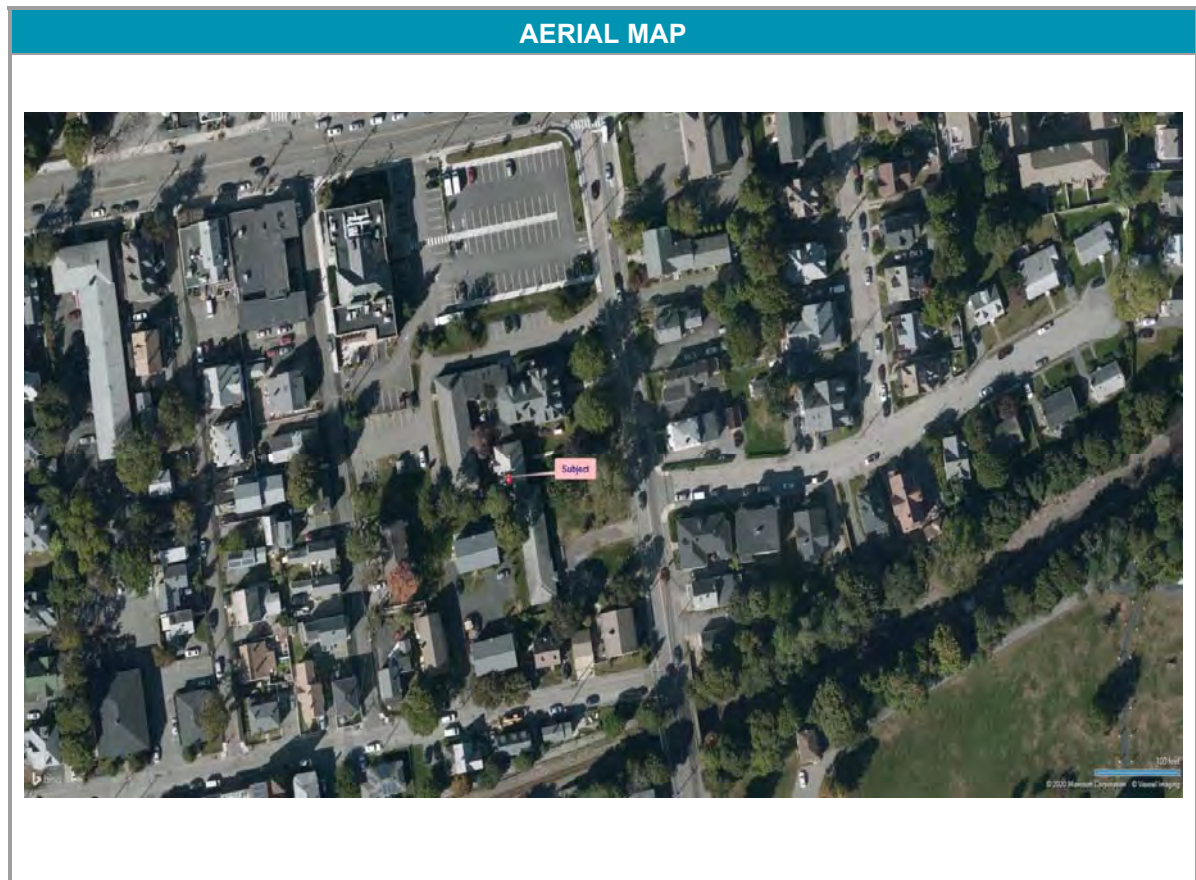
### Subject's Strengths:

- **Location:** The subject property is located within a good suburb of Boston in the downtown area of Waltham. It is adjacent to the William F. Stanley Senior Center.
- **Condition:** The property appears to be well maintained and suitable for use as a Rest Home. Curb appeal is average.

### Subject's Weaknesses:

- **Reliance on Medicaid:** The subject is reliant upon a Medicaid census. The average daily Medicaid rate is lower than the daily rates of the other payor sources such as private pay.
- **Age/Design:** The subject property was constructed circa 1900 and has functional obsolescence with narrow hallways and shared bathrooms.
- **Zoning:** The subject's RA-3 zoning limits redevelopment options for the property.

## Property Photographs







Street View of Property



Northern Exposure of Property



Eastern Exposure of Property



Western Exposure of Property



Southern Exposure of Property

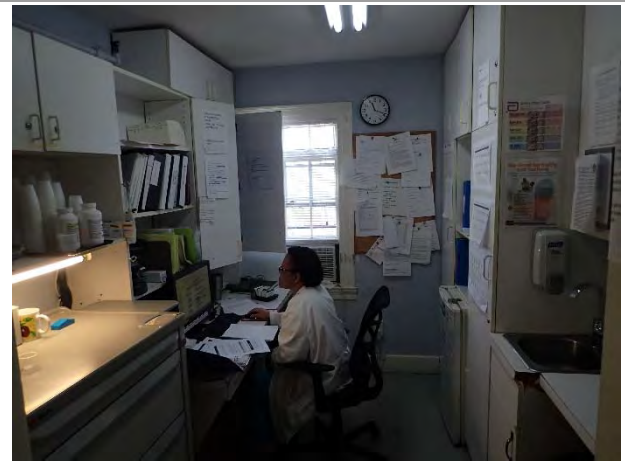


Reception





Typical Hallway



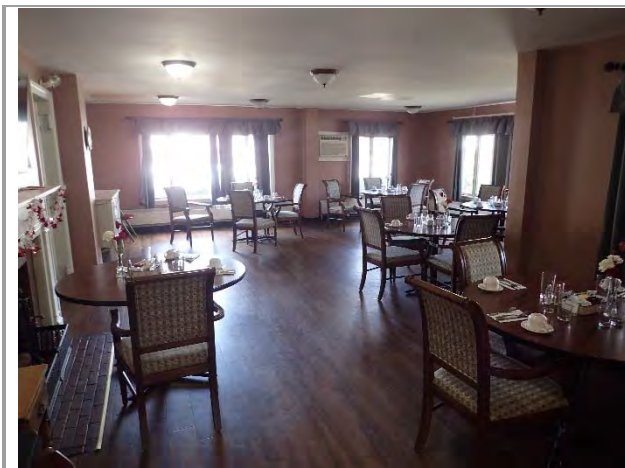
Nurses' Station



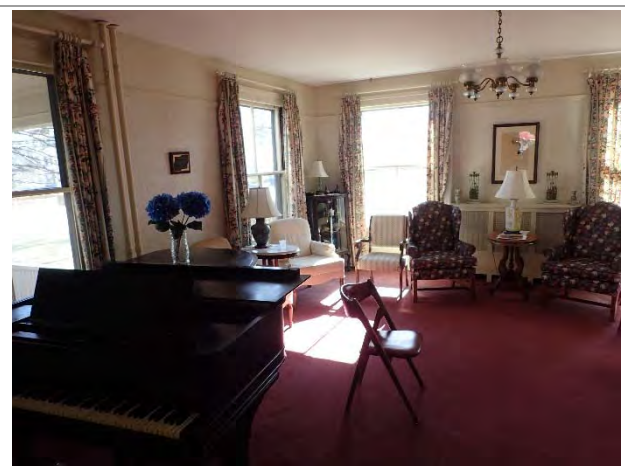
Typical Resident Room



Typical Resident Room



Dining Room



Parlor





Kitchen



Laundry



Looking North along Newton Street



Looking South along Newton Street

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# Introduction

## Scope of Work

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.

## USPAP

This appraisal report is intended to comply with the reporting requirements outlined under USPAP.

Cushman & Wakefield of Massachusetts, Inc. has an internal Quality Control Oversight Program. This Program mandates a "second read" of all appraisals. Assignments prepared and signed solely by designated members (MAIs) are read by another MAI who is not participating in the assignment. Assignments prepared, in whole or in part, by non-designated appraisers require MAI participation, Quality Control Oversight, and signature.

For this assignment, Quality Control Oversight was provided by Gerald V. Rasmussen, MAI, FRICS.

This appraisal employs 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 these approaches would be considered applicable and/or necessary for market participants. The subject's age makes it difficult to accurately form an opinion of depreciation and tends to make the Cost Approach unreliable. Investors do not typically rely on the Cost Approach when purchasing a property such as the subject of this report. Therefore, we have not utilized the Cost Approach to develop an opinion of market value.

**PROPERTY****Identification of Property**

Common Property Name:	The Leland Home
Address:	21 Newton Street Waltham, Massachusetts 02453
Type of Property:	Residential Care
Number of Rooms:	37
Number of Operating Beds:	39
Number of Licensed Beds:	39
Gross Building Area:	17,027 SF
Land Area Acres:	1.508
Assessor's Parcel Identification:	R061-013-0003
Legal Description:	We were not provided with a metes and bounds legal description.

**Property Ownership and Recent History**

Property Ownership Entity	Leland Home for Women
Sale History:	To the best of our knowledge, the property has not transferred within the past three years.
Current Disposition:	To the best of our knowledge, the property is not under contract of sale nor is it being marketed for sale.

**Dates of Valuation**

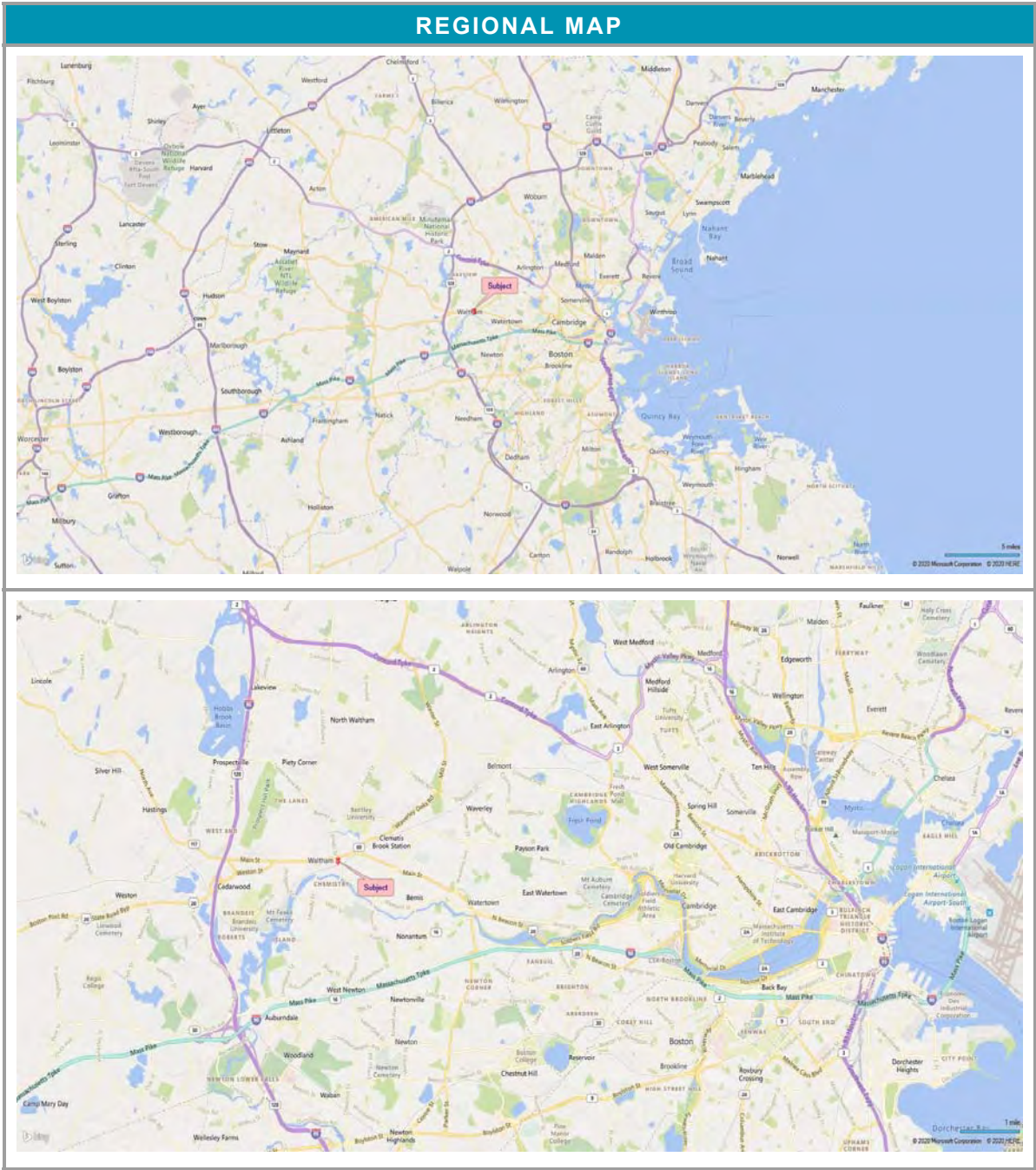
Interest Appraised:	Fee Simple Estate of the Going Concern
Date of Inspection:	February 19, 2020
Date of Value - As-Is:	February 19, 2020
Property Inspection Performed by:	Wade A. Collins, MAI

**CLIENT INTENDED USE AND USERS OF THE APPRAISAL**

Client:	The client of this report is Deaconess Abundant Life Communities.
Intended Use:	This Appraisal is intended to provide an opinion of the Fee Simple Estate of the Going Concern for the purpose of: <ul style="list-style-type: none"> <li>• For internal use.</li> </ul> <p>All other uses are unintended, unless specifically stated in the letter of transmittal.</p>
Intended User:	This Appraisal report was prepared for the exclusive use of Deaconess Abundant Life Communities. Use of this report by others is not intended by the appraiser.



Regional Analysis



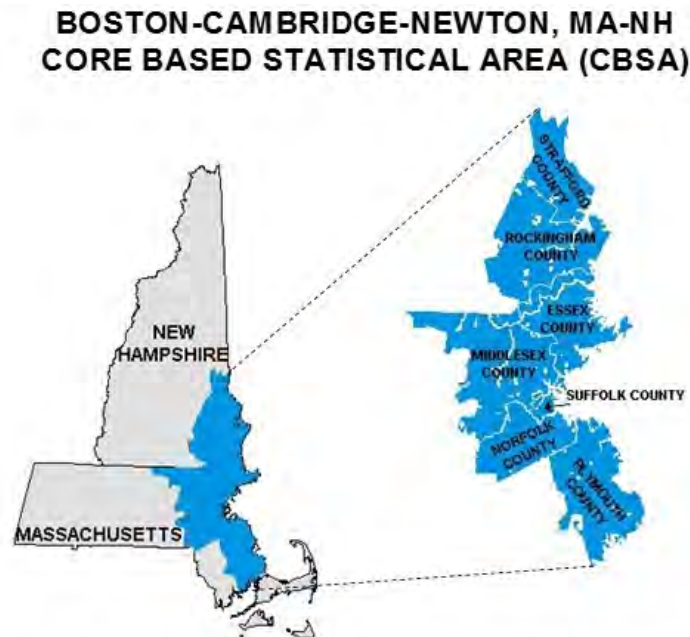
# Greater Boston Regional Market Analysis

## Introduction

The Boston-Cambridge-Newton, Massachusetts-New Hampshire Core Based Statistical Area (CBSA) spans the eastern coast of the Commonwealth of Massachusetts and southeast corner of New Hampshire. The CBSA is home to nearly 4.8 million residents and encompasses five counties in Massachusetts (Essex, Middlesex, Norfolk, Plymouth and Suffolk), as well as Strafford and Rockingham in New Hampshire. Covering approximately 4,913 square miles, the region accounts for 20.8% of the combined land area of Massachusetts and New Hampshire. The CBSA is anchored by the city of Boston, the capital of the Commonwealth of Massachusetts and the seat of Suffolk County. According to Experian Marketing Solutions' 2019 estimates, 14.2% of the CBSA's total population resides in the City of Boston, which has a population of 687,920. Boston is the most populous city in New England and 21<sup>st</sup> largest in the United States.

## Map

The following map highlights the Boston CBSA:



Source: Cushman & Wakefield Valuation & Advisory

## Current Trends

Greater Boston's regional economy continued to grow on the back of dynamic high-tech and biomedical research industries. As the business capital of New England, the regional economy supports a highly-skilled labor pool and offers companies ample access to venture capital, creating a healthy business environment and inciting consistent in-migration by large corporations. Boston offers a significant number of high-wage employment opportunities for its impressive demographics stemming from the activity in the technology and life sciences sectors. The migration of biomedical and high technology business into the CBSA in recent years, particularly into the Cambridge and Seaport submarkets, has supported above-average hiring and income growth. The region's high concentration of finance and technology business makes it vulnerable to the inherent volatility of those industries, but hiring has continued at a healthy pace throughout the year. Although the region is young, well-educated demographics have



supported improving unemployment rates and rising income levels. Despite rapid in-migration, labor market slack and the addition of new workforce entrants has allowed hiring to outpace labor force growth and the market is forecast to sustain a strong pool of talent through the near term, driving employment growth and expansion by the market's top tenants. The high cost of living close to the city has inhibited population growth and the migration patterns of young professionals as luxury apartment construction has risen and created a distinct lack of middle-income housing, but an increase in multifamily construction is helping to alleviate supply constraints in the rental market. Through the near term, the City of Boston's growth will be limited by capacity constraints and the high cost of living, but as new multifamily properties are being delivered look for the market to rebound in the near term. The region's positive demographics should support continued economic expansion in the near term with the CBSA's economic fundamentals, including payroll growth, unemployment rates and income levels continuing to outpace national trends.

Further considerations are as follows:

- In recent years, growth in the Boston CBSA's high-tech business sector has outpaced national averages. The market's highly-skilled talent pool, concentration of research & development resources and access to National Institutes of Health (NIH) funding have incited rapid industry growth, particularly in Cambridge, located northwest of Boston's central business district (CBD). In 2018, Boston led the nation in NIH funding for the 24<sup>th</sup> consecutive year, according to the Boston Planning & Development Agency. The steady flow of NIH and state funding to the Greater Boston Area over the past few decades has been essential to cementing the region as a hub of research and development and innovation. The CBSA's top recipients of NIH funding in fiscal year 2018 were Massachusetts General Hospital with 906 awards, totaling \$465.8 million, Brigham and Women's Hospital with \$388.9 million in funding and Harvard Medical School with \$208.8 million.
- Cambridge developments will continue to drive the region's research & development growth, raising income levels and retaining the recent graduates of the CBSA's elite universities. Alexandria Real Estate has rapidly grown its Cambridge footprint, with the \$725 million purchase of One Kendall Square and the development of 2.6 million rentable square feet at Alexandria Center at Kendall Square, including the 432,500-square-foot complex at 100 Binney Street, which was fully preleased ahead of its fourth quarter 2017 delivery. In April 2017, Alexandria purchased another 3.6-acre property at 303 Binney Street for \$80.25 million. In December 2018, Alexandria opened its full-service life science start-up platform, Alexandria LaunchLabs, at One Kendall Square. Other significant Cambridge developments expected to come online in the longer term include the Massachusetts Institute of Technology's redevelopment of the 14-acre Volpe Transportation Center in Kendall Square and DivcoWest's 42-acre Cambridge Crossing development in East Cambridge. DivcoWest's Cambridge Crossing secured its first commercial tenant in January 2018 when health care technology company Philips NV announced that it will relocate its North American headquarters, and 2,000 employees, from Andover to Cambridge in 2020. In December 2018, Sanofi signed a lease for two buildings at Cambridge Crossing for a combined square footage of 900,000 square feet to be completed by late 2021. The 45-acre Cambridge Crossing will be the first Wired certified neighborhood in New England upon delivery.
- In August 2017, the BPDA Board approved the "Imagine Boston 2030" Inclusionary Development Policy report, which is aimed at increasing affordable/income-restricted housing production through the near term in response to rapid population growth and economic expansion. The plan's documents report a current population of more than 656,000 residents and estimate populations to reach 724,000 by 2030 and approximately 800,000 by 2050. In September 2018, the Walsh administration reported that 18,000 units of housing had opened since 2011 and Mayor Martin J. Walsh increased the original Imagine 2030 housing goal by 30% to 69,000 new units by 2040, 22% of which should be affordable to lower and middle-income residents.

- Transit-oriented development has taken center stage in Boston's CBD and will be essential to the city's long-term growth potential. The BPDA had granted formal approval to developments at Boston's Back Bay Station, North Station and South Station, totaling almost six million square feet of new mixed-use space. Phase I at North Station's 1.9 million-square-foot Hub On Causeway development delivered November 2019, the project has transformed the former resolute neighborhood into an urban and modern neighborhood. The Hub On Causeway features a 200-foot long, 100-foot high retail gallery that connects TD Garden and North Station to Causeway Street. The South Station air rights, which include a 2.5 million-square-foot mixed-use development plans had been accepted.
- After months of litigation and construction delays, Encore Boston Harbor (formerly called Wynn Boston Harbor) broke ground on its \$2.6 billion Encore Boston Harbor resort-casino in August 2016. The 33 acre, three million-square-foot project opened in June 2019 and is expected to generate more than \$260 million in annual tax revenue to the Commonwealth of Massachusetts, and over \$170 million in direct employment wages through more than 4,000 construction jobs and 4,400 full-time employment opportunities. Encore Boston Harbor has spent an additional \$75 million on Everett real estate in order to transform the entire neighborhood into an entertainment destination. The luxury resort, built by Suffolk Construction, will include a 629-room hotel, gaming area, spa and fitness center, retail space, restaurants, event spaces and a 1.5 million-square-foot garage.

## Demographic Characteristics

The Boston CBSA's median age of 39 years is one year higher than the national median age of 38 years. The Boston CBSA outperforms the nation in its affluence and educational attainment, with an average annual household income of \$123,852 and 45.6% of its population holding bachelor's degree or higher. Only 30.4% of the nation's population holds a bachelor's or advanced degree and the Boston CBSA's high educational attainment stems from the region's share of high-profile higher learning institutions. With the growth the tech sector has had in the nation over the last decade, Greater Boston has largely benefitted from raised income levels and improved demographics.

The following chart compares the demographic characteristics of Greater Boston with those of the United States:

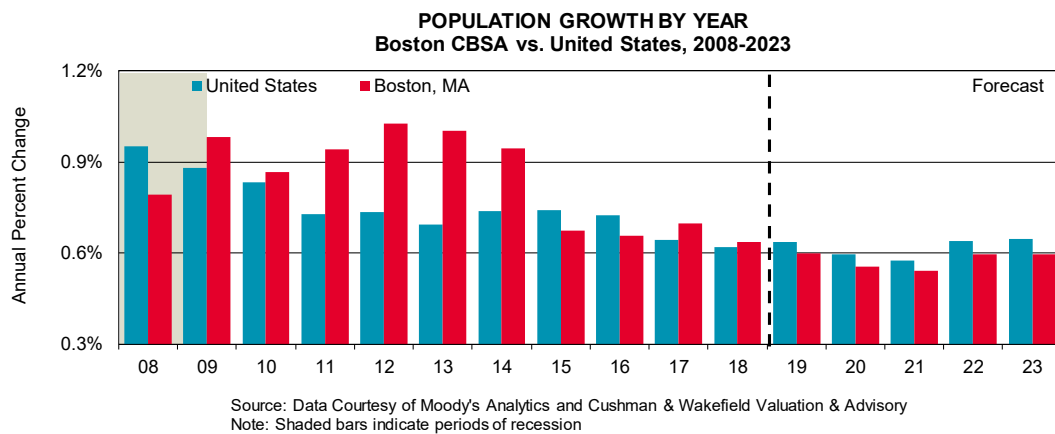
Demographic Characteristics Boston CBSA vs. United States 2019 Estimates		
Characteristic	Boston CBSA	United States
Median Age (years)	39	38
Average Annual Household Income	\$123,852	\$87,636
Median Annual Household Income	\$87,481	\$60,811
<i>Households by Annual Income Level:</i>		
<\$25,000	15.5%	20.3%
\$25,000 to \$49,999	14.6%	21.4%
\$50,000 to \$74,999	13.6%	18.0%
\$75,000 to \$99,999	12.4%	13.0%
\$100,000 plus	44.0%	27.2%
<i>Education Breakdown:</i>		
< High School	8.9%	13.0%
High School Graduate	23.5%	27.6%
College < Bachelor Degree	22.1%	29.0%
Bachelor Degree	25.1%	18.9%
Advanced Degree	20.5%	11.5%

Source: © 2019 Experian Marketing Solutions, Inc. •All rights reserved•  
Cushman & Wakefield Valuation & Advisory

## Population

Over the past decade, the Boston CBSA's annual population growth of 0.8% led the national trends by 10 basis points. Since 2008, the region's population expansion has been limited by the high cost of living and consistently rising home prices downtown and in the expensive suburbs. Moody's Analytics reported Boston's cost of living at 120% in May 2019 compared to the United States' base cost of 100%. Despite the high cost of living, the Boston CBSA's concentration of education institutions provides a talented labor pool of young professionals. The CBSA is able to retain the majority of post graduates due to its vibrant live, work, play environment and ample high-wage employment opportunities. The number of high-profile companies in the downtown area promotes movement into the region, particularly from Providence, Connecticut and New York, and will help the region to grow its population slowly in the near term. The population growth through 2023 is projected to be in line with the nation's average annual growth rate of 0.6%. The region looks to continue to outperform the rest of the northeast in the near term.

The following chart compares population growth between Greater Boston and the United States:



The following table shows Greater Boston's annualized population growth:

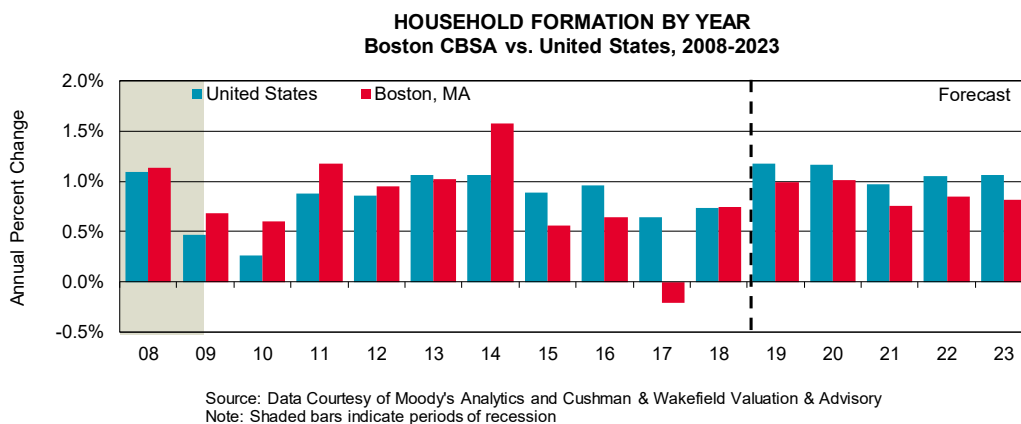
Annualized Population Growth by County Boston CBSA 2008-2023						
Population (000's)	2008	2018	Forecast 2019	Forecast 2023	Compound Annual Growth Rate 08-18	Compound Annual Growth Rate 19-23
United States	304,094.0	327,167.4	329,248.0	337,419.0	0.7%	0.6%
<b>Boston Region</b>	<b>4,483.1</b>	<b>4,875.4</b>	<b>4,904.6</b>	<b>5,017.9</b>	<b>0.8%</b>	<b>0.6%</b>
Essex County	734.4	790.6	794.8	812.1	0.7%	0.5%
Middlesex County	1,477.0	1,614.7	1,624.6	1,662.3	0.9%	0.6%
Norfolk County	661.7	705.4	707.9	717.7	0.6%	0.3%
Plymouth County	490.4	518.1	519.9	528.5	0.6%	0.4%
Suffolk County	702.2	807.3	815.6	846.4	1.4%	0.9%
Rockingham County	295.0	309.2	311.0	317.0	0.5%	0.5%
Strafford County	122.5	130.1	130.9	133.9	0.6%	0.6%

Source: Data Courtesy of Moody's Analytics, Cushman & Wakefield Valuation & Advisory

## Households

Household formation in the Boston CBSA paralleled the national growth rate between 2008 and 2018, at 0.8% annual expansion. Through 2023, Suffolk County will lead the region in household formation rates, expanding at the average annual rate of 0.9%. In November 2019, the Greater Boston Association of Realtors reported a 16% decrease in year-to-date single-family home sales as compared to November 2018. The median sales price of single-family homes rose 2.3% year-over-year, to \$599,900. Condominium sales in Greater Boston dropped 6.8% over the same time period and median sales went unchanged from the year prior. Currently, there is a sense of urgency in the Greater Boston housing market and supply is not keeping up with demand. Within the region, sale prices have either peaked or plateaued in the entry level market. Through 2023, Boston CBSA's household formation will continue to grow at an average annual rate of 0.9%, as it trails the nation's projected rate by an average of 20 basis points.

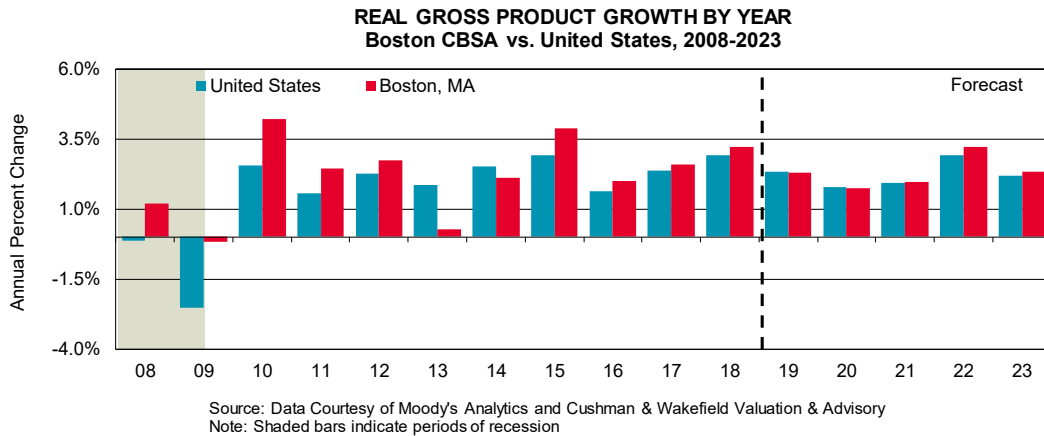
The chart below compares household formation growth between Greater Boston and the United States:



## Gross Metro Product

Gross Metro Product (GMP) is defined as the market value of all final goods and services produced within a metropolitan area and, when compared to the nation's Gross Domestic Product (GDP), can determine shifting economic trends in a given region. From 2008 to 2018, the Boston CBSA grew its GMP by 2.3% per annum. A large portion of Boston's GMP output is provided by high value-added industries including high-tech and biomedical research and development. Computers, electronics, chemicals and transportation equipment are just some of the exports that are surging in Greater Boston. These industries are forecast to see notable growth in the near term due to expansion of the high-tech industry and national healthcare reform. The Boston region's GMP is expected to grow by 2.3% annually through 2023.

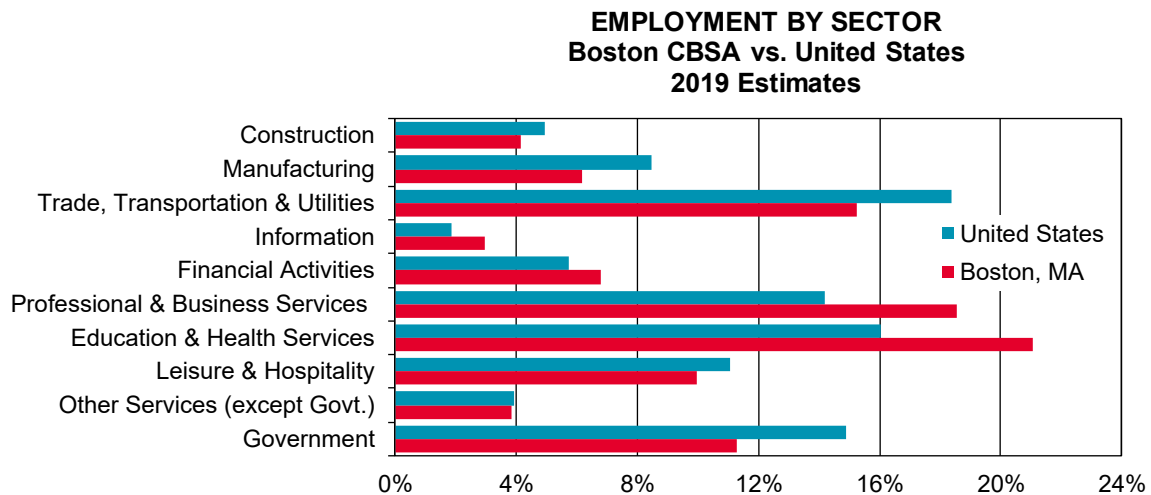
The chart below compares gross product growth by year for Greater Boston and the United States:



## Employment Distribution

The Boston CBSA's industry mix is heavily weighted in the education & health services, professional & business services and trade, transportation & utilities employment sectors, which hold an aggregate 54.7% share of total nonfarm employment. The CBSA is home to some of the world's leading universities and research institutions, like Harvard University and Massachusetts Institute of Technology (MIT). Boston boasts 35 colleges and universities and serves more than 250,000 students. Technology, pharmaceutical and start-up companies have been attracted to Boston in the past few years behind a strong, talented and young labor pool. Pharmaceutical companies are key catalysts for the Boston health services sector and often cluster around first-rate medical facilities. Boston will continue to see its technology and pharmaceutical industries improve and advance over the near term.

The following chart compares non-farm employment sectors for Greater Boston and the United States:



Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory

## Major Employers

The following table lists Greater Boston's largest employers:

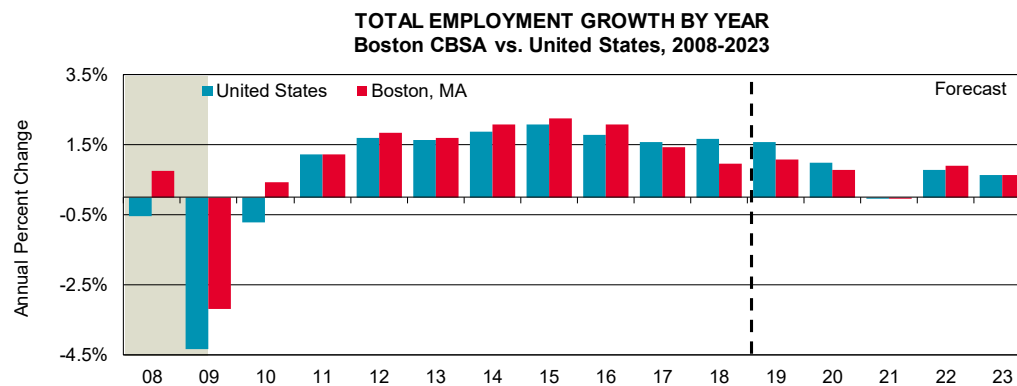
Largest Employers Boston-Cambridge-Newton, MA-NH		
Company	No. of Employees	Business Type
Partners HealthCare	58,004	Healthcare
University of Massachusetts	24,086	Education
Stop & Shop Supermarket Co.	21,811	Retail
Steward Health Care System	18,000	Healthcare
Beth Israel Deaconess Medical Center	14,777	Healthcare
State Street Corp.	11,749	Financial Services
Children's Hospital Boston	11,075	Healthcare
Massachusetts General Hospital	10,000	Healthcare
Brigham & Women's Hospital	10,000	Healthcare
Boston University	9,982	Education

Source: Boston Business Journal Book of Lists, Boston Globe and Cushman & Wakefield Valuation & Advisory

## Employment Growth

Employment growth in the Boston CBSA outpaced the national average five of the past ten years, a testament to the strength of the regional education & health services sector that powered through the past recession. According to Moody's Analytics, Boston is well into expansion mode, outperforming the rest of New England's recovery from the recession through significant payroll increases in high value-added industries. High-tech services will continue to be one of the fastest growing sectors through the near term. Technology demonstrated its strength in the aftermath of the recession, expanding rapidly in the years after and since 2010, software publishing and computer systems design employment in Boston increased more than 43%. Through 2023, total nonfarm payrolls are projected to expand 0.6% annually, trending alongside the national rate. Payroll expansion is forecast across nearly every industry sector, except for manufacturing, and will be led by large gains in the leisure & hospitality and professional & business service sectors through 2023.

The following chart illustrates employment growth for Greater Boston and the United States:

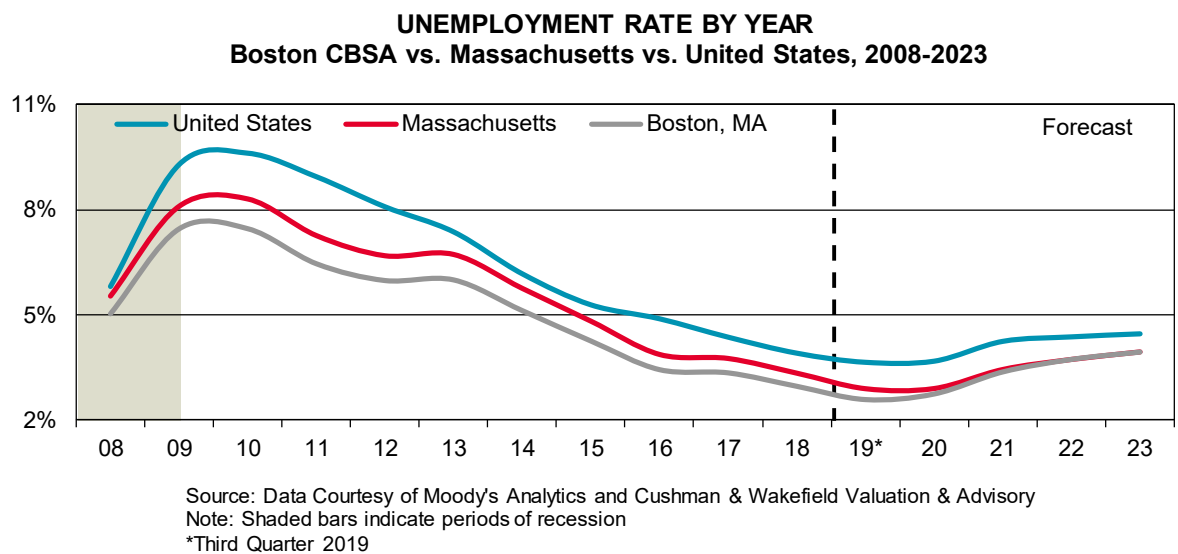




## Unemployment

In November 2019, the Bureau of Labor Statistics (BLS) reported a preliminary unemployment rate of 2.1% in the Boston CBSA, down 30 basis points year-over-year. The nation posted an unemployment rate of 3.5% in November 2019 and the Commonwealth of Massachusetts recorded an unemployment rate of 2.9% during the same period. In the near term, the CBSA's unemployment rate will trend below both state and national numbers, supported by the stability of the education & health services sectors and the growth of the technology and professional & business services sectors. In the long term, the region can expect to see slight increases to its unemployment rate as a result of constraints in the labor market and a potential future lack of young professional talent due to barriers to entry, including high rental rates and a lack of middle-income housing.

The graph below illustrates unemployment rates for Greater Boston, the Commonwealth of Massachusetts, and the United States:



## Conclusion

Greater Boston benefits from the tech industry, which helps to shape the region past other Northeastern markets. With its location near the likes of Harvard University and MIT, Boston is able to have a steady labor pool of talented workers fresh out of college. The highly educated workforce improves Boston's overall demographics, with a median household income almost \$27,000 higher than the national average. With population growth expected to improve by 0.6% annually through 2023, household formation is projected to increase by 0.9% annually over the same time period. This should continue to drive a sense of urgency in sales of single-family homes as inventory dwindles in the near term. The Boston CBSA is one of the northeast's best markets and will continue to perform at high levels behind the educational & health services sector and increases in the technology sector.

# Senior Living Industry Overview

## Skilled Nursing Industry Overview

The health care industry, in general, is subject to regulation by a number of governmental agencies, including those that administer the Medicaid and Medicare programs, as well as other federal, state and sometimes local governmental agencies. As a result, the industry is sensitive to legislative changes in these programs and is affected by reductions in governmental spending for such programs.

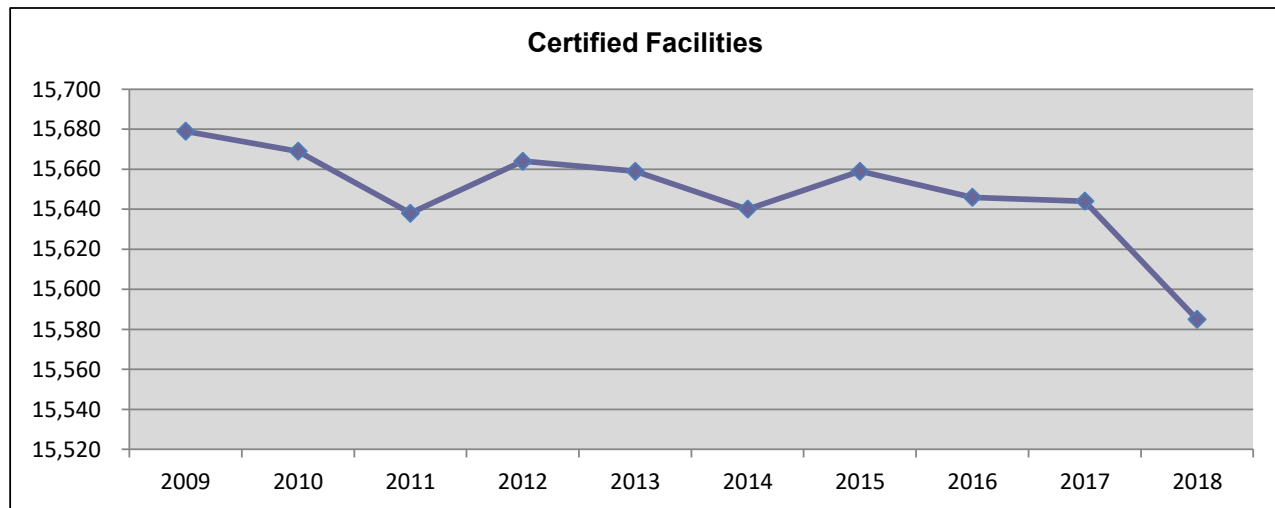
The following projections are produced annually by the Office of the Actuary at the Centers for Medicare & Medicaid Services and presented in the National Health Expenditure Projections 2018-2027. National health spending is projected to grow at an average rate of 5.5 percent per year for 2018-27 and reach nearly \$6.0 trillion by 2027. Health spending is projected to grow 0.8 percentage points faster than Gross Domestic Product (GDP) per year over the 2018-27 period; as a result, the health share of GDP is expected to rise from 17.9 percent in 2017 to 19.4 percent by 2027. Key economic and demographic factors fundamental to the health sector are anticipated to be major drivers during 2018-27. Prices for health care goods and services are projected to grow somewhat faster over 2018-2027 (2.5 percent compared to 1.1 percent for 2014-17).

In 2019, Medicare spending growth is projected to accelerate again to 7.1 percent related to higher fee-for-service payment rates. Over 2020-27, Medicare spending is projected to grow by 7.6 per year on average, or 0.5 percentage point more rapidly on average than in 2019, reflecting the expectation of a continued rebound in growth in the volume and intensity of Medicare services to rates more similar to the program's long-term historical experience.

Medicaid spending growth was estimated at 2.2 percent in 2018 and 2.9 percent in 2017. In 2019, Medicaid spending is projected to accelerate to 4.8 percent, due largely to the 1.3 percentage point acceleration in enrollment growth. This faster enrollment growth reflects the effects of the expansion of the program in five states in 2019. Over 2020-27, growth in Medicaid spending is projected to rise further to an average of 6.0 percent per year, influenced by faster per enrollee spending growth. Underlying this faster growth in per enrollee spending is an expectation of an enrollment mix more heavily influenced by spending patterns of comparatively more expensive aged and disabled beneficiaries.

## The Size of the Market

As of December 31, 2018, the number of facilities nationally was 15,585, which is a decline of 0.6 percent from ten years ago.



Source: CASPER, Dec. 31, 2018 (Data reflects the last standard health survey of active SNF/NF; excludes complaint, federal monitoring, and special focus surveys)

## Occupancy Patterns

According to the NIC MAP® Data Service, Q2 of 2019, nursing care occupancy decreased as absorption was negative for the quarter. In Q2 of 2019, occupancy was 86.7 percent, which is down 10 basis points from the prior quarter.

NIC SENIORS HOUSING OCCUPANCY				
	2 <sup>ND</sup> QUARTER 2019	1 <sup>ST</sup> QUARTER 2019	4 <sup>TH</sup> QUARTER 2018	3 <sup>RD</sup> QUARTER 2018
Majority SNF	86.7%	86.8%	86.0%	86.2%
				2 <sup>ND</sup> QUARTER 2018
				86.5%

Source: NIC MAP® Data Service

While senior population has increased as an overall share, occupancy levels have remained relatively flat or down, as most states have increased their use of alternative care settings such as home health, assisted living Medicaid Waiver and other community-based services.

## Sources of Revenue

There are several sources of revenue for nursing facilities, including Medicaid, Medicare, self-pay or private pay, private insurance and other governmental programs such as the Veterans' Administration. A summary of current payor mix for nursing homes in the country, as reported by American Health Care Association, is shown in the following table.

Payor Sources for Nursing Homes			
	Medicare	Medicaid	Other
% of Patients	12.8%	62.0%	25.3%
Source: AHCA Nursing Facility Patient Characteristics Report, January 2019			

## Medicaid

Medicaid, known as Medi-Cal in California, came into being on July 30, 1965 as Title 19 of Public Law 89-97. It is a partially federally funded, state administered medical assistance program intended, in part, to provide the poor with access to adequate health care. All states are required to provide certain basic services to Medicaid recipients, including hospital, physician and skilled nursing facility services.

## Medicare

The Medicare program is a federal health insurance program for people 65 or older and certain disabled people without regard to income or assets. The program was enacted in 1965 under Title 18 of the Social Security Act and is run by the Health Care Financing Administration of the U.S. Department of Health and Human Services. Although there are some exceptions, the Medicare program was enacted primarily to provide care for conditions resulting from a short-term acute illness.

Medicare Part A coverage is for a maximum of 100 days in each benefit period (a benefit period ends when a patient has been out of the nursing facility for 60 consecutive days). Part A pays for 100 percent of the covered services for the first 20 days in a skilled nursing facility. From the 21st day through the 100th day, Medicare Part A covers a portion of the costs and the balance is charged to the patient directly by the nursing facility. A Medicare eligible person can purchase "Medigap" insurance, which will cover this out-of-pocket expense.

Medicare Part B (medical insurance) is part of Original Medicare and covers services and supplies that are medically necessary to treat your health condition. This can include outpatient care, preventive services, ambulance services, and durable medical equipment. Part B also covers part-time or intermittent home health and rehabilitative services, such as physical therapy, if they are ordered by a doctor to treat your condition.

Medicare Part C is not a separate benefit. Part C is the part of Medicare policy that allows private health insurance companies to provide Medicare benefits. These Medicare private health plans, such as HMOs and PPOs, are known as Medicare Advantage plans. If you want, you can choose to get your Medicare coverage through a Medicare Advantage plan instead of Original Medicare. Medicare Part D helps to cover the costs of your prescription drugs. Medicare-approved private insurance companies offer Medicare Part D prescription drug plans.

## Medicare Legislation - Patient-Driven Payment Model Summary

The Centers for Medicare and Medicaid Services (CMS) has replaced their case-mix classification reimbursement methodology, Resource Utilization Groups (RUGs) with a revised case-mix methodology called the Patient-Driven Payment Model (PDPM). The PDPM model is effective October 1, 2019.

Skilled nursing providers will have to categorize residents across five categories which are:

- two nursing case mixes that are nursing and non-therapy ancillary (NTA)
- one each for physical therapy (PT), occupational therapy (OT) and speech-language pathology (SLP)

The payment for each component is calculated by multiplying the Case-Mix Index for the resident's group first by the component federal base payment rate, then by the specific day in the variable per diem adjustment schedule. The variability of the rate table allows for higher reimbursement rates for therapies accomplished in fewer days, thus the rate for a patient may change during their therapy.

Historically CMS has applied annual market increases across each individual RUG category. The increases are presented in following chart.



SNF Market Basket Index	
Start Date For Rate Change	SNF Market Basket Increase
October 1, 2010	2.3%
October 1, 2011	1.7%
October 1, 2012	1.8%
October 1, 2013	1.3%
October 1, 2014	2.0%
October 1, 2015	1.2%
October 1, 2016	2.4%
October 1, 2017	1.0%
October 1, 2018	2.4%

The October 1, 2019 increase reflects an overall funding increase of \$851 million or 2.4 percent.

#### Patient-Driven Payment Model (PDPM) Key Points

- PDPM will be much less complex than the previous model.
- CMS anticipates that this new system would reduce the administrative burden with savings of approximately \$2 billion over ten years under the reduced reporting requirements.
- Reduction in reimbursement with length of stay. PDPM will have reduction in reimbursement on the length of stay for PT, OT and NTA classifications. For PT and OT, days one-20 would be reimbursed at the full rate. On day 21, a decreasing adjustment factor of two percent is applied every seven days throughout the remainder of the stay. NTA days one to three are reimbursed at an increase adjustment factor of three. Day four and the remainder of the stay, the reimbursement is adjusted to a factor of one.
- For HIV/AIDS residents, the nursing portion would be increased by 18 percent.
- Residents are classified into 10 clinical categories as determined by International Classification of Diseases (ICD). The categories are: major joint replacement or spinal surgery, cancer, non-surgical orthopedic/musculoskeletal, pulmonary, orthopedic, cardiovascular and coagulations, acute infections, acute neurologic, medical management, and non-orthopedic surgery.
- Because therapy minutes no longer drive revenue, providers will be able to make use of group and concurrent therapy protocols. Group therapy allows for two-to-six residents performing the same or similar activities.

When the details were initially outlined, feedback from the American Healthcare Association reflected a positive first response by long-term and post-acute care providers, stating that: In issuing the twin announcements, CMS offered the traditional Medicare rate news but also set the stage for a significant overhaul of how SNFs will be paid in the future, with the agency's revamped proposal to move away from reimbursement based on hours of service provided to a model built "to treat the needs of the whole patient."

Operators have been undergoing training and modeling reimbursement concurrently under the old and new models. While the outcome-driven reimbursement will reward providers based on different metrics, stakeholders have prepared for the change and feedback from most surveyed is positive.

## 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 and a pilot program for bundled payments. 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).

The Bundled Payments for Care Improvement initiative is comprised of four broadly defined models of care, which link payments for multiple services beneficiaries receive during an episode of care. Model 1 focuses on the acute care inpatient hospitalization. Awardees agree to provide a standard discount to Medicare from the usual Part A hospital inpatient payments. The first set of participants in Model 1 began in April 2013, and additional participants began in January 2014. Models 2 and 3 involve a retrospective bundled payment arrangement where actual expenditures are reconciled against a target price for an episode of care. Model 4 involves a prospective bundled payment arrangement, where a lump sum payment is made to a provider for the entire episode of care. The first set of participants in Models 2, 3, and 4 were announced in January 2013. Over the course of the three-year initiative, CMS is working with participating organizations to assess whether the models being tested result in improved patient care and lower costs to Medicare.

According to the Rand Corporation, when looking at bundled payment models, “Savings will depend on the design of the payment system, the particular services that are bundled, and the performance of the participating system before implementation.” Bundled payment has potential to improve care coordination and quality and reduce costs. However, the bundled payment model is not easily implemented. Identifying and paying for care bundles is a largely manual process, which may slow the adoption of this model.

## Private Pay

Historically, the private pay market has been the most sought after in the nursing home industry. While the private pay market is still considered to be attractive, it is not the dominant factor that it formerly was. The long-term stay, self-paying nursing home resident is still profitable, but it is not the focus of the industry. Additionally, the traditional private pay market is shrinking as more of the elderly are becoming more astute in the practice of sheltering their assets and income to become Medicaid eligible. And, as home health care becomes more readily available, those private pay residents with limited medical needs have more options today than in the past.

## Commercial Insurance and HMOs

The amount of revenue generated from commercial long-term care insurance and the HMO market for nursing homes remains quite limited at about 3 percent of total funding. The number of long-term care insurance policies in force is growing each year, so there may be a more positive impact in the future. But the incentive to purchase insurance is questionable given the fact that the government will eventually pay for the cost of one's long-term care. As the federal government moves more Medicaid and Medicare clients into managed care, nursing homes will need to attract managed care entities.

## Certificate of Need Policies

States control the supply of nursing home beds in several ways. The most common is through the certificate of need (CON) process. Through these programs, states create the methodology that controls the question of whether those who want to create new beds will be allowed to do so. Sometimes the control is limited to Medicaid certified beds, while states without a CON law typically use licensure laws when they try to limit the supply of beds. In both situations, the most common way to control the supply of beds is to place a moratorium on the licensure of new beds. Many states currently provide some limited exceptions to their CON procedures, usually involving nursing beds which are self-supported within a CCRC, or beds that address specific types of needs such as ventilator beds or beds for psychiatric needs residents.

## Outlook

Medicare and Medicaid are typically the two primary sources of income for the nursing homes and subject to Federal and state policies as well as in the senior housing industry. The industry remains concerned about the long-term fiscal sustainability of these programs. With the implementation of the Affordable Care Act, it remains to be seen what impact it will have on operators as well as patients. Despite the financial, regulatory and legal pressures consuming the industry, it must be remembered that nursing homes will not disappear and that their customer base will be growing over the next several decades. Medicare patients are currently profitable for many providers under PPS, and will eventually be so for the others, and in many states a certain level of profits (at a minimum the capital component of reimbursement) can be achieved from Medicaid. Finally, as long as Certificates of Need remain in place, the inventory of nursing home beds will continually decline as a percentage of the elderly population, which will eventually reverse the downward trend in occupancy rates.

# State Regulatory Overview

## Massachusetts Nursing Home Environment

### Definition & Licensure

Nursing facilities in the Commonwealth of Massachusetts are designated as long-term care facilities. These long-term care facilities are governed and licensed by Massachusetts Department of Public Health per the Code of Massachusetts Regulations 105 CMR 150.000 and 130 CMR 456.000.

Massachusetts has four different categories of long-term facilities:

- An Intensive Nursing and Rehabilitation Care Facility (Level I) is a facility or units thereof that provides continuous skilled nursing care and an organized program of restorative services in addition to the minimum, basic care, and services required.
- A Skilled Nursing Care Facility (Level II) is a facility or units thereof that provides continuous skilled nursing care and meaningful availability of restorative services and other therapeutic services in addition to the minimum, basic care, and services required for residents who show potential for improvement or restoration to a stabilized condition or who have a deteriorating condition requiring skilled care.
- A Supportive Nursing Care Facility (Level III) is a facility or units thereof that provides routine nursing services and periodic availability of skilled nursing, restorative and other therapeutic services in addition to the minimum, basic care, and services required for residents whose condition is stabilized to the point where they need only supportive nursing care, supervision, and observation.
- A Resident Care Facility (Level IV) is a facility or units thereof that provides or arranges to provide in addition to the minimum basic care and services required, a supervised supportive and protective living environment, and support services incident to old age for residents having difficulty in caring for themselves and who do not require Level II or Level III nursing care or other medically related services on a routine basis.

A license includes a biennial license, a provisional license, or upon a change of ownership, an application for a license for a period of three months when filed with the Department within 24 hours of such change of ownership.



## Statewide Statistics

As of September 2019, Massachusetts has 380 nursing facilities with 45,071 licensed beds housing 37,292 patients. The average statewide occupancy was 84.2 percent. The summary chart below indicates a decrease in the total number of beds and in the total number of nursing facilities since last year.

STATE OF MASSACHUSETTS NURSING HOME STATISTICS						
STATEWIDE STATISTICS	2014	2015	2016	2017	2018	2019*
No. of Nursing Facilities	417	413	412	408	393	380
No. of Beds	47,492	47,990	47,779	47,533	46,003	45,071
Occupancy	87.0%	86.4%	85.4%	84.2%	84.1%	84.2%
No. of Beds Per 1,000, Age 65+	49.32	48.22	47.03	45.42	42.81	40.56
No. of Beds Per 1,000, Age 75+	104.58	105.43	105.05	103.75	99.59	95.16
Population Age 65+	962,979	995,305	1,015,893	1,046,431	1,074,582	1,111,101
Population Age 75+	454,137	455,191	454,837	458,131	461,914	473,634
Total Population	6,709,607	6,745,545	6,764,417	6,808,802	6,806,132	6,879,311

Source: American Health Care Association, CMS Statistics

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As of September 2019, the payer mix for Massachusetts nursing homes was as follows:

MASSACHUSETT'S PAYER MIX						
	2014	2015	2016	2017	2018	2019*
Medicare	12.6%	12.9%	11.6%	11.5%	11.2%	10.9%
Medicaid	61.3%	60.7%	62.2%	63.3%	63.7%	62.6%
Other Payer	26.1%	26.4%	26.2%	25.2%	25.1%	26.5%

Source: CMS CASPER Reports \*As of September 2019

The figures above indicate a decrease in the Medicare and Medicaid payer levels, while the private payer level increased from last year.

## Determination of Need

Massachusetts maintains Certificate of Need (CON) program which is referred to as a Determination of Need (DON). The DON law and regulations governs health care facilities. In Massachusetts, any proposals for a substantial capital expenditure, substantial change in services, and original licensure as well as many transfers of ownership and changes in site for health care facilities must be reviewed and approved.

Effective October 1, 2019, the minimum capital expenditure for expenditures for and acquisitions of medical, diagnostic, or therapeutic equipment by or for health care facilities, other than hospitals, is \$1,029,141. Also, effective October 1, 2019, the minimum capital expenditure for all other expenditures and acquisitions by or for health care facilities, other than hospitals, is \$2,058,278.

In January 2017, due to the continued surplus of long-term care beds in Massachusetts, the Department of Public Health is not accepting any DON applications for new long-term beds at this time. The Department of Public Health based this on licensure data, current utilization and 2020 population projections. The existing number of licensed long-term care beds operating in Massachusetts continues to exceed the 2020 projected need by nearly 7,000 beds.

On May 31, 2019, the Department of Public Health released a proposal to lift the long-term care needs moratorium. The proposal states that the DON program will accept applications for DON for new long-term beds if they meet all of the following criteria:

- Proposal improves access to long-term care in a defined geographic area and addresses at least one of the following:
  - Demonstrated ability to treat substance misuse and mental health disorders in a long-term care setting, including the ability to provide Medication-Assisted Treatment and psychiatric medications/treatments;
  - Ability to provide safe and innovative models of care for individuals with dementia;
  - Reduces the risk of homelessness by improving housing stability; or
  - Addresses unmet cultural or linguistic needs of a population.
- At least 65 percent of capacity, after expansion or construction, is reserved for individuals whose payments are provided by MassHealth directly or through a contractor, or whose payments are provided directly or indirectly by another agency in the Commonwealth.
- The applicant is a current license whose mean performance scores for all facilities under its ownership and management is among the top quartile performers as measured and reported in the Commonwealth's Nursing Home Survey Performance Tool. The Applicant may use the CMS Nursing Home Compare Rating System as an alternate indicator of quality. When using the CMS measure, no facility under the ownership or management of the Applicant may have a composite score below 3 and 75 percent of the facilities under the Applicant's ownership or management must have a score above 3. Applicants with a current license for only Level IV beds that are not scored using the Commonwealth's Performance Tool or the CMS Rating System must not have had any deficiencies within the past two years in the following areas addressed in long-term care regulations: nursing services; dietary services; social services; administration; and resident bathrooms and washrooms.
- Proposals must address at least one of the DON health priorities:
  - Social environment;
  - Built environment;
  - Housing;
  - Violence and Trauma;
  - Employment; and
  - Education.

A final memorandum is pending on this proposal per the Department.

## User Fee

The Commonwealth of Massachusetts assesses a nursing facility user fee. The user fee varies by four different groups which are: Group I- all facilities that do not meet criteria for Group II, III, or IV; Group II- non-profit continuing care retirement communities and non-profit residential care facilities; Group III- non-profit facilities that participate in the Medicaid program and that provided more than 48,000 annual Medicaid bed days in the State fiscal year

2015; and Group IV- non-pediatric facilities not otherwise eligible for Group II and III that are located in Barnstable, Franklin, Middlesex, Norfolk or Plymouth counties, had 125 or fewer operating beds as of March 11, 2016 and have a Medicaid utilization rate of less than 10 percent or greater than 90 percent, as determined by the Executive Office of Health and Human Services (EOHHS). Effective July 1, 2019, the nursing facility user fees is \$21.73 per day for Group I facilities, \$2.17 per day for Group II and Group III, and \$0.00 for Group IV. The Executive Office of Health and Human Services or its designee calculates the per diem user fee annually. The user fee is calculated by determining an amount (X), such that the number of expected non-Medicare patient days in Group I facilities times (X), plus the number of expected non-Medicare patient days in Group II and Group III facilities combined, times (0.1), times (X), equals the total amount of revenue to be collected as determined by the General Court for each fiscal year.

## Medicaid Policy

Per 101 CMR 206, in the Commonwealth of Massachusetts, nursing facility payments are prospective rates based on reported costs for a prior base year. The base year for the standard payments effective October 1, 2018, is 2014. Nursing facility payments include the nursing standard payments, other operating costs, and the capital payment. Effective October 1, 2019, nursing facilities are paid the following standard of payments:

MASSACHUSETT'S STANDARD PAYMENTS		
Payment Group	Management Minute Range	Standard Payment
H	0 - 30	\$14.60
JK	30.1 - 110	\$39.97
LM	110.1 - 170	\$69.57
NP	170.1 – 225	\$97.73
RS	225.1 – 270	\$119.83
T	270.1 and above	\$148.71
Source: Executive Office of Health and Human Services		

For the period from October 1, 2019, through June 30, 2020, nursing standard payments includes an annualization adjustment as listed below:

MASSACHUSETT'S STANDARD PAYMENTS		
Payment Group	Management Minute Range	Nursing Standard Annualization Adjustment
H	0 - 30	\$0.01
JK	30.1 - 110	\$0.02
LM	110.1 - 170	\$0.19
NP	170.1 – 225	\$0.17
RS	225.1 – 270	\$0.36
T	270.1 and above	\$0.36
Source: Executive Office of Health and Human Services		

Effective October 1, 2019 nursing facilities receive operating cost standard payments based on the facility's group which are listed below:

<b>Nursing Facility Group</b>	<b>Operating Cost Standard Payment</b>
1	\$99.96
2	\$82.88
3	\$82.88
4	\$80.98

For the period from October 1, 2019, through June 30, 2020, operating cost standard payments includes an annualization adjustment as listed below:

<b>Nursing Facility Group</b>	<b>Operating Cost Annualization Adjustment</b>
1	\$1.35
2	\$1.35
3	\$1.35
4	\$1.35

Effective October 1, 2019, nursing facilities receive capital standard payments based on the county in which the facility is located as listed below:

<b>County</b>	<b>Capital Standard Payment</b>
Berkshire, Franklin, Hampden, Hampshire	\$14.08
Middlesex, Suffolk	\$16.06
Barnstable, Dukes, Nantucket	\$18.04
Bristol, Essex, Norfolk, Plymouth, Worcester	\$14.08

Effective October 1, 2019, if a nursing facility capital standard payment as listed above is less than the facility's rebased capital payment that it would have received based on the capital standard payment calculation methodology in effect prior to October 1, 2019, the facility may be eligible, subject to available funding, for an upward adjustment to its capital payment. The facilities upward adjustment is calculated as the difference between standard capital payment listed above and its rebase capital payment that it would have received based on the capital standard payment calculation methodology in effect prior to October 1, 2019, reduced by a maximum of \$2.80. A nursing facility may be eligible for an adjustment to its capital standard payment after October 1, 2019, if both of the following criteria are met:

- The facility has expended at least 50 percent of the maximum capital expenditure for an approved determination of need; and



- The facility has submitted a notification request for a revised capital payment to EOHHS between November 1, 2009 and November 1, 2019.

A nursing facility that becomes operational on or after November 1, 2019, an existing nursing facility that completely renovates or reconstructs its current building on or after November 1, 2019, or an existing nursing facility that fully relocates to a newly constructed location on or after November 1, 2019 may be eligible for a capital standard payment in the amount of \$34.80. Such facility will not be eligible for additional capital payments or for an adjustment to its capital standard payment.

A nursing facility will not receive an adjustment to its capital standard payment rate solely because of an increase or decrease in its number of licensed beds.

Effective October 1, 2019, subject to available funding, a nursing facility may be eligible for one of two quality achievement and improvement payments. A nursing facility may receive either the Quality Achievement and Improvement Add-on or the High Medicaid Quality Achievement and Improvement Add-on but may not receive both add-ons concurrently. A nursing facility for the Quality Achievement and Improvement Add-on would receive \$1.35 per day for each eligible MassHealth member, which will be paid separately from the nursing facility standard rates. A nursing facility for the High Medicaid Quality Achievement and Improvement Add-on would receive \$2.96 per day for each eligible MassHealth member, which will be paid separately from the nursing facility standard rates.

Effective October 1, 2019, subject to available funding, a nursing facility may be eligible for the “Three Star Plus” Add-on, the “High Medicaid Occupancy” Add-on, the “Cape and the Islands” Add-on, or a combination of these three add-ons. The Three Star Plus Add-on will receive \$1.26 per day for each eligible MassHealth member, which will be paid separately from the nursing facility standard rates. The High Medicaid Occupancy Add-on will receive \$1.26 per day for each eligible MassHealth member, which will be paid separately from the nursing facility standard rates. The Cape and the Islands Add-on will receive \$1.26 per day for each eligible MassHealth member, which will be paid separately from the nursing facility standard rates.

Effective January 1, 2020, the Medicaid per diem rates for nursing facilities in the Commonwealth of Massachusetts range from \$118.60 per diem to \$369.68 per diem with an average of \$209.44 per diem.

# Management and Operations Overview

## Management Overview

The subject is managed by Deaconess Abundant Life Communities a non-profit provider with several communities in the region. Deaconess Abundant Life Communities currently operates four other communities in Massachusetts and New Hampshire, including a Continuing Care Retirement Community (CCRC) located in nearby Concord, Massachusetts.

## Nursing Services

The Leland Home is an existing residential care facility which offers senior care services. All of the facility's basic care is billed on a per day basis. Included in the daily rate are:

- Appropriate care;
- Organized individual and group activities;
- Twenty-four (24) security and safety features throughout;
- Social services;
- Three meals daily;
- Housekeeping services; and
- Linen services.

Proper adherence to state regulations is assumed.

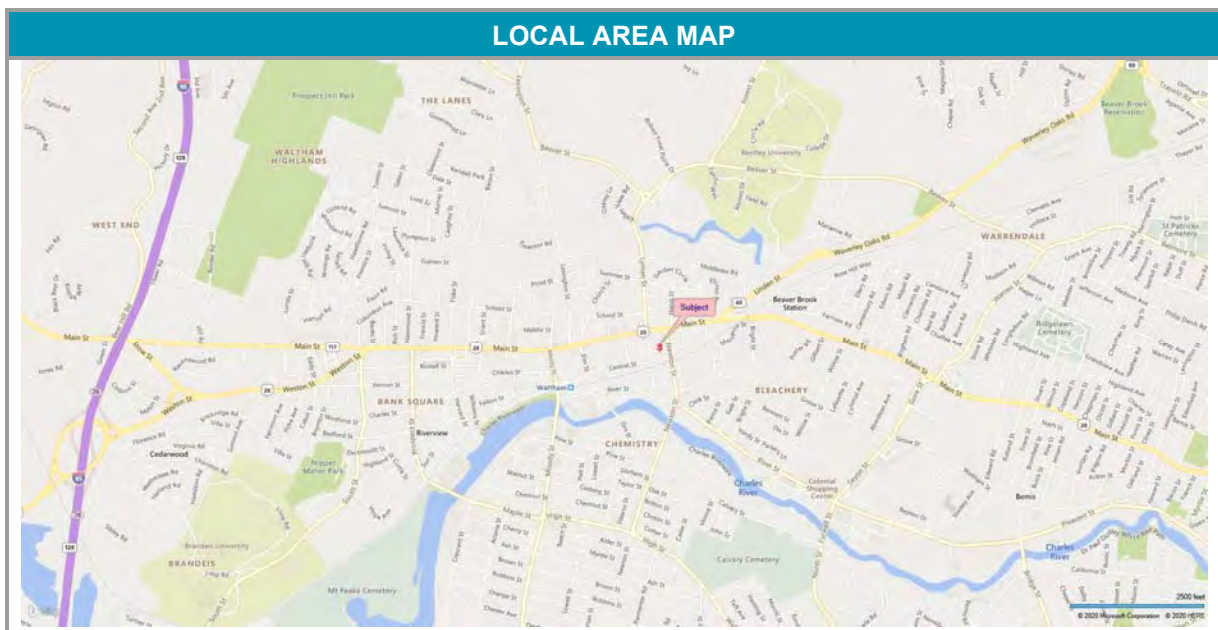
# Market Analysis

## Location Attributes

### Location Overview

The subject property is located in the community of Waltham, within Middlesex County. Waltham is located approximately eight miles west of downtown Boston. The subject property is located just south of Main Street, in the downtown area.

The local area map is shown below.



### Access

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

- |                                |   |
|--------------------------------|---|
| <b>Local:</b>                  | The subject is located on Newton Street, which is just south of Main Street (U.S. Route 20) the major east/west route through Waltham. Route 20 leads east into Watertown and west into Weston. It connects with Interstate 95 (Route 128) two miles to the west. |
| <b>Regional:</b>               | Interstate 95 connects all of the major cities along the eastern seaboard. The subject is also located within three miles of the Mass Pike (Interstate 90), which connects Boston with Worcester, Springfield, and Albany, New York.                              |
| <b>Transportation Systems:</b> | Public transportation is provided by the MBTA. The Waltham commuter rail station, providing access into Boston, is located less than one half mile to the west.   |

## Adjacent Uses

- North      Commercial uses along Main Street,
- South      Residential properties,
- West      Residential properties and the William F. Stanley Senior Center,
- East      Residential properties.

## Proximity to Health Care

Within the subject's PMA, there are several hospitals. There are also numerous medical clinics and private physician offices in the PMA.

## Local Attributes Conclusion

Based on our review of the facility and their offering, the subject's location appears to be a suitable location for the facility, and the neighborhood is conducive to the current use.

## Competitive Market Analysis

The Leland Home is a licensed Level IV Rest Home facility currently operating at a capacity of 39-beds. It was operating at 74 percent occupancy at the time of inspection. The facility is Medicaid. Overall, the facility appears to have a favorable reputation in the market.

In the following pages, we will discuss how the subject compares and competes with existing facilities in its market area.

## Primary Market Area

The first step in analyzing the competitive market for the subject is delineating its primary market area (PMA). 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.

In order to delineate the subject's PMA, our analysis evaluated industry trends, an interview with the subject's management, as well as representatives at the competitive properties we used in our analysis. We also consider natural boundaries; density of the population; work and commuting patterns; location of retail, health and service centers; locations of other housing options; and major transportation corridors.

## Physical Barriers

There are no significant physical barriers in the immediate proximity of the subject that are believed to limit the subject's market area.

## Psychological & Other Barriers

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

## Local Trends

Considering the physical and psychological barriers, population density, discussions with market participants, and the competing facilities' concentration, we have determined the PMA of the subject to encompass an area of

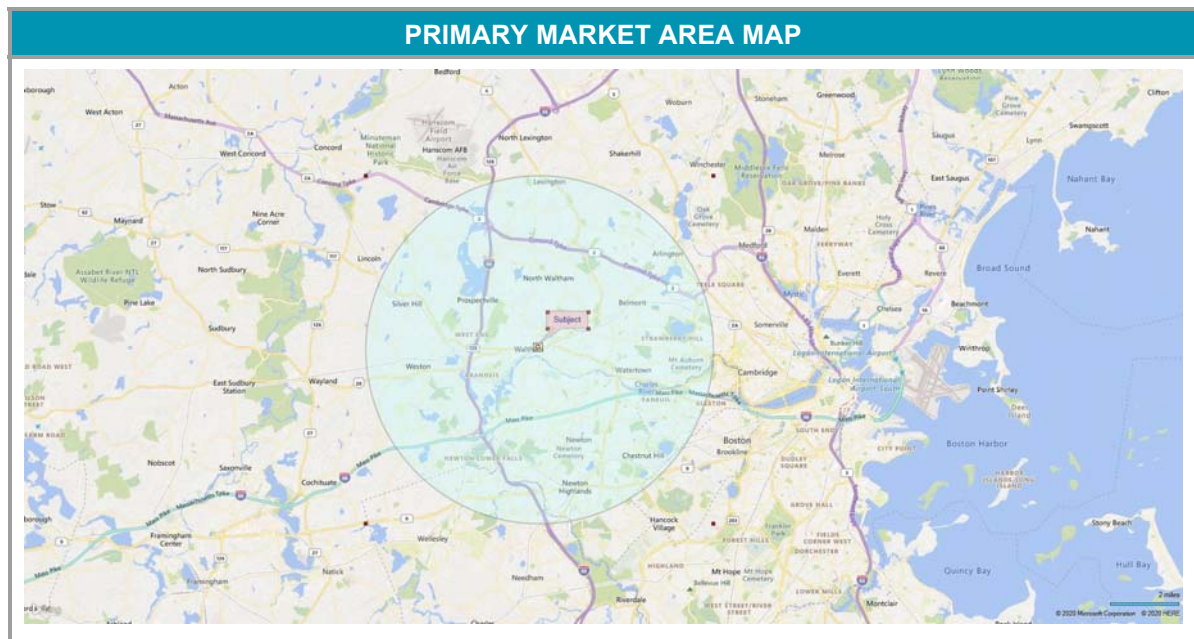


approximately 5 miles radius of the site. In this market, we believe that the majority of demand will come from the PMA. No measurable draw from a secondary market area is forecast. We estimate that approximately 70 percent of the patients will emanate the PMA.

Although a property like the subject may also attract residents from outside of the area, the geographic market area within a radius of 5 miles is considered to represent the primary draw for the subject.

## Market Area Delineation Conclusion

Based on our knowledge of the local market, we have determined the PMA of the subject to encompass an area of approximately 5 miles radius of the site. The map of the PMA is shown below.



## Supply/New Construction

At this time, we are not aware of any planned or proposed competition in the subject's market area.

## Direct Market Comparisons

On the following pages are data sheets of the facilities we have compared with the subject. A map showing their location follows these pages.

## SUBJECT



<b>Comparable No:</b>	<b>Subject</b>	<b>Facility Name:</b>	The Leland Home
<b>Date of Survey:</b>	Feb-20	<b>Address:</b>	21 Newton Street
<b>Phone:</b>	(781) 893-2557	<b>City:</b>	Waltham
		<b>State:</b>	Massachusetts

Improvement Description		Site Description	
Year Built	1900	Proximity to Hospital	Average
Condition	Average		
Quality/Appeal	Average		

Operating Characteristics	Licensed	Operating	Occupancy
Beds	39	39	74%

Certification & Ownership	
Medicaid Certified	<input checked="" type="checkbox"/>
Medicare Certified	<input type="checkbox"/>
For-Profit Provider	<input checked="" type="checkbox"/>
Non-Profit Provider	<input checked="" type="checkbox"/>
Government / County / City	<input type="checkbox"/>

SNF Rates	\$/PD	Specialty Services
Private	\$133.78	
Semi-Private	---	
Ward	---	
Other Specialty	---	

**Remarks:** The subject property is licensed as a 39 bed Level IV Rest home. It was originally constructed circa 1900 with several additions since that time. It has a good location in downtown Waltham adjacent to the William F. Stanley Senior Center. The property appears to be well maintained, but contains elements of functional obsolescence, with relatively narrow hallways and a decentralized building layout. Current occupancy is at 29 residents. A hold on admissions is currently in place.

## COMPARABLE 1



<b>Comparable No:</b>	<b>No. 1</b>		<b>Facility Name:</b>	Jeanne Jugan Residence	
<b>Distance From Subject:</b>	6.0	Miles	<b>Address:</b>	186 Highland Avenue	
<b>Phone:</b>	(617) 776-4420		<b>City:</b>	Somerville	
			<b>State:</b>	Massachusetts	
<b>Improvement Description</b>			<b>Site Description</b>		
Year Built	1970		Proximity to Hospital	Good	
Condition	Good				
Quality/Appeal	Average				
<b>Operating Characteristics</b>	<b>Licensed</b>	<b>Operating</b>	<b>Occupancy</b>		
Level IV Beds	58	58	80%		
<b>Certification &amp; Ownership</b>					
Medicaid Certified	<input checked="" type="checkbox"/>				
Medicare Certified	<input checked="" type="checkbox"/>	(SNF Only)			
For-Profit Provider	<input type="checkbox"/>				
Non-Profit Provider	<input checked="" type="checkbox"/>				
Government / County / City	<input type="checkbox"/>				
<b>Rates</b>	<b>\$/PD</b>	<b>Specialty Services</b>			
Private	\$125.00	Skilled Nursing			
Semi-Private	---	Independent Living			
Ward	---				
Other Specialty	---				
<b>Remarks:</b>	This facility has been operated on a non-profit basis by Little Sisters of the Poor. The property includes 26 skilled nursing beds, 58 Level IV Rest Home beds, and a separate building containing 27 one-bedroom affordable seniors apartment units. In addition, the sixth floor of the facility contains a convent with 24 bedrooms. The rest home units are mostly private units. The majority of residents are Medicaid payors.				



## COMPARABLE 2



<b>Comparable No:</b>	<b>No. 2</b>	<b>Facility Name:</b>	Davenport Memorial Home
<b>Distance From Subject:</b>	9.0 Miles	<b>Address:</b>	70 Salem Street
<b>Phone:</b>	(781) 324-0150	<b>City:</b>	Malden
		<b>State:</b>	Massachusetts

**Improvement Description**

Year Built	1892
Condition	Average
Quality/Appeal	Average

**Site Description**

Proximity to Hospital	Good
-----------------------	------

**Operating Characteristics**

<b>Licensed</b>	<b>Operating</b>	<b>Occupancy</b>
Beds 18	18	89%

**Certification & Ownership**

Medicaid Certified	<input type="checkbox"/>
Medicare Certified	<input type="checkbox"/>
For-Profit Provider	<input type="checkbox"/>
Non-Profit Provider	<input checked="" type="checkbox"/>
Government / County / City	<input type="checkbox"/>

**Rates**

	<b>\$/PD</b>
Private	\$83.33
Semi-Private	---
Ward	---
Other Specialty	---

**Remarks:**

This facility is located in downtown Malden across from the Malden High School. It was converted to senior housing in 1946, and is endowed by the Davenport estate. Rents are generally based upon a residents ability to pay, and are lower than most rest home rates in the market. The building is a historic structure and must maintain its original character. Most units contain private bathrooms. There is currently a waiting list for private rooms. The facility does not accept Medicaid.



## COMPARABLE 3



Comparable No: No. 3

Distance From Subject: 10.0 Miles

Phone: (781) 665-3188

Facility Name: Oosterman's Melrose Rest Home

Address: 93 Laurel Street

City: Melrose

State: Massachusetts

**Improvement Description**

Year Built 1946  
 Condition Good  
 Quality/Appeal Good

**Site Description**

Proximity to Hospital Good

Operating Characteristics	Licensed	Operating	Occupancy
Beds	25	25	92%

**Certification & Ownership**

Medicaid Certified ☐  
 Medicare Certified ☐  
 For-Profit Provider ☒  
 Non-Profit Provider ☐  
 Government / County / City ☐

Rates	\$/PD
Private	\$187.07
Semi-Private	\$176.00
Ward	\$167.00
Other Specialty	---

**Specialty Services****Remarks:**

This facility contains 25 beds in private, semi-private and 3-4 bed rooms. Semi-private rates are \$176 per day and multi-bed rooms are \$167 per day. The facility has good appeal in a residential neighborhood across from a public park. It is operated by a small family owned provider with another community in Wakefield. It has good curb appeal.

## COMPARABLE 4



Comparable No: No. 4

Distance From Subject: 10.0 Miles

Phone: (781) 665-0521

Facility Name: The Fitch Home

Address: 75 Lake Avenue

City: Melrose

State: Massachusetts

**Improvement Description**

Year Built 1918  
 Condition Good  
 Quality/Appeal Good

**Site Description**

Proximity to Hospital Excellent

**Operating Characteristics**

Licensed	Operating	Occupancy
26	26	92%

**Certification & Ownership**

Medicaid Certified ☐  
 Medicare Certified ☐  
 For-Profit Provider ☐  
 Non-Profit Provider ☒  
 Government / County / City ☐

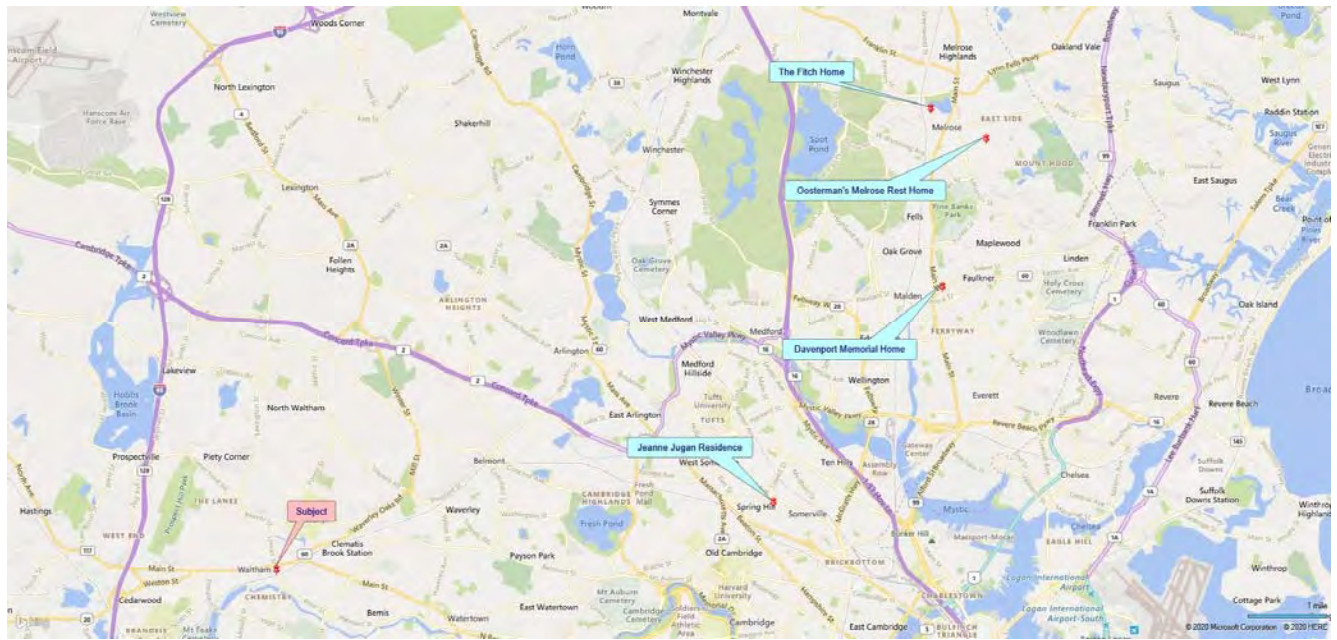
**Rates**

\$/PD
Private \$125 - \$141
Semi-Private ---
Ward ---
Other Specialty ---

**Specialty Services****Remarks:**

The privately owned community has a good location in a residential neighborhood overlooking Ell Pond. It is a medical model facility that provides a greater level of care than assisted living, but less than skilled nursing. The exterior of the property is residential in appearance. The inside is similar to a nursing home with a more residential appeal. The facility offers double occupancy for couples at \$100 PPD. There is an entrance fee of \$2,000. All residents are private pay.

## COMPARABLE FACILITY MAP



## Occupancy Analysis

### Occupancy Patterns

The average occupancy as reported by the American Health Care Association for nursing homes in the State of Massachusetts as of September 2019 was 84.2 percent. Median occupancy was 88.6 percent. As noted in the following chart, occupancy for the comparable Rest Home facilities in the PMA range from 80 to 92 percent.

Competitive Facilities			
Facility Name	No. Level IV Beds	Occupied Beds	Occupancy
No. 1 - Jeanne Jugan Residence	58	46	80%
No. 2 - Davenport Memorial Home	18	16	89%
No. 3 - Oosterman's Melrose Rest Home	25	23	92%
No. 4 - The Fitch Home	26	24	92%
Subject	39	29	74%
Totals/Average	166	138	83%

For further market support, we also compared this with the NIC MAP Property Advisor report showing a similar 5 mile radius (excluding the subject), as well as the overall countywide performance. We have considered the performance of both senior housing and skilled nursing facilities below:





21 Newton St., Waltham, MA - 5 Mile

## Comp Set Characteristics

<b>Properties:</b>	35	<b>Metros:</b>	Boston, MA
<b>Operators:</b>	24	<b>Counties:</b>	Middlesex (MA), Norfolk (MA), Suffolk (MA)
<b>Average Age:</b>	34		
<b>Total Units:</b>	1,553		

## Top Five Operators

Operator	Properties	Units	Comp Share
Benchmark Senior Living (Multiple)	5	474	30.5 %
Epoch Senior Living (Multiple)	2	226	14.6 %
Senior Living Residences LLC (Multiple)	2	117	7.5 %
Sunrise Senior Living (Multiple)	2	114	7.3 %
Covenant Health Systems Inc (PID# 7342)	1	99	6.4 %

## Segment Data

	Inventory	Occupancy			Average Rent		RPI
		4Q2019	Quarterly Change	Annual Change	4Q2019	Annual Change	4Q2019
Seniors Housing	1,553	89.5 %	-26 bps	-316 bps	\$7,889	2.4 %	\$7,009
IL	294	Protected	Protected	Protected	Protected	Protected	Protected
AL	1,026	90.9 %	-39 bps	-323 bps	\$7,475	2.8 %	\$6,786
MC	233	91.4 %	86 bps	-49 bps	\$9,483	2.1 %	\$8,650
Nursing Care	1,992	90.5 %	256 bps	201 bps	\$477	1.6 %	N/A

Source: NIC MAP® Data Service.

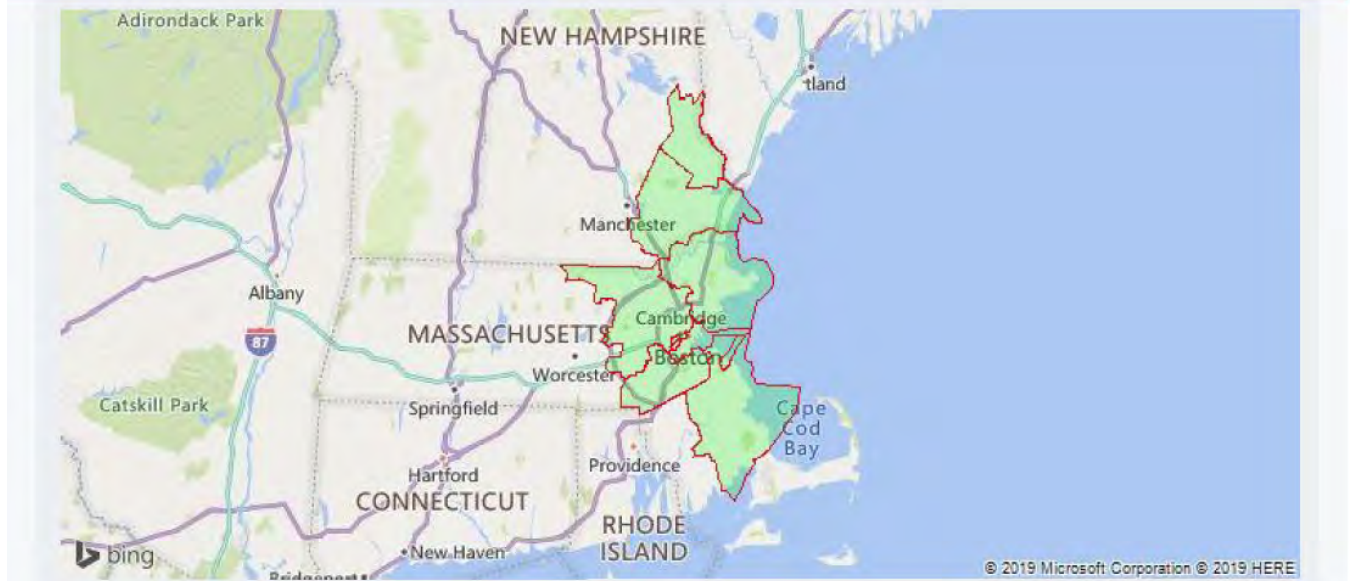
The NIC MAP survey includes non-profit communities. Overall, at 90.9 percent occupancy for assisted living and 90.5 percent for nursing care, the NIC MAP survey findings provide support for our average occupancy findings.

Note, we have excluded properties which were less than two years of age, as these are typically in lease-up and would skew occupancy statistics.

We also compared the subject's local market performance to that of their overall MSA, shown below.



## MARKET OVERVIEW



## MAJORITY AL

### METRO TRENDS

Period	Existing Inventory		Occupancy		Quarterly Supply and Demand		Under Construction Inventory		YoY Rent Growth <sup>1</sup>
	# Properties	# Units/Beds	All Properties	Stabilized	Absorption	Inventory Growth	# Properties	# Units/Beds	
4Q2019	153	11,621	87.6%	90.8%	216	232	9	950	2.5%
3Q2019	150	11,389	87.5%	90.3%	139	-2	12	1,180	2.7%
2Q2019	150	11,391	86.3%	89.5%	90	280	11	1,068	2.6%
1Q2019	147	11,111	87.6%	90.4%	-21	-10	13	1,241	2.6%
4Q2018	147	11,121	87.7%	91.5%	94	83	11	990	2.2%
3Q2018	147	11,038	87.6%	91.0%	155	143	11	1,038	2.3%
2Q2018	145	10,895	87.3%	90.7%	43	79	12	1,001	2.8%
1Q2018	144	10,816	87.5%	91.5%	-12	-17	11	876	2.7%
2017	144	10,833	87.5%	91.6%	446	750	11	899	2.9%
2016	135	10,083	89.6%	91.4%	298	300	12	906	2.8%

## MAJORITY NC

### METRO TRENDS

	Existing Inventory		Occupancy		Quarterly Supply and Demand		Under Construction Inventory		
Period	# Properties	# Units/Beds	All Properties	Stabilized	Absorption	Inventory Growth	# Properties	# Units/Beds	YoY Rent Growth <sup>1</sup>
4Q2019	218	27,630	89.1%	89.1%	2	-8	0	0	1.8%
3Q2019	218	27,638	89.1%	89.1%	-127	-163	0	0	2.0%
2Q2019	220	27,801	89.1%	89.1%	-10	0	0	0	2.2%
1Q2019	220	27,801	89.1%	89.1%	-73	-195	0	0	2.7%
4Q2018	223	27,996	88.7%	88.7%	71	-56	0	0	2.1%
3Q2018	224	28,052	88.3%	88.3%	-151	1	0	0	1.7%
2Q2018	224	28,051	88.8%	88.9%	-242	-263	0	0	2.1%
1Q2018	226	28,314	88.9%	89.0%	-30	-256	1	26	2.0%
2017	228	28,570	88.2%	88.4%	-260	14	1	26	2.3%
2016	228	28,556	89.1%	89.3%	-437	-368	2	163	2.6%

### MAJORITY AL

Submarket	Stabilized Occupancy	YoY Rent Growth	AL Average Rent per Unit	MC Rent per Unit	Construction vs. Inventory	Inventory	Penetration	Yearly Absorption	Yearly Inventory Growth
Essex	90.6%	4.2%	\$6,824	\$8,644	7.9%	1,771	4.7%	78	89
Middlesex	91.3%	2.8%	\$6,796	\$8,841	11.4%	4,599	6.3%	121	193
Norfolk	86.8%	1.3%	\$6,400	\$8,527	5.7%	1,879	5.2%	79	108
Plymouth	92.3%	2.2%	\$5,976	\$8,139	11.3%	823	3.3%	45	0
Suffolk	94.2%	1.9%	\$5,649	\$7,224	0.0%	1,197	4.2%	-16	0
Rockingham	91.3%	3.3%	\$6,533	\$8,139	3.7%	999	7.6%	64	113
Strafford	89.7%	-1.4%	\$5,917	\$8,416	14.2%	353	6.9%	53	-3

### MAJORITY NC

Submarket	Stabilized Occupancy	YoY Rent Growth	Average Rent per Bed	Construction vs. Inventory	Inventory	Penetration	Yearly Absorption	Yearly Inventory Growth
Essex	88.3%	1.1%	\$432	0.0%	5,196	13.6%	-93	-73
Middlesex	88.4%	2.0%	\$435	0.0%	8,249	11.3%	-7	-84
Norfolk	89.7%	2.1%	\$473	0.0%	5,658	15.7%	18	44
Plymouth	91.3%	3.2%	\$445	0.0%	3,390	13.8%	-30	-129
Suffolk	91.9%	1.3%	\$463	0.0%	3,200	11.3%	-69	-125
Rockingham	83.4%	.6%	\$367	0.0%	1,120	8.5%	0	0
Strafford	86.7%	-1.4%	\$378	0.0%	817	16.0%	-27	1

Source: NIC MAP® Data Service

The above chart shows the nursing home occupancy trends of the Boston MSA. According to the NIC MAP® Data Service, Q4 2019 Metro Market Report, the average occupancy rate for stabilized properties that are mostly nursing beds across the Boston MSA is 89.1 percent. Stabilized occupancy for assisted living was 90.8 percent. In addition, for the subject's Middlesex County, nursing bed occupancy is 88.4 percent, while assisted living occupancy was 91.3 percent. These statistics led good support for the demand for senior housing and care in the subject's market.

### Private Pay Rates

The private pay rates exhibited by the comparable facilities are shown in the following table along with the rates at the subject.

Comparison of Daily Private Pay Bed Rates		
Facility Name	Private	Semi-Private
No. 1 - Jeanne Jugan Residence	\$125.00	---
No. 2 - Davenport Memorial Home	\$83.33	---
No. 3 - Oosterman's Melrose Rest Home	\$187.07	\$176.00
No. 4 - The Fitch Home	\$125 - \$141	---
Subject	\$133.78	---

As seen, the quoted rates at the subject are within the range of private pay rates reported by the comparables. The subject was consistent with the age and condition of most of the market inventory.

Overall, the subject appears to be adequately positioned and has rates consistent with the competitive facilities in the area.

## Conclusion

We find that the subject's occupancy and private pay rates are supported by the local market. A further analysis of the subject's private pay and other revenue sources is included in the Income Capitalization Approach section of this report.

## Senior Demographics

We evaluated the current and future market potential by analyzing demographic trends and the supply of beds in the facility's market area. Due to the limited number of rest homes in the market, we have considered skilled nursing facilities to provide a reasonable estimate for supply and demand in the market.

Most market areas for skilled nursing facilities are considered to comprise approximately five miles for the primary area (drawing 75 percent of the patients). In densely populated urban areas, the primary and secondary market areas may be smaller, and vice versa.

### Primary Marketing Area

With regard to The Leland Home and its competition, its primary market area is considered to effectively encompass a primary market area of roughly 5 miles. This assumption was based on our review of the demographics of the area, occupancy trends, as well as from discussions with the subject's management and marketing personnel of competing facilities regarding their primary market area.

### Population/Growth Rates

Demographic data used in our analysis was provided by © 2018 Experian Marketing Solutions, Inc. •All rights reserved. For purposes of this analysis, we have relied upon the estimates and forecasts of the current demographic information. Population and growth statistics for those over 65 years of age is shown in the following charts for the state and subject's primary market area. Also shown is the ratio for licensed nursing home beds per thousand 65 and over.

Massachusetts				
Age Group	2010	2019	2024	Annual Growth Rate
65-74	456,460	637,467	727,574	2.68%
75-84	301,065	312,777	388,769	4.45%
85+	145,199	160,857	169,325	1.03%
Total 65 +	902,725	1,111,101	1,285,668	2.96%
Percentage 65-74 of Total Population	6.97%	9.27%	10.35%	
Percentage 75-84 of Total Population	4.60%	4.55%	5.53%	
Percentage 85+ of Total Population	2.22%	2.34%	2.41%	
Percentage 65+ of Total Population	13.79%	16.15%	18.29%	



Primary Market Area 5 Miles				
Age Group	2010	2019	2024	Annual Growth Rate
65-74	22,352	29,806	34,324	2.86%
75-84	16,096	15,985	19,119	3.65%
85+	8,509	9,541	9,876	0.69%
Total 65 +	46,956	55,331	63,319	2.73%
Percentage 65-74 of Total Population	6.83%	8.55%	9.55%	
Percentage 75-84 of Total Population	4.92%	4.58%	5.32%	
Percentage 85+ of Total Population	2.60%	2.74%	2.75%	
Percentage 65+ of Total Population	14.36%	15.87%	17.62%	

Ratio of Licensed Nursing Beds To Population Age 65 and Over				
	2010	2019	2024	Annual Growth Rate
Massachusetts	902,725	1,111,101	1,285,668	2.96%
Total Licensed Beds		45,071		
No. of Beds per 1,000 aged 65+		40.56		
5 Miles	46,956	55,331	63,319	2.73%
<b><u>Total Inventory in 5 Miles PMA</u></b>				
Maristhill Nursing & Rehabilitation Center		123		
West Newton Healthcare		123		
Belmont Manor Nursing Home, In		135		
Chetwynde Healthcare		75		
Meadow Green Nursing And Rehabilitation Center		123		
Wingate At Weston		160		
Lasell House		44		
Brookhaven At Lexington		49		
Pine Knoll Nursing Center		81		
Care One At Newton		202		
Presentation Rehab And Skilled Care Center		122		
Sancta Maria Nursing Facility		141		
Watertown Health Center		163		
Park Avenue Health Center		89		
Neville Center At Fresh Pond For Nursing & Rehab		112		
Stone Rehabilitation And Senior Living		82		
Spaulding Nursing & Therapy Center - Brighton		123		
Campion Health & Wellness, Inc		34		
Heathwood Healthcare		49		
Elizabeth Seton		84		
Care One At Lexington		211		
Wingate At Chestnut Hill		135		
<b>Subtotal</b>		<b>2,460</b>		
Total Licensed Beds		2,460		
<b>No of Beds per 1,000 aged 65+</b>		<b>44.46</b>		

The population in the subject's primary market area indicates moderate projected growth in the population age 65 and over, thus, there should be stable demand for nursing homes in the short term. As seen from the data, the elderly population is growing for the state at 2.96 percent annually.

Statewide, there are approximately 40.56 beds per thousand at present with an overall occupancy in the 84 to 88 percent range. The primary market area has 44.46 beds per thousand. While the subject's market has a somewhat higher ratio of beds to seniors, this is not reflected by the occupancy levels at the subject and competing properties.

In summary, the supply of nursing home beds in the subject's primary market area appears to be in balance with demand. Demographic factors indicate that demand should increase moderately over the next five years.

## Conclusion

Overall, these findings suggest that there appears to be positive demand and balanced competition in the primary market area for nursing beds. Based on the current inventory, the subject's primary market area is not saturated. Considering the reported occupancies, there appears to be a sufficient marketplace for the subject's 39 beds.

# Property Analysis

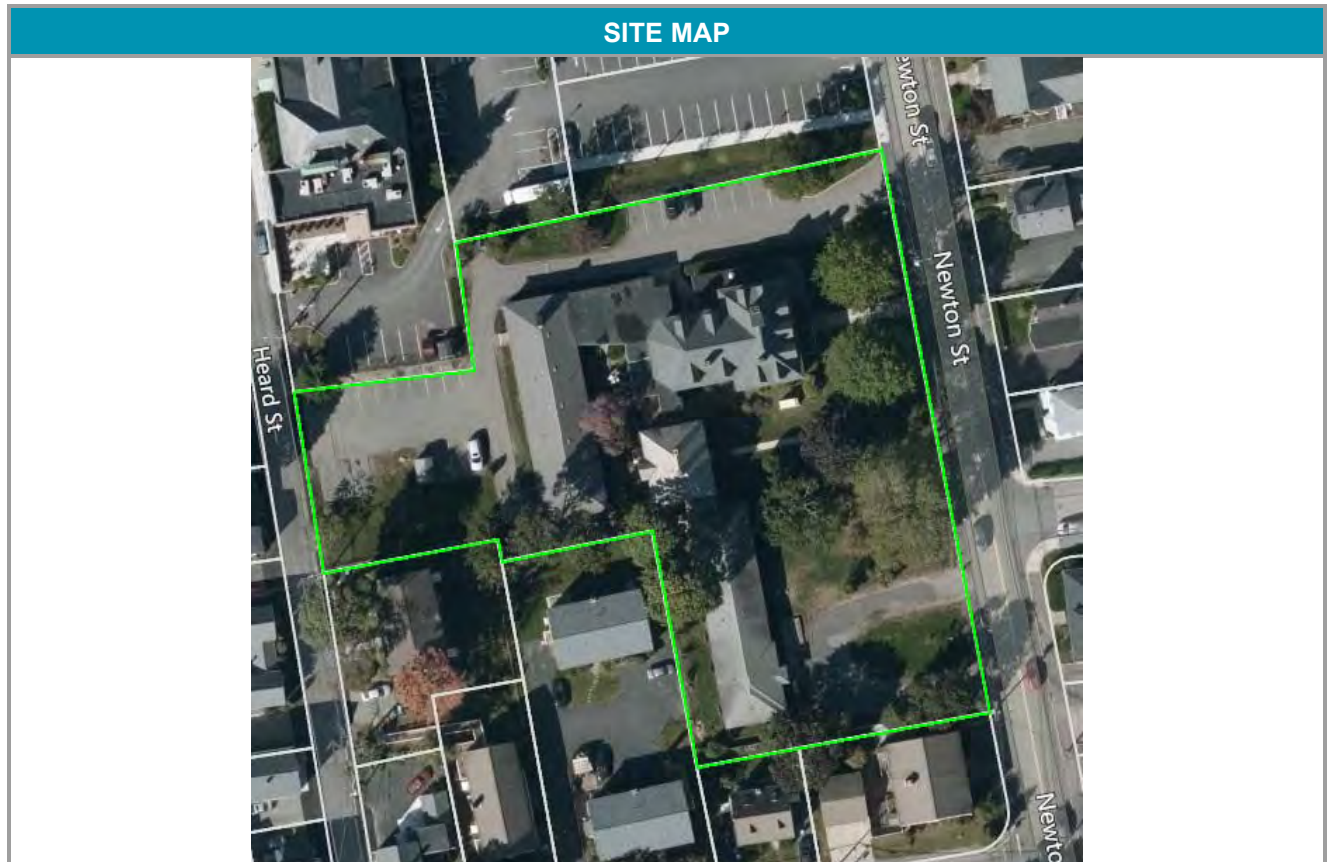
## Site Description

Location:	21 Newton Street Waltham, Middlesex County, Massachusetts 02453
Shape:	Irregular
Topography:	Level
Land Area:	1.508 acres
Frontage:	Good
Access:	Good
Visibility:	Good
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.
Utilities	The site is served by all typical utilities, including water, sewer, electricity, natural gas and telephone.
Site Improvements:	The site improvements include asphalt paved parking areas, curbing, signage, landscaping, yard lighting and drainage.
Land Use Restrictions:	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.
Flood Panel:	National Flood Insurance Rate Map Community Panel Number 250222-0413E (6/4/10).
Flood Zone:	FEMA Zone X  Areas of minimum flood hazard from the principal source of flood in the area and determined to be out of the 0.2 percent annual chance floodplain. No mandatory flood insurance purchase requirements apply.
Wetlands:	We were not given a Wetlands survey. If subsequent engineering data reveal the presence of regulated wetlands, it could materially affect property value. We did not note the presence of wetlands during our inspection. We recommend a wetlands survey by a competent engineering firm.
Seismic Hazard:	The site is not located in a seismic hazard area.



**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 services of a professional engineer for this purpose.

**Overall Functionality:** The subject site is functional for the current use.



## Improvements Description

The following description of the improvements is based upon our physical inspection of the property, and discussions with the subject property's management. The facility was constructed in 1900 and contains 17,027± square feet of gross building area. There are 39 licensed beds. The facility's configuration is shown below.

The Leland Home		
Unit Mix		
	No. Units	No. Beds
Private	35	35
Semi-private	2	4
<b>Total Operating Configuration</b>	<b>37</b>	<b>39</b>
<b>Total Licensed Beds</b>		<b>39</b>

### GENERAL DESCRIPTION

Property Type:	Residential Care facility
Year Built:	1900
Number of Buildings:	One
Number of Stories:	Three
Gross Building Area:	17,027± square feet
No. Licensed Beds:	39
No. Operating Beds:	39

### CONSTRUCTION DETAIL

Frame:	Wood Frame
Foundation:	Reinforced perimeter concrete foundation
Floors:	Reinforced concrete.
Exterior Walls:	A combination of brick veneer and vinyl siding.
Roof Cover:	Roofing system comprised of pitched assemblies with a composition shingle cover.

Windows: Double pane set within aluminum or vinyl frames.

#### MECHANICAL DETAIL

HVAC: The facility is heated by gas fired boilers providing hot water radiant heat. Some common areas are cooled with mini-split systems. Some resident rooms have window air conditioners.

Electrical Service: Electrical service is assumed adequate.

Emergency Power: The building's electrical system is backed by an emergency generator serving all building safety and support systems.

Elevator Service: The building has one elevator.

Fire Protection: The building is fire sprinklered. Each patient room has electric smoke detectors in compliance with local code.

Security: All exterior building doors have electronic coded security locks.

Safety Features: Emergency battery back-up lighting system and corridor handrails on both sides. The facility does not have a resident call system.

#### INTERIOR DETAIL

Floor Covering: The common areas have mostly vinyl plank in hallways and dining rooms. The commercial kitchen contains an epoxy floor. Some areas of the building are carpeted. Bathrooms contain a mixture of ceramic or vinyl flooring.

Walls: Painted drywall or plaster.

Ceilings: Painted drywall.

Bathrooms: Each patient room is equipped with a shared or private bathroom. All bathrooms consist of a toilet and sink. Some contain a shower. There are numerous common shower areas in the facility.

Kitchen Facilities: Meals for the residents are prepared in a central kitchen. Equipment includes a gas range, steel hood with fire suppression system, dishwashers, stainless steel preparation tables, coolers and freezers.

#### SITE IMPROVEMENTS

Parking Capacity: 24 spaces. All parking is open surface.

Onsite Landscaping: A variety of trees, shrubbery and grass.

Other: Other site improvements include signage, trash enclosures, paved asphalt concrete drives, concrete sidewalks, exterior lighting, as well as perimeter fencing.

#### SUMMARY

Condition: The improvements are in average condition given its competitive position in the marketplace. The improvements appear to have been receiving proper maintenance.

Quality:	The overall quality of the improvements is rated as average and is consistent with the competition in the market area.
Roof & Mechanical Inspections:	We did not inspect the roof of the building(s) or make a detailed inspection of the mechanical systems. The appraisers, however, are not qualified to render an opinion as to the adequacy or condition of these components. The client is urged to retain an expert in this field if detailed information is needed about the adequacy and condition of mechanical systems.
Layout & Functional Plan:	Average. The facility is considered to be functional for its intended use. There are adequate common areas and the mix of patient rooms is considered comparable to most competing projects within the area. The furnishings and fixtures appear to be of average quality.
Personal Property:	Personal property (furnishings, fixtures and equipment) that is considered in our value estimate includes all of the equipment required to operate the facility as a residential care facility. These include room furnishings and kitchen equipment.

#### CAPITAL EXPENDITURES

Known Costs:	Other than normal routine property maintenance, there are no major capital improvement expenditures planned in the immediate future.
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#### ECONOMIC LIFE

Effective Age:	25 years
Expected Economic Life:	50 years
Remaining Economic Life:	25 years



## Real Property Taxes and Assessments

### Current Property Taxes

Taxes are levied against all real property in this locale for the purpose of providing funding for the various municipalities. The amount of ad valorem taxes is determined by the current assessed value for the property in conjunction with the total combined tax rate for the municipalities. The property is subject to the taxing jurisdiction of City of Waltham. The assessor's parcel identification number is R061-013-0003.

The 2019 tax year is the most recent year for both assessed value and tax information for the subject. This data is shown in the following chart.

PROPERTY ASSESSMENT/TAX DATA	
Assessment Year	2019
Assessing Jurisdiction	City of Waltham
Assessor Parcel No.	R061-013-0003
<b>Real Property</b>	
Assessor's Market Value:	
Land	\$1,347,200
Improvements	872,100
Assessor's Market Value:	\$2,219,300
Equalization/Assessment Ratio	100.00%
Assessed Value	\$2,219,300
Exemptions:	\$0
Total Taxable Value(s)	\$2,219,300
Tax Rate (\$/\$1,000 AV)	11.9500
<b>Total Real Property Taxes</b>	<b>\$26,521</b>
Building Area (Sq.Ft.)	17,027
No. Beds	39
Assessor Market Value (\$/Bed)	\$56,905
Property Taxes (\$/Sq.Ft.)	\$1.56
Property Taxes (\$/Bed)	\$680

The total property assessment (assessor market value) is \$2,219,300, which corresponds to an assessment equal to \$56,905 per bed for the property. The equalization ratio is 100 percent and therefore the assessed market value is equal to the taxable value of \$2,219,300.

As discussed, the subject is operated by a non-profit entity and is exempt from paying real estate taxes. However, we have appraised the subject property based on the assumption that the property will not have tax-exempt status.

For the purposes of our Stabilized Pro Forma, we have utilized the current assessment and tax rate, which appear reasonable. We have increased the current taxes for the property by 2.5 percent. Based on the current tax liability of \$26,521, this equates to a rounded forecast tax liability of \$27,200. The increased taxes will be reflected in our Year 1 stabilized pro forma in the Income Capitalization Approach.

## Zoning

### General Information

The property is zoned RA-3, Residential by the City of Waltham. Permitted uses within this district include, but are not limited to single-family detached dwellings, rooming houses, family day care homes, medical offices in residences, customary home occupations, private garages, churches, educational uses, municipal buildings, cemeteries, off street parking, windmills and farms. The following are permitted with a special permit by the board of appeals; hospitals, sanitoriums, nursing homes, philanthropic institutions, assisted living facilities, cat shelters, membership clubs, and medical marijuana cultivation. Zoning regulations imposed within this district are as follows:

ZONING REGULATIONS	
Minimum Lot Area:	9,600 square feet
Maximum Building Height:	35 feet or 2 ½ stories
Maximum Lot Coverage:	25%
Minimum Lot Frontage	70 feet
Minimum Yard Setbacks	
Front:	25 feet
Rear:	30 feet
Side:	15 feet

### Zoning Conclusions

We have analyzed the zoning requirements in relation to the subject property and considered the conformance 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 legally conforming with a special permit.

Detailed zoning studies are typically performed by a zoning or land use expert, including attorneys, land use planners, or architects. The depth of our study correlates directly with the scope of this assignment, and it considers all issues that have been discovered through our due diligence, and which are pertinent.

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, as agreed to with the client.

# 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 if 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 Property As If 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 RA-3, Residential by the City of Waltham. According to our understanding of the zoning ordinance, permitted uses within this district include single-family detached dwellings, rooming houses, family day care homes, medical offices in residences, customary home occupations, private garages, churches, educational uses, municipal buildings, cemeteries, off street parking, windmills and farms. The following are permitted with a special permit by the board of appeals; hospitals, sanitoriums, nursing homes, philanthropic institutions, assisted living facilities, cat shelters, membership clubs, and medical marijuana cultivation. We are not aware of any further legal restrictions that limit the potential uses of the subject. In addition, rezoning of the site is not likely due to the character of the area.

### Physically Possible

The physical possibility of a use is determined by characteristics such as size, shape, topography, the availability of utilities, and any other physical aspects of the site. The subject site contains 1.508 acres. The site is level and is irregular in shape. The site 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.

### Financial Feasibility

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. 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.

### Maximally Productive

Of the uses that are permitted, possible, and financially feasible, the one that is considered to be maximally productive is considered the highest and best use. Due to the current zoning of the property, it is our opinion that the Highest and Best Use of the subject site as though vacant would be a residential 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. The highest and best use as improved must meet the same criteria as the highest and best use as though vacant.

### Legally Permissible

As described in the Zoning Analysis section of this report, the subject site is zoned RA-3, Residential. The site is improved with a residential care facility containing 17,027 square feet of gross building area. In the Zoning section of this appraisal, we determined that the existing improvements are legally conforming with a special permit.

### Physically Possible

The subject improvements were constructed in 1900. The improvements are in average condition. The design, layout, as well as average size per bed of the facility is considered average and there is functional obsolescence in the improvements. We know of no municipal actions or covenants forthcoming that would require a change to the current improvements.

Alternative uses for the existing improvements, however, would be limited due to the overall design (smaller private and semi-private rooms and no individual cooking facilities). As a result, any conversion to an alternative use would be costly.

### Financial Feasibility

In the Reconciliation section, we concluded the market value of the subject property, as improved, to be \$1,960,000. The improvements contribute to the value of the site and the existing use appears to be financially feasible. There are no alternative uses that are legally permissible, physically possible or financially feasible that would result in a higher value than the current use.

### Maximal Productivity

It is our opinion that the existing improvements add value to the site as if vacant. Therefore, the maximally productive use is the continuation of its current use as a senior housing and care facility.



# Valuation Process

## Methodology

There are three generally accepted approaches available in developing an opinion of value: the Cost, Sales Comparison and Income Capitalization approaches. We have 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 is dependent upon the availability of comparability of the market data as well as the motivation and thinking of purchasers. We have considered each approach in developing our opinion of the 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 upon the premise 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 exist few 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 value loss from physical, functional and external causes. Land value, entrepreneurial profit and depreciated improvement costs are then added resulting in a value estimate for the subject property.

### Sales Comparison Approach

The Sales Comparison Approach utilizes sales of comparable properties, adjusted for differences, to indicate a value for the subject property. This approach typically uses a unit of comparison such as price per square foot of building area, price per bed or effective gross income multiplier. 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 area, price per acre, price per bed, or price per square foot of potential building area. In both cases, adjustments are applied to the units of comparison from an analysis of comparable sales, and the adjusted unit of comparison is then used to derive a value for the subject property.

### Income Capitalization Approach

The Income Capitalization Approach first determines the income-producing capacity of a property by using contract rents on existing leases and by estimating market rent from rental activity at competing properties. Deductions then are 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 Discounted Cash Flow 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 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 these

approaches would be considered applicable and/or necessary for market participants. The subject's age makes it difficult to accurately form an opinion of depreciation and tends to make the Cost Approach unreliable. Investors do not typically rely on the Cost Approach when purchasing a property such as the subject of this report. Therefore, we have not utilized the Cost Approach to develop an opinion of market value.

## Sales Comparison Approach

### Methodology

Using the Sales Comparison Approach, we developed an opinion of value by comparing this property with similar, recently sold properties in the surrounding or competing area. Inherent in this approach is the principle of substitution, which states 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:

1. Research recent, relevant property sales and current offerings throughout the competitive area;
2. Select and analyze properties that are similar to the property appraised, 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;
3. Identify sales that include favorable financing and calculate the cash equivalent price;
4. Reduce the sale prices to a common unit of comparison such as price per square foot, price per bed or effective gross income multiplier;
5. Make appropriate comparative adjustments to the prices of the comparable properties to relate them to the property being appraised; and
6. 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 basis. All comparable sales were analyzed on this basis.

On the following pages we present a summary of the improved properties that we compared to the subject property, a map showing their locations, and an adjustment grid. Detail sheets describing these sales can be found in the Addenda.

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 application of:

- A traditional adjustment grid utilizing percentage adjustments;
- An effective gross income multiplier (EGIM) analysis.

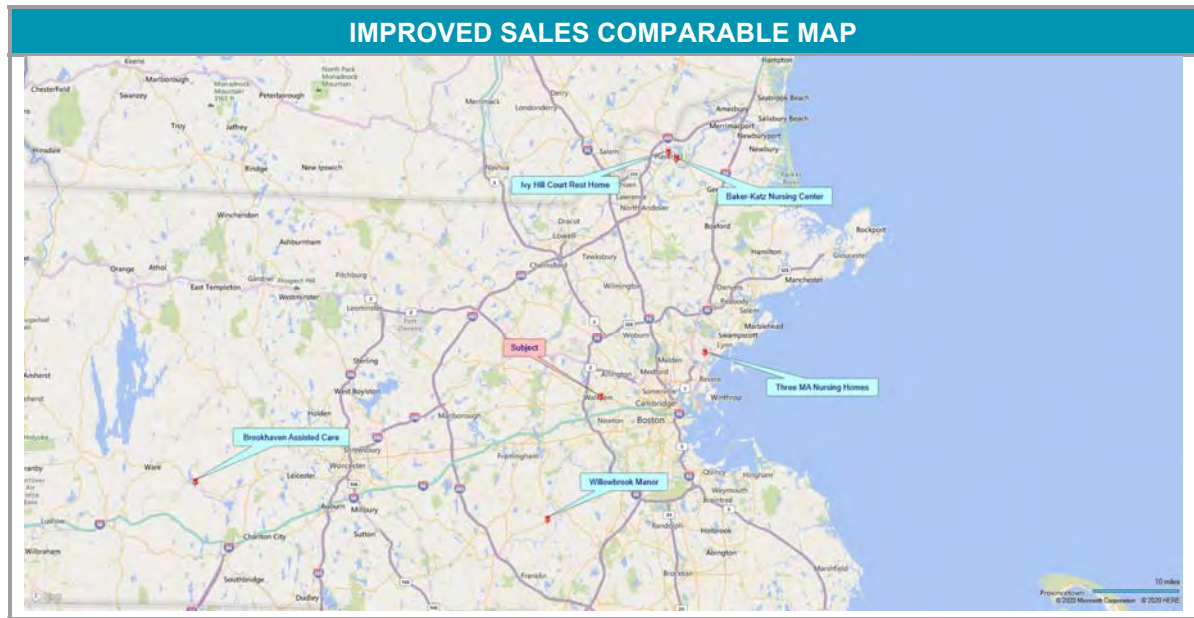
## IMPROVED SALES

Property Name No. Property Location	Property Type	Grantor Grantee	Sale Price Date	Average Bed SF Bldg SqFt	% Occ. # Beds	Condition & Quality Year Built	\$/SqFt \$/Bed	Revenues NOI	Revenues Per Bed NOI/Bed	Expense Ratio EGIM	OAR
1 Brookhaven Assisted Care West Brookfield, MA	Rest Home	Brookhaven Assisted Care, Inc.	\$3,700,000	289	91.2%	Average	\$376.17	\$1,275,862	\$37,525	65.4%	11.94%
		JIW Partners, LLC	4/30/2019	9,836	34 units	1900	\$108,824	\$441,780	\$12,994	2.90	
2 Willowbrook Manor Millis, MA	Rest Home	Annette Fernandez	\$1,995,000	121	100.0%	Good	\$457.15	\$1,133,523	\$31,487	69.3%	17.43%
		71 Union Street, LLC	3/29/2019	4,364	36 units	1900	\$55,417	\$347,729	\$9,659	1.76	
3 Baker-Katz Nursing Center Haverhill, MA	SNF	Glenwood Manor Corp	\$3,400,000	267	71.0%	Average	\$165.12	\$4,927,536	\$63,994	81.6%	26.60%
		Golden Hill Ave Realty	10/1/2018	20,591	77 beds	1962	\$44,156	\$904,400	\$11,745	0.69	
4 Three MA Nursing Homes Saugus, MA	SNF	Sabra Health Care Holding, LLC	\$12,000,000	375	83.0%	Average	\$106.22	\$22,222,222	\$73,828	88.7%	20.87%
		RegalCare Management Group	4/4/2018	112,974	301 beds	1967	\$39,867	\$2,504,400	\$8,320	0.54	
5 Ivy Hill Court Rest Home Haverhill, MA	Rest Home	Stevens-Bennett Home, Inc.	\$840,000	525	98.8%	Average	\$53.34	\$1,166,667	\$38,889	74.1%	36.00%
		Ivy Hill Court, Inc.	6/7/2017	15,749	30 units	1876	\$28,000	\$302,400	\$10,080	0.72	

## STATISTICS

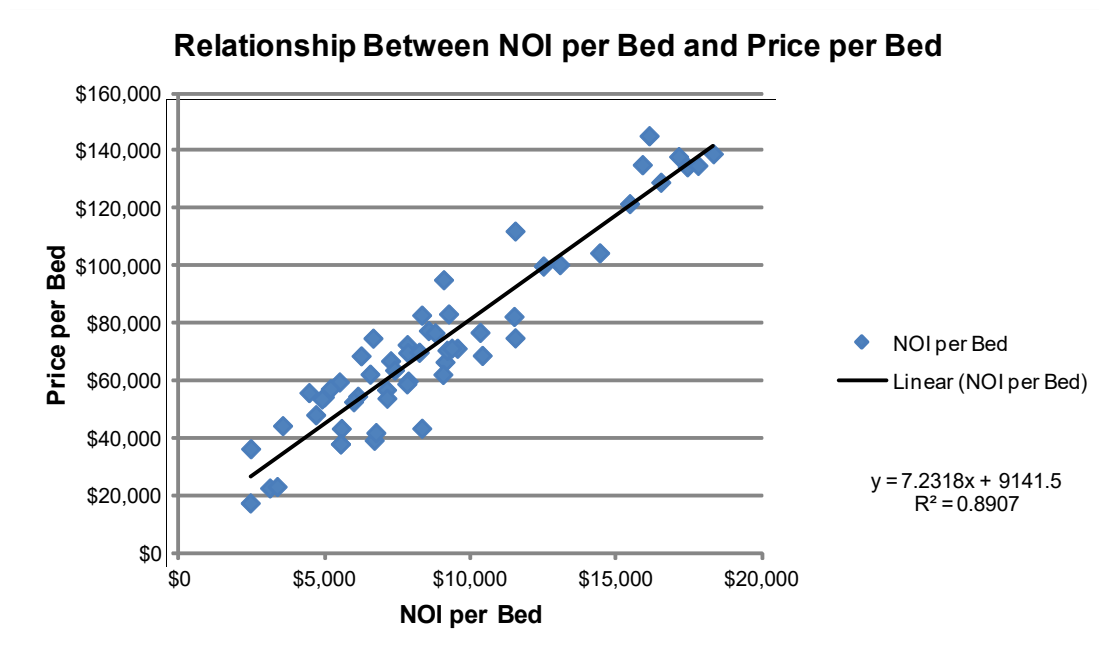
			Sale Price	Average SF/Bed	% Occ.	Condition & Quality	\$/SqFt	Revenues	Revenues Per Bed	Expense Ratio	
			Date	Bldg SqFt	# Beds	Year Built	\$/Bed	NOI	NOI/Bed	EGIM	OAR
Low			\$840,000	121	71.0%	N/A	\$53.34	\$1,133,523	\$31,487	65%	
High			\$12,000,000	525	100.0%	N/A	\$457.15	\$22,222,222	\$73,828	89%	
Average			\$4,387,000	316	88.8%	N/A	\$231.60	\$6,145,162	\$49,145	76%	
Low			6/17	4,364	30 beds	1876	\$28,000	\$302,400	\$8,320	0.54	11.94%
High			4/19	112,974	301 beds	1967	\$108,824	\$2,504,400	\$12,994	2.90	36.00%
Average			8/18	32,703	96 beds	1921	\$55,253	\$900,142	\$10,560	1.32	22.57%
<b>Subject Property</b>			---	437	74%	Average	N/A	\$1,548,800	\$39,713	85%	
			---	17,027	39	1900	N/A	\$235,616	\$6,041	---	---





## Price Per Bed Analysis

The price per bed is the most frequently quoted unit of comparison for skilled nursing or convalescent facilities. The price per bed is often correlated with the historic or expected operating income generated by the facility. The following graph, which reflects a study of national nursing home sales conducted by Cushman and Wakefield, reflects the influence that income has on sale prices.



*Compiled by Cushman & Wakefield*

Net operating income generated by a nursing home is dependent upon many tangible and intangible characteristics, including location, age, condition, reputation for care, payor mix, relationships with referral sources, and

management's expertise. We attempt to quantify some of these characteristics through the percentage adjustment method presented below.

## **Percentage Adjustment Method**

### **Adjustment Process**

The sales 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 the property rights conveyed, the financial terms incorporated into a particular 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 peculiar conditions of sale are then adjusted to reflect a normal market transaction. Next, changes in market condition must be accounted for, thereby creating a time adjusted normal unit of comparison. Lastly, we made adjustments for location and physical traits in order to generate the final adjusted unit rate appropriate for the subject property.

We have made a downward adjustment to those comparables considered superior to the subject and an upward adjustment to those comparables considered inferior.

### **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 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 a reversionary value to the leasehold interest.

All of the sales utilized in this analysis involved the transfer of the Fee Simple interest. Since we are appraising the Fee Simple interest of the subject property, 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 have analyzed all of the transactions to account for atypical financing terms. To the best of our knowledge, all of the sales utilized in this analysis were accomplished with cash and/or cash and market-oriented financing. Therefore, no adjustments were 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.

## Market Conditions

The sales included in this analysis date between June 2017 and April 2019. The market has been strong during the past several years, with good demand for senior housing and care assets. We have performed a 2.5 percent annual adjustment to reflect market conditions.

## Location

An adjustment for location is required when the locational characteristics of a comparable property are different from those of the subject property. The subject is located in Waltham, which is a favorable suburb of Boston. It is superior to Sales 1, 2, 3 and 5, which have been adjusted upward for this factor.

## Physical Traits (Age/Condition)

Physical factors for age and condition were analyzed. We summarized the chronological age and effective age of the subject and comparables below.

Age/Condition Adjustment					
Comp. No.	Brookhaven Assisted Care 1	Willowbrook Manor 2	Baker-Katz Nursing Center 3	Three MA Nursing Homes 4	Ivy Hill Court Rest Home 5
Comp Actual Age at Time of Sale	119	119	56	51	141
Effective Age at Sale	20	20	25	25	20
Subject's Effective Age	25	25	25	25	25
Difference Years	-5	-5	0	0	-5
As % of 50 Yrs Economic Life	-10.0%	-10.0%	0.0%	0.0%	-10.0%

The above chart shows the chronological age of each comparable, at the time of the sale, as well as the effective age of each comparable. With property maintenance and updates, the effective age will often be less than the chronological age. The difference to the subject's effective age provides a basis for adjustment, shown as the last row of the above table.

## Quality

The comparables were analyzed for their class of construction and amenities. Similar to the subject, all of the sales represent older senior care facilities. Sales 1, 2 and 5 represent Level IV Rest Homes, while Sales 3 and 4 reflect older skilled nursing homes. All of the sales were of similar quality as the subject. No adjustments were considered necessary for this factor.

## Operations

Sales 1 and 2 were generating positive cash flow at the time of sale. These sales are superior to the subject and have been adjusted downward for this factor. Sales 3, 4 and 5 were operating with losses, with similar operating performance as the subject. No adjustments were performed to these sales.

A summary of our adjustments is shown in the following table.

## IMPROVED COMPARABLE SALE ADJUSTMENT GRID

No.	\$/Bed Date	ECONOMIC ADJUSTMENTS (CUMULATIVE)				Subtotal	PROPERTY CHARACTERISTIC ADJUSTMENTS (ADDITIVE)				Adj. \$/Bed
		Property Rights Conveyed	Financing & Conditions of Sale	Exp. After Purchase	Market* Conditions		Location	Age, Condition	Quality	Operations	
1	<b>\$108,824</b> 4/19	Fee Simple/Mkt. 0.0%	Arms-Length 0.0%	None 0.0%	Inferior 2.0%	<b>\$111,000</b> 2.0%	Inferior 10.0%	Superior -10.0%	Similar 0.0%	Superior -15.0%	<b>\$94,350</b> -15.0%
2	<b>\$55,417</b> 3/19	Fee Simple/Mkt. 0.0%	Arms-Length 0.0%	None 0.0%	Inferior 2.2%	<b>\$56,636</b> 2.2%	Inferior 10.0%	Superior -10.0%	Similar 0.0%	Superior -15.0%	<b>\$48,140</b> -15.0%
3	<b>\$44,156</b> 10/18	Fee Simple/Mkt. 0.0%	Arms-Length 0.0%	None 0.0%	Inferior 3.5%	<b>\$45,701</b> 3.5%	Inferior 10.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	<b>\$50,271</b> 10.0%
4	<b>\$39,867</b> 4/18	Fee Simple/Mkt. 0.0%	Arms-Length 0.0%	None 0.0%	Inferior 4.8%	<b>\$41,781</b> 4.8%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	<b>\$41,781</b> 0.0%
5	<b>\$28,000</b> 6/17	Fee Simple/Mkt. 0.0%	Arms-Length 0.0%	None 0.0%	Inferior 6.9%	<b>\$29,932</b> 6.9%	Inferior 10.0%	Superior -10.0%	Similar 0.0%	Similar 0.0%	<b>\$29,932</b> 0.0%

## SUMMARY

Price Range	Unadj. \$/Bed	Adj. \$/Bed
Low	\$28,000	\$29,932
High	\$108,824	\$94,350
Average	\$55,253	\$52,895

## Net Adjustment

Low	-15.0%
High	10.0%
Average	-4.0%

## \*Market Conditions Adjustment

Annual change in market conditions:	2.50%
Date of Value (for adjustment calculations):	2/19/2020



## Summary of Price per Bed Analysis

After adjusting each comparable sale for differences from the subject property, the adjusted sale price range is \$29,932 to \$94,350 per bed. Based on the data, we consider that due to the subject's level of construction quality, resident targeting and location, a price per bed towards the middle portion of the adjusted range is warranted. From this, we correlated to a price of \$50,000 per bed as presented below.

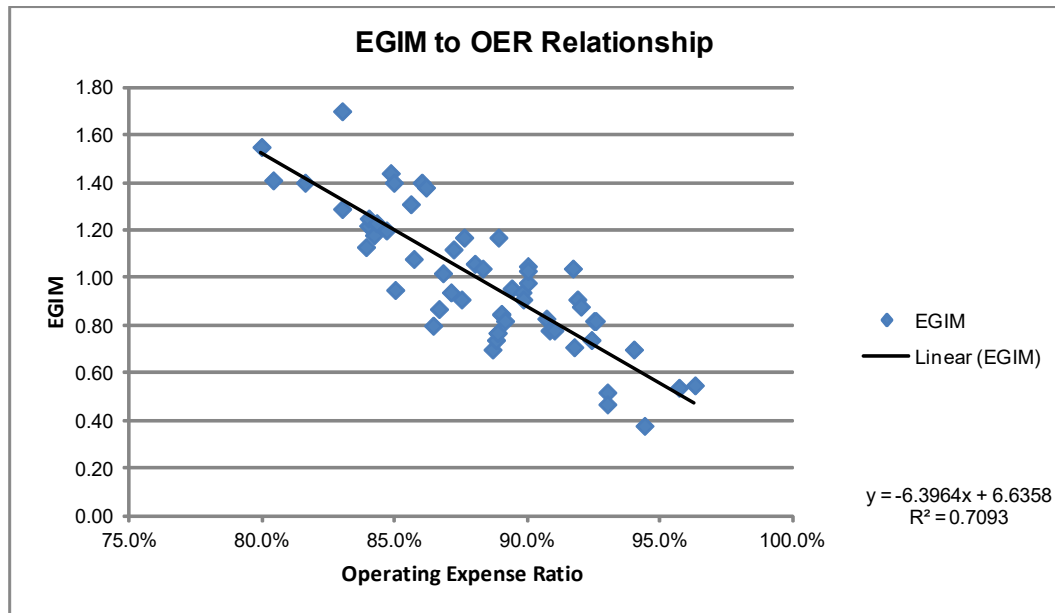
SALES COMPARISON CONCLUSION	
As-Is - February 19, 2020	
Indicated Value Per Bed	\$50,000
Number of Beds	x 39
Indicated Value	\$1,950,000
Value Indication:	\$1,950,000
<b>Rounded to nearest \$10,000</b>	<b>\$1,950,000</b>
Per Bed	\$50,000

## Effective Gross Income Multiplier

The effective gross income multiplier serves as an indicator of market value as expressed by the relationship between the sales price of a property and its effective gross income. This unit of comparison is commonly utilized by participants active in the real estate market. A significant strength of this analytical technique is that it represents a direct factor of income as reflected by the market and, therefore, requires no adjustment. Furthermore, the effective gross income is more easily verified and more reliable than net operating income since the figure is not distorted by management fees, capital costs or accounting conventions.

The effective gross income multipliers for the comparable sales indicate a range of 0.54x to 2.90x effective gross income with an average of 1.32x.

In *The Skilled Nursing Acquisition & Investment Report, 2019 1st Edition*, published by Irving Levin Associates, EGIMs for 2018 were analyzed. According to the publication, the average and median skilled nursing EGIM remained relatively unchanged for 2018. The historic average multipliers were, 1.02x in 2014, 0.99x in 2015, 0.94x in 2016, 0.94x in 2017 and 0.99x in 2018. The historic median multiples were 0.93x in 2014, 1.00x in 2015, 0.89x in 2016, 0.88x in 2017 and 0.93x in 2018. The following table illustrates the relationship between the EGIM and the operating expense ratio.



*Compiled by Cushman & Wakefield*

Furthermore, our findings are that multipliers decline as the age of the facility increases. We utilized an EGIM of 1.40x for the subject, which falls at the middle portion of the range for the comparables. This rate is considered reasonable given the subject's projected expense ratio, age, condition, and location. This is applied to the subject's projected effective gross income as follows:

		C&W Year 1 As-Is As Of: 2/19/20
<b>Subject EGI</b>		<b>\$1,548,800</b>
Number of Beds		<b>39</b>
	<b>EGIM</b>	<b>Indicated Value</b>
Low	0.54	\$836,352
High	2.90	\$4,491,520
Median	0.72	\$1,115,136
Average	1.32	\$2,047,514
		<b>Indicated Value Per Bed</b>
\$/Unit Low		\$21,445
\$/Unit High		\$115,167
\$/Unit Median		\$28,593
\$/Unit Average		\$52,500
<b>CONCLUSION</b>		
Indicated EGIM		<b>1.40</b>
Effective Gross Income		x \$1,548,800
<b>Indicated Stabilized Value</b>		<b>\$2,168,320</b>
<b>Sum Rent Loss and/or Other Adjustments*</b>		<b>\$0</b>
Rounded to nearest \$10,000		<b>\$2,170,000</b>
<i>Per Bed</i>		<b>\$55,641</b>
<i>Per Square Foot</i>		<b>\$127.44</b>
*Detailed in Income Approach		

## Sales Comparison Approach Conclusion

In developing the sales price per bed analysis, we first attempted to adjust the sales based solely upon differences in physical elements of comparison, such as age, location, and quality. This is due to the fact that economics is the primary factor driving the sales prices of seniors housing properties, not physical differences.

The EGIM analysis is less dependent upon the accurate estimation of NOI. An investor considering purchasing the subject might place substantial weight in an EGIM analysis as it is a commonly used tool.

Both units of comparison are well supported and appropriate. We place equal weight in the two analyses and conclude the following value within the Sales Comparison Approach.

<b>SALES COMPARISON APPROACH CONCLUSION</b>	
<b>Methodology</b>	<b>As-Is</b>
Percentage Adjustment Method (Price Per Bed)	\$1,950,000
EGIM Analysis	<u>\$2,170,000</u>
<b>Conclusion</b>	<b>\$2,060,000</b>
<i>Compiled by Cushman &amp; Wakefield of Massachusetts</i>	

## Income Capitalization Approach

### Methodology

The Income Capitalization Approach is a method of converting the anticipated economic benefits of owning property into a value through the capitalization process. The principle of "anticipation" underlies this approach in that investors recognize the relationship between an asset's income and its value. In order to value the anticipated economic benefits of a particular property, potential income and expenses must be projected, and the most appropriate capitalization method must be selected.

The two most common methods of converting net income into value are Direct Capitalization and Discounted Cash Flow. In direct capitalization, net operating income is divided by an overall capitalization rate to indicate an opinion of market value. In the discounted cash flow 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 upon certain factors, both the direct capitalization and discounted cash flow techniques have merit.

Considering all of the aspects that would influence an investment decision in the subject property, we conclude that the following method is appropriate in this assignment:

- The direct capitalization method

### Potential Gross Income

We were provided with historical operating statements for 2016<sup>2017</sup>, 2018, and 2019.

The following bullet points summarize our reconstruction of the income and expense statements.

- Non-operating expenses such as interest, rent and depreciation have been omitted.
- A management fee of 5.0 percent of effective gross income has been assumed.
- Reserves are estimated at \$350 per operating bed.

We note that the subject property is currently operated on a non-profit basis. Non-profit entities are typically operated with a philanthropic mission, and contrary to a typical for-profit entity, the maximization of earnings is not the overriding organizational goal. As a result, a property operated by a non-profit entity may not be managed as lean and efficiently as a for-profit entity, and the cash flows generated may be less than the property's income potential.

We have estimated the market value of the subject property. Market value is the most probable price which a property should bring in a competitive and open market. We have assumed that the typical buyer of the subject property would be a for-profit entity seeking to maximize cash flows. We have analyzed the revenue and expense data and have estimated stabilized income based upon the operating expense data of profit driven properties. Therefore, the estimate of stabilized income is representative of that which may be expected by a typical for-profit entity operating the subject property, and may not be reflective of current management's organizational goals.

The financial statements are summarized on the following page.

The Leland Home HISTORICAL OPERATING STATEMENTS								
	Year Ending 12/31/2017		Year Ending 12/31/2018		Year Ending 12/31/2019		C&W Year 1 Forecast As-Is/Stabilized February 19, 2020	
REVENUES	TOTAL	\$/PD	TOTAL	\$/PD	TOTAL	\$/PD	TOTAL	\$/PD
Private	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$453,750	\$150.00
Medicaid	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$1,089,000	\$120.00
Net Routine Revenues	\$1,504,437	\$140.06	\$1,515,290	\$141.08	\$1,388,651	\$129.29	\$1,542,750	\$127.50
Ancillary & Misc. Revenues	\$4,942	\$0.46	\$673	\$0.06	(\$1,898)	(\$0.18)	\$6,050	\$0.50
<b>Total Revenue</b>	<b>\$1,509,379</b>	<b>\$140.52</b>	<b>\$1,515,963</b>	<b>\$141.14</b>	<b>\$1,386,753</b>	<b>\$129.11</b>	<b>\$1,548,800</b>	<b>\$128.00</b>
<b>EXPENSES</b>								
Nursing (Salaries & Wages)	\$843,002	\$78.48	\$890,323	\$82.89	\$874,500	\$81.42	\$363,000	\$30.00
Ancillary (Includes Wellness)	\$246,485	\$22.95	\$295,334	\$27.50	\$315,512	\$29.37	\$30,250	\$2.50
Dietary (Food)	\$75,806	\$7.06	\$85,232	\$7.94	\$87,461	\$8.14	\$217,800	\$18.00
Housekeeping/Laundry	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$60,500	\$5.00
Plant Operations (Includes Supplies)	\$87,500	\$8.15	\$94,019	\$8.75	\$94,506	\$8.80	\$84,700	\$7.00
Utilities	\$102,222	\$9.52	\$114,225	\$10.63	\$108,600	\$10.11	\$121,000	\$10.00
Activities/Social Services	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$12,100	\$1.00
Employee Benefits	\$139,178	\$12.96	\$144,794	\$13.48	\$168,366	\$15.68	\$96,800	\$8.00
General & Administration (Inc. Prof. Fees)	\$73,176	\$6.81	\$115,436	\$10.75	\$103,270	\$9.61	\$181,500	\$15.00
Bad Debt	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$7,744	\$0.64
Real Estate Taxes	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$27,200	\$2.25
Property & Liability Insurance	\$22,278	\$2.07	\$21,540	\$2.01	\$10,528	\$0.98	\$19,500	\$1.61
<b>Total Operating Expenses</b>	<b>\$1,589,647</b>	<b>\$148.00</b>	<b>\$1,760,903</b>	<b>\$163.94</b>	<b>\$1,762,743</b>	<b>\$164.11</b>	<b>\$1,222,094</b>	<b>\$101.00</b>
Expense Ratio	105.3%		116.2%		127.1%		78.9%	
<b>EBITDARM</b>	<b>(\$80,268)</b>	<b>(\$7.47)</b>	<b>(\$244,940)</b>	<b>(\$22.80)</b>	<b>(\$375,990)</b>	<b>(\$35.01)</b>	<b>\$326,706</b>	<b>\$27.00</b>
Management Fee	\$75,469	\$7.03	\$75,798	\$7.06	\$69,338	\$6.46	\$77,440	\$6.40
Reserves for Replacement	\$13,650	\$1.27	\$13,650	\$1.27	\$13,650	\$1.27	\$13,650	\$1.13
<b>Total Expenses</b>	<b>\$1,678,766</b>	<b>\$156.30</b>	<b>\$1,850,351</b>	<b>\$172.27</b>	<b>\$1,845,731</b>	<b>\$171.84</b>	<b>\$1,313,184</b>	<b>\$108.53</b>
<b>Net Operating Income</b>	<b>(\$169,387)</b>	<b>(\$15.77)</b>	<b>(\$334,388)</b>	<b>(\$31.13)</b>	<b>(\$458,978)</b>	<b>(\$42.73)</b>	<b>\$235,616</b>	<b>\$19.47</b>
Overall Expense Ratio	111.2%		122.1%		133.1%		84.8%	
Occupancy	75.5%		75.5%		75.5%		85.0%	



## Historical & Forecasted Revenue and Census

The following table illustrates the subject property's occupancy and census mix by patient day and as a percentage of the total census, as well as historical and forecast revenue. Limited historic data was available. We have been provided with total patient days for 2019, which we have assumed are representative of 2017 and 2018 levels.

The Leland Home CENSUS and REVENUE								
Period	Year Ending 12/31/2017		Year Ending 12/31/2018		Year Ending 12/31/2019		C&W Year 1 Forecast As-Is/Stabilized February 19, 2020	
NO. BEDS	39		39		39		39	
DAYS IN PERIOD	365		365		365		365	
PATIENT DAYS								
Private							3,025	
Medicaid							9,075	
TOTAL PATIENT DAYS	10,741		10,741		10,741		12,100	
POTENTIAL PATIENT DAYS	14,235		14,235		14,235		14,235	
OCCUPANCY	75.5%		75.5%		75.5%		85.0%	
AVERAGE DAILY CENSUS	(% Total)		(% Total)		(% Total)		(% Total)	
Private							8.3 25.0%	
Medicaid							24.9 75.0%	
Total	29.4		29.4		29.4		33.2 100.0%	
REVENUE	PPD		PPD		PPD		PPD	
Private							\$453,750 \$150.00	
Medicaid							\$1,089,000 \$120.00	
Room/Board	\$1,504,437	\$140.06	\$1,515,290	\$141.08	\$1,388,651	\$129.29	\$1,542,750	\$127.50
Misc. Income	\$4,942	\$0.46	\$673	\$0.06	-\$1,898	-\$0.18	\$6,050	\$0.50
Total Revenue	\$1,509,379	\$140.52	\$1,515,963	\$141.14	\$1,386,753	\$129.11	\$1,548,800	\$128.00

Our forecasted payor mix is presented in the chart above and is consistent with recent operations. We estimate the payor mix to be 25.0 percent private pay and 75.0 percent Medicaid residents.

## Occupancy Forecast

As discussed within the Competitive Market Analysis section of this report, the occupancy levels reported by the competitive facilities surveyed ranged from 80 percent to 92 percent and are shown below.

Competitive Facilities			
Facility Name	No. Level IV Beds	Occupied Beds	Occupancy
No. 1 - Jeanne Jugan Residence	58	46	80%
No. 2 - Davenport Memorial Home	18	16	89%
No. 3 - Oosterman's Melrose Rest Home	25	23	92%
No. 4 - The Fitch Home	26	24	92%
Subject	39	29	74%
Totals/Average	166	138	83%

Based on the occupancy rates of the comparables, as well as the subject's historical and current occupancy rates, we estimate the subject's stabilized occupancy rate at 85 percent.

## Private-Pay Rate Analysis

In the Competitive Market Analysis section, we identified several competitive properties in the subject's market. The private-pay rates for these facilities, as well as the subject's private-pay rates, are outlined in the following table. We note that these rates represent the facilities advertised rates.

Comparison of Daily Private Pay Bed Rates		
Facility Name	Private	Semi-Private
No. 1 - Jeanne Jugan Residence	\$125.00	---
No. 2 - Davenport Memorial Home	\$83.33	---
No. 3 - Oosterman's Melrose Rest Home	\$187.07	\$176.00
No. 4 - The Fitch Home	\$125 - \$141	---
Subject	\$133.78	---

The subject's private pay rates are consistent with most of the competitive properties in the market. Based on the comparable rental rates, we have forecast the Private Pay rate to be \$150.00 PPD.

## Medicaid Rate Analysis

Most Level IV rest homes in the market are reliant upon Medicaid funding. We have estimated the Medicaid rate at \$120.00 PPD in the first forecasted year, which is consistent with the Medicaid rate of comparable properties in the market.

## Miscellaneous Revenue

Other operating revenue includes vending machine income, added cafeteria or guest meals, salon services, etc.

Misc. Income		
Year	Total	\$/PD
December 31, 2017	\$4,942	\$0.46
December 31, 2018	\$673	\$0.06
December 31, 2019	(\$1,898)	(\$0.18)
C&W YEAR 1 - As-Is/Stabilized	\$6,050	\$0.50

Based on the historical and recent data, we have forecast average Miscellaneous revenue at \$0.50 PPD.

## Effective Gross Income

The projected revenue is based on current Private Pay and reimbursement rate trends and reflect what we consider a typical purchaser would anticipate. The below chart summarizes the subject's historical and our C&W forecast Effective Gross Income.

Total Effective Gross Income		
Year	Total	\$/PD
December 31, 2017	\$1,509,379	\$140.52
December 31, 2018	\$1,515,963	\$141.14
December 31, 2019	\$1,386,753	\$129.11
C&W YEAR 1 - As-Is/Stabilized	\$1,548,800	\$128.00

## Opinion of Expenses

We have developed an opinion of the property's annual operating expenses after reviewing the operating performance as well as the operating statements of comparable properties. The following table presents the comparable operating data from several other facilities in the regional area.

We note that financial reporting varies from property to property, and the expense classifications for each line item may not be identical. Therefore a direct comparison of each line item with the subject may not be practical.

We have attempted to match the subject's reporting with that of the comparables. However, the subject reported a gross amount for Salaries and Wages, whereas the comparables include salaries and wages within the various departments. Where the subject's expense categories differed from the expense comparables, we have indicated the subject's expense description in parenthesis.

We have based our projections on the expense comparables. We note that Comparables 1 and 2 represent Level IV Rest Homes, while the remaining comparables represent skilled nursing facilities. We considered the skilled nursing expense data as a percentage of EGI guideline.

The expense comparables are summarized in the following chart. We have applied a 2.5 percent per annum increase to trend the comparable expenses to current.

**The Leland Home**  
**Summary of Comparable Operating Statements**

Facility Name	Confidential	Confidential	Confidential	Confidential	Confidential
Location	Ashland, Massachusetts	Haverhill, Massachusetts	North Reading, Massachusetts	Rockland, Massachusetts	West Roxbury, Massachusetts
Operating Year	3/31/2019	9/30/2019	12/31/2018	3/31/2018	6/30/2018
Inflation Trend Per Year @ 2.5%	0.89	0.39	1.14	1.89	1.64
Number of SNF Beds	26	30	113	110	141
Total Beds	26	30	113	110	141
Patient Mix					
Private	5.0%	20.0%	4.1%	1.8%	2.6%
Medicare	0.0%	0.0%	8.9%	23.8%	6.9%
Medicaid	95.0%	80.0%	79.2%	58.2%	72.6%
Insurance/Managed Care	0.0%	0.0%	7.8%	16.2%	17.9%
Total Occupancy	82.3%	94.6%	78.9%	85.7%	90.6%
Resident Days	7,812	10,354	32,541	34,390	46,637
	PPD	PPD	PPD	PPD	PPD
<b>Revenues</b>					
Private	\$78.99	\$149.19	\$465.50	\$1,232.34	\$295.38
Medicare			\$556.87	\$732.16	\$610.78
Medicaid	\$78.99	\$119.16	\$228.96	\$204.46	\$204.16
Insurance/Managed Care			\$265.13	\$251.30	\$306.97
Ancillary and Other	0.00	0.00	-10.46	13.63	3.90
Total Revenue	\$78.99	\$125.17	\$260.23	\$369.87	\$256.83
<b>Expenses</b>	<b>% EGI</b>	<b>% EGI</b>	<b>% EGI</b>	<b>% EGI</b>	<b>% EGI</b>
Nursing	\$16.77 21.2%	\$24.21 19.3%	\$103.53 39.8%	\$126.22 34.1%	\$98.84 38.5%
Ancillary	0.00 0.0%	0.00 0.0%	21.93 8.4%	56.19 15.2%	23.24 9.0%
Dietary	13.67 17.3%	17.13 13.7%	18.07 6.9%	20.14 5.4%	17.85 7.0%
Housekeeping/Laundry	5.41 6.8%	6.39 5.1%	11.62 4.5%	10.35 2.8%	7.07 2.8%
Plant Operations	8.28 10.5%	4.44 3.5%	11.85 4.6%	6.17 1.7%	5.09 2.0%
Utilities	4.68 5.9%	6.38 5.1%	6.12 2.4%	6.30 1.7%	5.75 2.2%
Activities/Social Services	0.67 0.9%	2.04 1.6%	8.71 3.3%	8.48 2.3%	5.12 2.0%
Employee Benefits	5.39 6.8%	7.43 5.9%	18.29 7.0%	18.74 5.1%	18.54 7.2%
General & Administration	18.03 22.8%	11.34 9.1%	32.83 12.6%	22.70 6.1%	11.40 4.4%
Bad Debt	0.00 0.0%	0.00 0.0%	8.52 3.3%	5.99 1.6%	3.15 1.2%
Provider Tax	0.00 0.0%	0.00 0.0%	19.57 7.5%	15.96 4.3%	19.79 7.7%
Real Estate Taxes	2.72 3.4%	2.44 1.9%	3.09 1.2%	1.80 0.5%	1.40 0.5%
Insurance	1.95 2.5%	1.19 0.9%	2.44 0.9%	1.77 0.5%	1.22 0.5%
<b>Operating Expenses</b>	<b>\$77.56 98.2%</b>	<b>\$82.98 66.3%</b>	<b>\$266.56 102.4%</b>	<b>\$300.81 81.3%</b>	<b>\$218.46 85.1%</b>
Management Fees at 5.0%	\$3.95 5.0%	\$6.26 5.0%	\$13.01 5.0%	\$18.49 5.0%	\$12.84 5.0%
Reserves at \$350	\$1.16 1.5%	\$1.01 0.8%	\$1.22 0.5%	\$1.12 0.3%	\$1.06 0.4%
Total Expenses	\$82.68	\$90.26	\$280.78	\$320.42	\$232.36
Total Expense Ratio	104.7%	72.1%	107.9%	86.6%	90.5%

## Nursing

This category typically includes the expenses associated with patient care, including salaries and wages, as well as all supplies. Salaries are the most significant expenses an operating health care facility incurs. The expenses for this category are shown in the following chart.

Nursing (Salaries & Wages)		
Year	Total	\$/PD
December 31, 2017	\$843,002	\$78.48
December 31, 2018	\$890,323	\$82.89
December 31, 2019	\$874,500	\$81.42
C&W YEAR 1 - As-Is/Stabilized	\$363,000	\$30.00
Expense Comparables		
	Min	\$16.77
	Max	\$126.22
	Average	\$73.91

The comparables indicated expenses ranging from \$16.77 to \$126.22 PPD. These expenses can vary based on acuity levels and occupancy. We forecast the stabilized Year 1 Nursing expense at \$30.00 PPD or \$363,000. This estimate is within the range of the expense comparables.

## Ancillary

These expenses are associated with the various ancillary services including the subject's rehabilitation therapy programs. The expenses for this category are shown in the following chart.

Ancillary (Includes Wellness)		
Year	Total	\$/PD
December 31, 2017	\$246,485	\$22.95
December 31, 2018	\$295,334	\$27.50
December 31, 2019	\$315,512	\$29.37
C&W YEAR 1 - As-Is/Stabilized	\$30,250	\$2.50
Expense Comparables		
	Min	\$21.93
	Max	\$56.19
	Average	\$33.79

The Level IV comparables reflect minimal ancillary expenses. We forecast the stabilized Year 1 Ancillary expense at \$2.50 PPD or \$30,250. This estimate is supported by the Level IV comparables.



## Dietary

These expenses include dietary wages. Other expenses include raw food, as well as kitchen supplies. The expenses for this category are shown in the following chart. We note that the historic data only includes raw food costs.

Dietary (Food)		
Year	Total	\$/PD
December 31, 2017	\$75,806	\$7.06
December 31, 2018	\$85,232	\$7.94
December 31, 2019	\$87,461	\$8.14
C&W YEAR 1 - As-Is/Stabilized	\$217,800	\$18.00
Expense Comparables		
	Min	\$13.67
	Max	\$20.14
	Average	\$17.37

The historical expenses were \$7.94 PPD in 2018 and \$8.14 PPD in 2019. The comparables indicated expenses ranging from \$13.67 to \$20.14 PPD. Based on the comparables, we forecast the stabilized Year 1 Dietary expense at \$18.00 PPD or \$217,800. This estimate is within the range of the expense comparables.

## Housekeeping/Laundry

These expenses include housekeeping/laundry wages. Other expenses include supplies, and linens. The comparables indicated expenses ranging from \$5.41 to \$11.62 PPD.

Based on the comparables, we forecast the stabilized Year 1 Housekeeping and Laundry expense at \$5.00 PPD or \$60,500.

## Plant Operations

These expenses include maintenance personnel wages. Other expenses include grounds maintenance, security contracts, mechanical contracts, supplies and equipment purchases. The expenses for this category are shown in the following chart.

Plant Operations (Includes Supplies)		
Year	Total	\$/PD
December 31, 2017	\$87,500	\$8.15
December 31, 2018	\$94,019	\$8.75
December 31, 2019	\$94,506	\$8.80
C&W YEAR 1 - As-Is/Stabilized	\$84,700	\$7.00
Expense Comparables		
	Min	\$4.44
	Max	\$11.85
	Average	\$7.16

The historical expenses were \$8.75 PPD in 2018 and \$8.80 PPD in 2019. The comparables indicated expenses ranging from \$4.44 to \$11.85 PPD.

Based on the historical performance and the comparables, we forecast the stabilized Year 1 Plant Operation expense at \$7.00 PPD or \$84,700. This estimate is within the range of the expense comparables and is supported by the historicals.

## Utilities

This cost is for the subject's gas, electricity, water/sewer, trash and cable television.

Utilities		
Year	Total	\$/PD
December 31, 2017	\$102,222	\$9.52
December 31, 2018	\$114,225	\$10.63
December 31, 2019	\$108,600	\$10.11
C&W YEAR 1 - As-Is/Stabilized	\$121,000	\$10.00
<b>Expense Comparables</b>		
	Min	\$4.68
	Max	\$6.38
	Average	\$5.84

The historical expenses were \$10.63 PPD in 2018 and \$10.11 PPD in 2019. The comparables indicated expenses ranging from \$4.68 to \$6.38 PPD.

Based on the historical performance and the comparables, we forecast the stabilized Year 1 Utilities expense at \$10.00 PPD or \$121,000. This estimate is above the range of the expense comparables but is supported by the historicals.

## Activities/Social Services

These expenses include activities/social services wages. Other expenses include supplies and other programs. The comparables indicated expenses ranging from \$0.67 to \$8.71 PPD.

Based on the comparables, we forecast the stabilized Year 1 Activity/Social Services expense at \$1.00 PPD or \$12,100. This estimate is within the range of the expense comparables.

## Employee Benefits

Employee benefits are typically considered as a percentage of salaries. This cost includes payroll taxes, health benefits, worker's compensation and pension/retirement contributions. The expenses for this category are shown in the following chart.

Employee Benefits		
Year	Total	\$/PD
December 31, 2017	\$139,178	\$12.96
December 31, 2018	\$144,794	\$13.48
December 31, 2019	\$168,366	\$15.68
C&W YEAR 1 - As-Is/Stabilized	\$96,800	\$8.00
Expense Comparables		
	Min	\$5.39
	Max	\$18.74
	Average	\$13.68

The historical expenses were \$13.48 PPD in 2018 and \$15.68 PPD in 2019. The comparables indicated expenses ranging from \$5.39 to \$18.74 PPD. The subject's benefits expenses are well above the comparables.

Based on the comparables, we forecast the stabilized Year 1 Employee Benefits expense at \$8.00 PPD or \$96,800. This estimate is within the range of the expense comparables.

## General & Administrative

These expenses include general/administrative wages. Other expenses include office supplies, licenses, permits, dues, subscriptions, travel, meals, communications, transportation, etc. The expenses for this category are shown in the following chart.

General & Administration (Inc. Prof. Fees)		
Year	Total	\$/PD
December 31, 2017	\$73,176	\$6.81
December 31, 2018	\$115,436	\$10.75
December 31, 2019	\$103,270	\$9.61
C&W YEAR 1 - As-Is/Stabilized	\$181,500	\$15.00
Expense Comparables		
	Min	\$11.34
	Max	\$32.83
	Average	\$19.26

The historical expenses were \$10.75 PPD in 2018 and \$9.61 PPD in 2019. The comparables indicated expenses ranging from \$11.34 to \$32.83 PPD.

Based on the historical performance and the comparables, we forecast the stabilized Year 1 General & Administrative expense at \$15.00 PPD or \$181,500. This estimate is within the range of the expense comparables.

## Bad Debt

This category includes expenses related to uncollectable accounts. Based on the comparables, we forecast the stabilized Year 1 Bad Debt expense at 0.5 percent of EGI or \$7,744.

## Real Property Taxes

This is a fixed expense and includes real estate and personal property taxes. We forecast stabilized Year 1 Real Estate Property Taxes of \$27,200. Please refer to the *Real Estate Tax* section of this report for a discussion on how we calculated this amount.

## Insurance

This expense is for liability and property insurance. The expenses for this category are shown in the following chart.

Property & Liability Insurance			
Year	Total	\$/PD	\$/Bed
December 31, 2017	\$22,278	\$2.07	\$571
December 31, 2018	\$21,540	\$2.01	\$552
December 31, 2019	\$10,528	\$0.98	\$270
C&W YEAR 1 - As-Is/Stabilized	\$19,500	\$1.61	\$500
Expense Comparables			
	Min	\$1.19	\$403
	Max	\$2.44	\$703
	Average	\$1.71	\$531

The subject's historical expenses were \$552 and \$270 per operating bed in 2018 and 2019. The comparables indicated expenses ranging from \$403 to \$703 per operating bed.

Based on the historical performance and the comparables, we forecast the stabilized Year 1 Insurance expense at \$500 per operating bed or \$19,500. This estimate is within the range of the expense comparables and is supported by the historicals.

## Management Fee

Management fees typically range from 3.00 percent to 7.00 percent of Effective Gross Income and vary depending on the overall facility, and with higher reimbursement states requiring a lower fee as a percentage of revenues.

We previously provided a total operating picture for the subject inclusive of a market-oriented management fee assumption. In the table below, the operator's historical management fee is presented for informational purposes.

The expense comparables used in this analysis had various management fees as a percentage of effective gross income. For the purposes of this analysis, we have used a 5.0 percent management fee for all comparables in order that we can consistently compare the overall expense ratios to the subject's overall expense ratio.

Based on our forecast management fee of 5.0 percent of collected revenues, this equates to a stabilized management fee of \$77,440.

Management Fee Comparison						
Year	At Market	\$/PD	%EGI	Actual	\$/PD	%EGI
December 31, 2017	\$75,469	\$7.03	5.0%	\$250,000	\$23.28	16.6%
December 31, 2018	\$75,798	\$7.06	5.0%	\$75,985	\$7.07	5.0%
December 31, 2019	\$69,338	\$6.46	5.0%	\$69,433	\$6.46	5.0%
C&W YEAR 1 - As-Is/Stabilized	\$77,440	\$6.40	5.0%	N/A		

## Replacement Reserves

Replacement reserves are necessary for replacement of roof covering, mechanical systems, furnishings, kitchen appliances, laundry equipment, etc. We have assumed a reserve for the facility of \$350 per operating bed, which is typical for senior care facilities. Total reserves are estimated at \$13,650 based on the 39 operating beds.

## Expense Summary

The below chart summarizes our expense findings.

Total Operating Expense			
Year	Total	\$/PD	%EGI
December 31, 2017	\$1,678,766	\$156.30	111.2%
December 31, 2018	\$1,850,351	\$172.27	122.1%
December 31, 2019	\$1,845,731	\$171.84	133.1%
C&W YEAR 1 - As-Is/Stabilized	\$1,313,184	\$108.53	84.8%
Expense Comparables			
	Min	\$82.68	72.1%
	Max	\$320.42	107.9%
	Average	\$201.30	92.4%

The above chart summarizes the historical and/or budget, as well as the C&W forecast. We excluded income and expenses which were not related to the subject's operation. We adjusted the management fee, both operator's historical and/or operator's budget, by extracting the in-place management fee and applying a market normalized management fee in line with the C&W forecast management fee, in order to provide a direct year-over-year expense and NOI analysis.

Our forecast expense ratio, including management fee and reserves is 84.8 percent. From a secondary comparison, we have analyzed the subject's forecast stabilized expenses after management fees and reserves, to the expense comparables, which range from 72.1 percent to 107.9 percent.

As further support for the expense ratio, *The Skilled Nursing Acquisition & Investment Report, 2019 1st Edition*, published by Irving Levin Associates, reported the average and median national expense ratios (including management fees). The average and median expense ratios, respectively, for skilled nursing facilities in each year is as follows: 88.8 percent in 2014, 88.5 percent and 88.5 percent in 2015, 88.6 percent and 89.0 percent in 2016, 90.6 and 90.5 percent in 2017, and 90.9 percent and 90.4 percent in 2018. These figures are after management fees and reserves. The subject expenses after management fees of 84.8 percent is below the national average, but is reasonable as the subject provides a lower level of care.

## Net Operating Income

A summary of the historical and forecast NOI for the subject is shown below.



Net Operating Income (NOI)			
Year	Total	\$/PD	%EGI
December 31, 2017	(\$169,387)	(\$15.77)	-11.2%
December 31, 2018	(\$334,388)	(\$31.13)	-22.1%
December 31, 2019	(\$458,978)	(\$42.73)	-33.1%
C&W YEAR 1 - As-Is/Stabilized	\$235,616	\$19.47	15.2%
Expense Comparables			
	Min	(\$20.56)	-7.9%
	Max	\$49.45	27.9%
	Average	\$16.92	7.6%

### Income and Expense Proforma

Based on the data, the expenses and resultant net operating income estimate for the subject are considered reasonable. A summary of our Stabilized Pro Forma is presented as follows:

The Leland Home			
STABILIZED YEAR 1 OPERATING STATEMENT			
C&W Year 1			
As-Is			
As Of: 2/19/20			
<u>PAYOR MIX</u>	<u>SNF % Mix</u>		
Private	3,025	25.0%	
Medicaid	9,075	75.0%	
Total Patient Days	12,100	100.0%	
<u>REVENUES</u>	<u>TOTAL</u>	<u>\$/PD</u>	<u>% EGI</u>
Private	\$453,750	\$150.00	29.3%
Medicaid	\$1,089,000	\$120.00	70.3%
Net Routine Revenues	\$1,542,750	\$127.50	99.6%
Ancillary & Misc. Revenues	\$6,050	\$0.50	0.4%
<b>EFFECTIVE GROSS INCOME</b>	<b>\$1,548,800</b>	<b>\$128.00</b>	<b>100.0%</b>
<u>EXPENSES</u>			
Nursing	\$363,000	\$30.00	23.4%
Ancillary	\$30,250	\$2.50	2.0%
Dietary	\$217,800	\$18.00	14.1%
Housekeeping/Laundry	\$60,500	\$5.00	3.9%
Plant Operations	\$84,700	\$7.00	5.5%
Utilities	\$121,000	\$10.00	7.8%
Activities/Social Services	\$12,100	\$1.00	0.8%
Employee Benefits	\$96,800	\$8.00	6.3%
General & Administration	\$181,500	\$15.00	11.7%
Bad Debt	\$7,744	\$0.64	0.5%
Real Estate Taxes	\$27,200	\$2.25	1.8%
Property & Liability Insurance	\$19,500	\$1.61	1.3%
<b>TOTAL OPERATING EXPENSES</b>	<b>\$1,222,094</b>	<b>\$101.00</b>	<b>78.9%</b>
Management Fee @ 5%	\$77,440	\$6.40	5.0%
Replacement Reserves @ \$350	\$13,650	\$1.13	0.9%
<b>TOTAL EXPENSES</b>	<b>\$1,313,184</b>	<b>\$108.53</b>	<b>84.8%</b>
<b>NET OPERATING INCOME</b>	<b>\$235,616</b>	<b>\$19.47</b>	<b>15.2%</b>

## Direct Capitalization Rate Analysis

In determining an appropriate capitalization rate, we utilized several different methods: market extraction from the sales comparables; findings reported in *The Skilled Nursing Acquisition & Investment Report, 2019 1st Edition*, published by Irving Levin Associates, and the findings from the 2019 Cushman & Wakefield Senior Care Participants Survey completed by Cushman & Wakefield, Inc.

We analyzed investment rates of return acceptable to buyers in order to determine the capitalization rate. The overall rate on an investment is determined by analyzing several aspects of that investment and then assigning a risk associated with those aspects. Elements usually considered are the following predictions: reliability of the gross income, the reliability of the expenses, expense ratio, burden of management, the marketability of the property and lastly, the stability of value.

As described previously, the gross income projected for the property is subject to such uncertainties as competition from other facilities and fluctuations in demand for the subject's services. Moreover, a purchaser must have the

appropriate operating license from the applicable state regulatory agencies, which limits the number of potential investors and would, in any potential sale of the property, create impediments and delays.

### Going-In Capitalization Rate

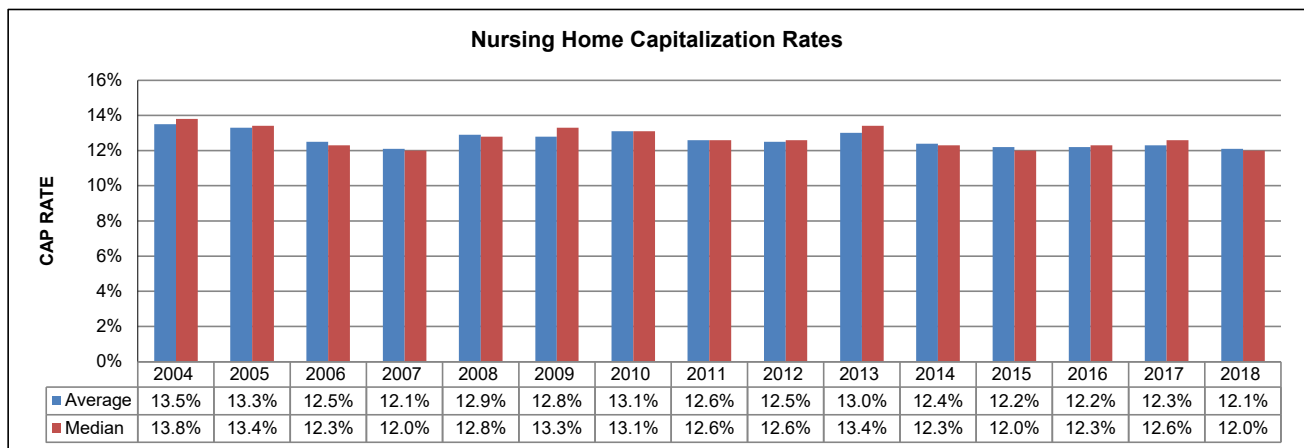
The first method used to derive the capitalization rate was a review of comparable sales that occurred in the subject's regional area. The overall capitalization rates derived from the facility sales used in the Sales Comparison Approach are summarized in the following chart.

CAPITALIZATION RATE SUMMARY				
No.	Property Name	Date of Sale	Occupancy	Capitalization Rate
1	Brookhaven Assisted Care	Apr-19	91%	11.94%
2	Willowbrook Manor	Mar-19	100%	17.43%
3	Baker-Katz Nursing Center	Oct-18	71%	26.60%
4	Three MA Nursing Homes	Apr-18	83%	20.87%
5	Ivy Hill Court Rest Home	Jun-17	99%	36.00%
Low			71%	11.94%
High			100%	36.00%
Median			91%	20.87%
Average			89%	22.57%

The overall capitalization rates of the comparable sales range from 11.94 percent to 36.00 percent, with an average indication of 22.57 percent. These rates are reported after management fee and reserves. The capitalization rates reflect actual buyer expectations of existing facilities and are directly applicable to the subject.

### Industry Findings

To further test the capitalization rates, we consulted data on senior living property acquisition trends in *The Skilled Nursing Acquisition & Investment Report, 2019 1st Edition*, published by Irving Levin Associates, Inc. The average historical capitalization rates are summarized in the following graph.



Source: The Skilled Nursing Acquisition & Investment Report, 2019 1st Edition, Irving Levin Associates, Inc.

From a regional basis, average capitalization rates reported by *The Skilled Nursing Acquisition & Investment Report, 2019 1st Edition*, were 12.1 percent for the Northeast, 11.5 percent for the Southeast, 12.8 percent for the North Central region, 12.8 percent for the South Central region and 11.8 percent for the Western region.

In addition, Cushman & Wakefield, Inc. surveyed senior care participants regarding their investment parameters for senior housing properties. This recent information is summarized in the following table.

2019 Cushman & Wakefield Senior Care Participants Survey						
Property Type	Survey Range	Survey Average	Change From 2018 Basis Point	%	Change From 2017 Basis Point	%
<b><u>Capitalization Rates</u></b>						
55+ Senior Apartments	4.75% - 9.00%	6.98%	+3	0.43%	+3	0.43%
Independent Living	4.50% - 9.50%	7.20%	+10	1.41%	0	0.00%
Assisted Living	5.50% - 13.00%	7.95%	+5	0.63%	+10	1.27%
Skilled Nursing	9.75% - 14.75%	13.20%	+10	0.76%	+20	1.54%
Continuing Care Retirement Community	8.00% - 14.25%	10.25%	+5	0.49%	+15	1.49%
<b><u>Internal Rates of Return</u></b>						
55+ Senior Apartments	6.25% - 9.75%	9.00%	+5	0.56%	+5	0.56%
Independent Living	7.25% - 12.00%	10.25%	-10	-0.97%	-25	-2.38%
Assisted Living	8.25% - 13.75%	11.92%	+7	0.59%	+12	1.02%
Skilled Nursing	9.00% - 14.75%	14.55%	+10	0.69%	+15	1.04%
Continuing Care Retirement Community	10.00% - 15.00%	13.85%	+110	8.63%	+110	8.63%

Source: Senior Care Participants Survey 2019 by Cushman & Wakefield, Inc.

In reviewing the 2019 Cushman & Wakefield Senior Care Participants Survey, capitalization rates for senior living facilities reflect a minor-to-modest increase from the prior year, reflecting the following market dynamics:

- A number of respondents are anticipating that the U.S. may be nearing the end of the current economic growth cycle;

- Respondents anticipate an inching up of interest rates;

In choosing the appropriate capitalization rate for the subject, we considered its location, occupancy, census mix, state regulatory environment, the overall condition and utility of the property, as well as the above investment considerations.

The subject is an established residential care facility with stable competition in its market area. The market area is considered to be at an equilibrium basis with no under- or over- supply at this time. Facility specific factors that we have considered in determining a capitalization rate for the subject include the following:

- The subject is an older facility with some physical and functional obsolescence.
- The subject is heavily dependent upon a Medicaid census.
- The subject has a good location in downtown Waltham.

Based on the data and characteristics of the subject and marketplace, we consider a capitalization rate of between 11.75 percent to 12.25 percent to be appropriate for the property.

### Direct Capitalization Method Conclusion

We estimated a capitalization rate range between 11.75 percent to 12.25 percent through our direct comparison analysis. Utilizing this method to develop a capitalization rate, tempered with investor criteria and the specific attributes of the subject, we consider a rate of 12.00 percent warranted for the property. We note that this rate is applied after reserves. Our conclusion via the Direct Capitalization Method is as follows:

DIRECT CAPITALIZATION METHOD		C&W Year 1
		As-Is
		As Of: 2/19/20
Net Operating Income		\$235,616
Number of Beds		39
Sensitivity Analysis (0.25% OAR Spread)	Value	\$/Bed
Based on Low-Range of 11.75%	\$2,005,243	\$51,416
Based on Most Probable Range of 12.00%	\$1,963,467	\$50,345
Based on High-Range of 12.25%	\$1,923,396	\$49,318
Reconciled Value	\$1,963,467	\$50,345
Rounded to nearest \$10,000	\$1,960,000	\$50,256



## Conclusion - Income Capitalization Approach

The following is a summary of our concluded values in the Income Capitalization Approach:

INCOME CAPITALIZATION APPROACH CONCLUSION	
Methodology	As-Is
Direct Capitalization Method	\$1,960,000
<b>Conclusion</b>	<b>\$1,960,000</b>
<i>Compiled by Cushman &amp; Wakefield of Massachusetts</i>	

## Reconciliation and Final Value Opinion

### Valuation Methodology Review and Reconciliation

This appraisal employs 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 these approaches would be considered applicable and/or necessary for market participants. The subject's age makes it difficult to accurately form an opinion of depreciation and tends to make the Cost Approach unreliable. Investors do not typically rely on the Cost Approach when purchasing a property such as the subject of this report. Therefore, we have not utilized the Cost Approach to develop an opinion of market value.

The approaches indicated the following values:

<b>FINAL VALUE RECONCILIATION</b>	
<b>Methodology</b>	<b>As-Is</b>
<b>Date of Value</b>	<b>February 19, 2020</b>
Sales Comparison Approach	\$2,060,000
Income Capitalization Approach	\$1,960,000
<b>Final Value Conclusion</b>	<b>\$1,960,000</b>

*Compiled by Cushman & Wakefield of Massachusetts*

The Cost Approach provides a reliable estimate of value for proposed or newly constructed improvements. However, buyers and sellers of seniors housing facilities generally give little weight to this approach. Because of the subject's age, the Cost Approach was considered to be inapplicable and was not completed.

The Sales Comparison Approach reflects an estimate of value as indicated by the actual sales of senior living facilities. In this approach, we searched the region for transactions of similar property types. Given that investors typically purchase these types of properties based on their income producing capabilities, this approach was useful in providing support for our findings in the Income Capitalization Approach.

The Income Capitalization Approach is typically considered the most appropriate approach to utilize when valuing going-concerns such as nursing homes, independent living and assisted living facilities. This approach considers the income potential of the property. In our Income Capitalization Approach to value, the anticipated monetary benefits of ownership were converted into a value estimate. Considering all of the aspects that would influence an investment decision in the subject property, we concluded that the following method(s) were appropriate in this assignment:

- The direct capitalization method

### Market Value

Based on the Scope of Work agreed to with the Client, and as outlined in the accompanying report, we have developed an opinion that the Market Value of the Fee Simple estate of the referenced property as a going concern, subject to the assumptions, limiting conditions, certifications, is as follows:

VALUE CONCLUSIONS			
Appraisal Premise	Real Property Interest	Date of Value	Value Conclusion
Market Value As-Is	Fee Simple Going Concern	February 19, 2020	\$1,960,000

## Personal Property Allocation

Included in the above estimate of market value is the contributing value of the personal property at the subject property, or the furnishings, fixtures and equipment (FF&E). FF&E is generally considered to be part of the senior living facility and is typically sold with the building. It is therefore considered to be a part of the property's total value. FF&E includes the individual unit and public area furnishings, kitchen equipment, service/maintenance equipment and other machinery. We estimated the value of the FF&E as new to be \$148,005, including a 15 percent factor for entrepreneurial profit and 10.00 percent factor for indirect costs.

Physical deterioration (depreciation) must be deducted for the FF&E. We estimated that the subject's FF&E has a useful life of 10 years and we estimated the current effective age is 6 years and resulting depreciation is shown below.

Furniture, Fixtures and Equipment			
			As-Is February 19, 2020
Number of Beds			39
Cost Per Bed			\$3,000
Total Furnishings, Fixtures & Equipment			\$117,000
Plus: Indirect Costs (% of Direct Costs)	10.00%		<u>\$11,700</u>
Subtotal			\$128,700
Plus: Entrepreneurial Profit (% of RCN)	15.00%		<u>\$19,305</u>
Total Value of FF&E As New			\$148,005
Physical Life (Yrs)			10
Effective Age (Yrs)			6
Percent Depreciated (%)			60
Percent Value Remaining (%)			40
Depreciated Value			\$59,202
<b>Rounded to nearest \$10,000</b>			<b>\$60,000</b>

The contributing value of the FF&E is considered to be the cost of the FF&E less accrued depreciation.

## Business Enterprise Value

Senior living facilities, such as assisted/independent living properties and nursing homes, are undisputedly a combination of business and real estate; the day-to-day operation of a senior living facility may include an intangible property component over and above the real estate value. The intangible property may reflect reputation, work force, contracts, copyrights, patents, trademarks, or residual income. The intangible property component is typically referred to as "business enterprise value." In the valuation of a going concern appraisers are required to separately

identify the value of the real property, FF&E, and the business enterprise value (BEV) in order not to be misleading to a reader of the appraisal report.

Numerous theories have been developed over time in an attempt to isolate the business value component of a senior living facility. Over the years, market participants such as buyers, sellers, investors, owners and operators have applied a number of these theories to identify and quantify the amount that is allocated to the Business Enterprise component. One method has been to use the Cost Approach as a proxy for the value of the real estate, with the difference between the Income Capitalization and Cost approaches representing the value of the BEV. However, particularly in older facilities, the Cost Approach may not be representative of the value of the real estate due to the imprecision in estimating depreciation. Further complicating the allocation process is that the distinction whether certain assets, such as the cost to obtain a CON, or the general appeal of a facility, would be classified as real estate or as an intangible asset can be disputed.

In estimating the BEV, we have considered typical lease agreements for senior housing and care properties. Real Estate Investment Trusts (REITs) specializing in senior housing assets generally structure leases to represent a return on the real property position. Leases are structured to provide a margin of security to the leased fee position, as well as to allow for a return to the operator. Based upon a review of lease transactions in the senior housing sector, leases are typically structured with Lease Coverage Ratios ranging from 1.30 to 1.80. By dividing the stabilized net operating income estimated for the subject property by the Lease Coverage Ratio, a return to the real property can be deduced.

## Real Estate Capitalization Rate

The capitalization rate for the fee simple interest was estimated to be 12.00 percent. Since the leased fee interest typically includes tangible assets, which tend to have less risk than the entire fee simple interest, a lower capitalization rate is warranted for the real estate allocation. We have gathered leased fee sales of skilled nursing facilities. They are presented in the following chart.

LEASED FEE SALES SUMMARY								
Landlord/Tenant	State	Year Built	Number of Beds	Date of Sale	Sale Price	Year 1 Rent	Capitalization Rate	Price/Bed
Confidential - Blueprint Disclosure	8 States	Various	981	Sep-18	\$82,000,000	\$7,380,000	9.00%	\$83,588
GMF I/Genesis Healthcare	IN, OH, KY	Various	1,866	Jan-18	\$103,300,000	\$9,300,000	9.00%	\$55,359
CareTrust REIT/Metron Integrated Health Systems	MI		416	Feb-18	\$41,250,000	\$3,740,000	9.07%	\$99,159
Next Healthcare Capital/Genesis Healthcare	NH, FL		1,325	Feb-18	\$134,000,000	\$12,060,000	9.00%	\$101,132
Omega Healthcare Investors/CommuniCare Health	IN	2012	2,074	Sep-17	\$190,000,000	\$18,050,000	9.50%	\$91,610
Med-Equities Realty Trust, Inc./Magnolia Health Systems	IN		160	Feb-17	\$15,000,000	\$1,350,000	9.00%	\$93,750
National Health Investors/The Ensign Group	TX	2015	126	Feb-17	\$13,900,000	\$1,160,650	8.35%	\$110,317
Med-Equities Realty Trust, Inc./Prospect ECHN Eldercare Ser	CT		130	May-17	\$10,000,000	\$900,000	9.00%	\$76,923
CareTrust REIT/On Pointe Health	TX, NM		262	Jun-17	\$27,300,000	\$2,500,000	9.16%	\$104,198
CareTrust REIT/WLC Management Firm	IL		455	Feb-17	\$29,200,000	\$2,900,000	9.93%	\$64,176
Total/Average							9.10%	\$88,021

The capitalization rates range from 8.35 percent to 9.93 percent, with an average of 9.10 percent. It is important to note that the Sale in Texas that had an 8.35 percent capitalization rate was constructed in 2015. The other comparables are considerably older.

The typical investor pool for leased long-term care facilities is generally smaller than a typical private pay (cash) commercial-retail investor due to the associated healthcare regulatory environment. Long-term care facilities are a mix of Medicaid, regulated by the state; Medicare, regulated by the Federal government and Insurance, regulated by contracts and policies. Private payors typically make up a small portion of revenues in long-term care facilities. In addition, the typical long-term care facility investor operates on a national basis.

Due to their long lived nature, real property is generally considered to contain less overall risk than FF&E or intangible assets. We have capitalized the estimated returns attributable to the real property at a rate that is 200 basis points below the overall capitalization rate of 12.00 percent selected for the total going concern. Our estimate of the value of the real property is estimated as follows:

<b>REAL PROPERTY AND FF&amp;E ALLOCATION</b>		<b>C&amp;W Year 1 As-Is</b>
		<b>As Of: 2/19/20</b>
Net Operating Income (Going Concern)*		\$235,616
Divided by Lease Coverage Ratio		1.30
Net Operating Income (Real Estate & FF&E Position)		\$181,243
Divided by Capitalization Rate (Real Estate & FF&E)		10.00%
Real Estate & FF&E Value Conclusion		\$1,812,431
Rounded to nearest \$50,000		<b>\$1,800,000</b>

We have previously estimated the value of the FF&E at \$60,000. Deducting the allocated value of the real property and the FF&E from our going concern value conclusion results in a value of the Business Enterprise of \$160,000 calculated as follows:

<b>BUSINESS ENTERPRISE ALLOCATIONS</b>		<b>C&amp;W Year 1 As-Is</b>
		<b>As Of: 2/19/20</b>
Going Concern Value		\$1,960,000
Allocation:		
Value of Real Property:		\$1,740,000
Value of FF&E		\$60,000
Allocation to BEV		\$160,000

We have tested the reasonableness of our asset allocation through a review of the income and rate or returns attributable to the asset types. This is presented in the table below.

<b>As Stable</b>		<b>Real Estate</b>	<b>FF&amp;E</b>	<b>Intangibles/ Goodwill</b>	<b>Combined Going Concern</b>
<b>1</b>	<b>Appraised Value</b> (% of Total)	<b>\$1,740,000</b> 88.8%	<b>\$60,000</b> 3.1%	<b>\$160,000</b> 8.2%	<b>\$1,960,000</b> 100.0%
1A	Source	Lease Coverage Method	Cost Approach	GCV - RE- FF&E = Intangible Assets	Weighting of all Approaches
<b>2</b>	<b>NOI or EBITDA(R)</b>	<b>\$173,462</b>	<b>\$7,781</b>	<b>\$54,373</b>	<b>\$235,616</b>
2A	Source	I = V*R	I = V*R	Excess Earnings	Stabilized NOI
<b>3</b>	<b>Capitalization Rate</b>	<b>9.97%</b>	<b>12.97%</b>	<b>33.98%</b>	<b>12.02%</b>
3A	Source	Blended Land & Impr. Rate	Typical FF&E Rate	R = I / V	R = I/V & Supported By Market Data
Implied Rent \$/Square Foot		\$10.19			
Implied Rent \$/Bed/Month		\$371			



We estimate a capitalization rate of 10.00 percent would be reasonable for the real estate assets, which is 200 basis points below the going concern rate of 12.00 percent, which is supported by market comparables. Due to their short lived nature, the FF&E reflects a capitalization rate of 12.97 percent. The intangible assets, which represent the riskiest asset class, have an implied capitalization rate of 33.98 percent, which is consistent with rates of return required on assets with limited life and durability.

## Insurable Value

At the Client's request, we have provided an insurable value estimate. The estimate is based on figures derived from the Marshall and Swift (M&S) Commercial Cost Explorer 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.

Insurable Value is directly related to the portion of the real estate that is covered under the asset's insurance policy. We based this opinion on the building's replacement cost new (RCN) which has no direct correlation with its actual market value.

There are many variations and requirements specified by various clients. Hence, we employed the Client's requirements as defined in their letter of engagement attached in the addenda hereto, unless of course the Client and/or engagement letter is silent, in which case we employed our typical method for estimating Insurable Value described below.

Unless overridden by the Client's letter of engagement/requirements, we developed an opinion of RCN using the Calculator Method developed by Marshall & Swift. The RCN is the total construction cost of a new building with the same specifications and utility as the building being appraised, but built using modern technology, materials, standards and design. For insurance purposes, RCN includes all direct costs necessary to construct the building improvements. Items that are not considered include land value, site improvements, indirect costs, depreciation and entrepreneurial profit. To develop an opinion of insurable value, an exclusion for below-grade foundation was deducted from RCN.

The Insurable Value summary is presented below.

INSURABLE VALUE		
BASIC ASSUMPTIONS & REPLACEMENT COST PARAMETERS		
Replacement Cost New Source:	Marshall Valuation Service	
Improvement Type:	Multiple Residences - Senior Citizen	
MVS Section/Page:	12/Page 18	
MVS Date:	Aug-2018	
Improvement Class:	D	
Improvement Quality:	Average	
REPLACEMENT COST ANALYSIS		
Replacement Cost New (RCN)	Multiple Residences - Senior Citizen	Totals
Building Cost		
Square Feet	17,027	17,027
Base Building cost	\$84.00	
Sprinklers	\$2.50	
Cost PSF	\$86.50	
Subtotal of Building Costs	\$1,472,836	\$1,472,836
Multipliers		
Current Cost	1.030	
Local Area	1.250	
Perimeter	1.000	
Building Height / Multi-Story	1.000	
Product of Multipliers	x 1.288	
Adjusted Base Building Cost	\$1,896,276	\$1,896,276
INSURABLE VALUE SUMMARY		
Less: Insurance Exclusions		
Foundations Below Grade	-5.00%	
Piping Below Grade (Negligible)	0.00%	
Total Insurance Exclusion Adjustment	-5.00%	
Exclusions	(\$94,814)	
Insurable Value	\$1,801,462	\$1,801,462
Rounded to nearest \$100,000		\$1,800,000

Therefore, the insurable value for the improvements is estimated to be \$1,800,000. We note that insurable value does not include any fixtures, furnishings and equipment (FF&E) that are necessary for the going concern value of the property. Insurance riders generally do not include FF&E as part of the insurable value.

## 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.

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

"Appraiser(s)" means the employee(s) of C&W 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 C&W 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 C&W 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 C&W 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 C&W'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 C&W in writing to use or rely thereon, hereby agrees to indemnify and hold C&W, 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. C&W 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. C&W 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 C&W 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. C&W 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. C&W 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 C&W, 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 C&W 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 C&W 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 C&W, its employees and the Appraiser have no liability to such recipients. C&W disclaims any and all liability to any party other than the party that retained C&W to prepare the Report.
- Any estimate of 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, C&W strongly recommends that the Intended Users 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, C&W makes 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 is 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 Uniform Standards of Professional Appraisal Practice and the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- Wade A. Collins, MAI conducted a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the persons signing this report.
- As of the date of this report, Wade A. Collins, MAI has completed the continuing education program of the Appraisal Institute.
- We have not performed prior services involving the subject property within the three-year period immediately preceding the acceptance of the assignment.



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Wade A. Collins, MAI  
Senior Director  
Senior Housing/Healthcare Industry Group  
Massachusetts Certified General Appraiser  
License No. 102308  
License Expiration Date August 9, 2021  
wade.collins@cushwake.com  
617-204-4166 Office Direct  
617-330-9499 Fax

## Glossary of Terms & Definitions

The following definitions of pertinent terms are taken from *The Dictionary of Real Estate Appraisal*, Sixth Edition (2015), published by the Appraisal Institute, as well as other sources.

### Depreciation

1. In appraising, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvements on the same date. 2. In accounting, an allowance made against the loss in value of an asset for defined purpose and computed using a specific method.

### Cash Equivalence

An analytical process in which the sale price of a transaction with nonmarket financing or financing with unusual conditions or incentives is converted into a price expressed in terms of cash.

### Exposure Time

1. The time a property remains on the market. 2. The estimated 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. Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. See also marketing time.

The reasonable exposure period is a function of price, time and use. It is not an isolated opinion of time alone. Exposure time is different for various types of property and under various market conditions. As noted above, exposure time is always presumed to precede the effective date of appraisal. It is the length of time the property would have been offered prior to a hypothetical market value sale on the effective date of appraisal. It is a retrospective opinion based on an analysis of past events, assuming a competitive and open market. It assumes not only adequate, sufficient and reasonable time but adequate, sufficient and a reasonable marketing effort. Exposure time and conclusion of value are therefore interrelated.

### Extraordinary Assumptions

An extraordinary assumption is defined by the *USPAP* (2020-2021 Edition) as “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.”

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.

### 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.

### Going Concern Value

1. The market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the *market value of the going concern*. 2. The value of an operating business enterprise. Goodwill may be separately measured but is an integral component of going-concern value when it exists and is recognizable.

The value created by a proven property operation; considered as a separate entity to be valued with a specific business establishment. Common going-concern appraisals are conducted for assisted living facilities, nursing homes, hotels and motels, restaurants, bowling alleys, industrial enterprises, retail stores, and similar property uses. For these property types, the physical real estate assets are integral parts of an ongoing business such that the market values from the land and building are difficult, if not impossible, to segregate from the total value of the ongoing business.

### Hypothetical Conditions:

A hypothetical condition is defined by the *USPAP* (2020-2021 Edition) as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.” 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.

## Leased fee Interest

A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease).

## Leasehold Interest

The tenant's possessory interest created by a lease. See also negative leasehold; positive leasehold.

## Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time.)

## Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).

## Market Value

As defined in the Agencies' appraisal regulations, the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.

Implicit in this definition 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.<sup>1</sup>

## Market Value of the Total Assets of the Business

Market value of all the intangible assets of the business as if sold in aggregate in a going concern.

## Prospective Value Opinion

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.

## Prospective Value Upon Reaching Stabilized Occupancy

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

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<sup>1</sup> "Interagency Appraisal and Evaluation Guidelines." Federal Register 75:237 (December 10, 2010) p. 77472.

## Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term 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 opinion."

## 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. The value of specific ownership rights to an identified parcel of real estate as of the effective date of the appraisal; relates to what physically exists and is legally permissible and excludes all assumptions concerning hypothetical market conditions or possible rezoning.

## Addenda Contents

Addendum A:	Client Satisfaction Survey
Addendum B:	Engagement Letter
Addendum C:	Senior Demographics
Addendum D:	Property Exhibits
Addendum E:	Operating Statements
Addendum F:	Comparable Sale Data Sheets
Addendum G:	Qualifications of the Appraisers



## Addendum A: Client Satisfaction Survey

### WE WANT TO HEAR FROM YOU! VALUATION & ADVISORY



#### V&A National Quality Control Group values your feedback!

- What are we doing right?
- Are there areas where we could improve?
- Did our report meet your requirements?

As part of our quality monitoring campaign, your comments are critical to our efforts to continuously improve our service.

We'd appreciate your help in completing a short survey pertaining to this report and the level of service you received. Rest assured, any feedback will be treated with proper discretion and is not shared with executive management. If you prefer to limit who receives the survey response, the distribution can be altered at your request.

Simply click <https://www.surveymonkey.com/r/LQKCGLF?c=20-27001-900272> to respond or print out the survey in the Addenda to submit a hard copy.

### Contact our Quality Control Committee with any questions or comments:

**Clarke Lewis, MAI**

Senior Managing Director  
Appraisal Management  
Valuation & Advisory  
T +1 631 234 5140  
F +1 716 852 0890

[Clarke.Lewis@cushwake.com](mailto:Clarke.Lewis@cushwake.com)

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Client Relations and Quality Assurance  
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Valuation & Advisory  
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National Quality Control  
Valuation & Advisory  
T +1 713 963 2863  
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[Rick.Zbranek@cushwake.com](mailto:Rick.Zbranek@cushwake.com)

## Client Satisfaction Survey

Survey Link: <https://www.surveymonkey.com/r/LQKCGLF?c=20-27001-900272>

Cushman & Wakefield File ID: 20-27001-900272

Fax Option: (716) 852-0890

1. Based on the scope and complexity of the assignment, please rate the development of the appraisal relative to the adequacy and relevance of the data, the appropriateness of the techniques used, and the reasonableness of the analyses, opinions, and conclusions:

- ☐ Excellent
- ☐ Good
- ☐ Average
- ☐ Below Average
- ☐ Poor

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. Please rate the appraisal report on clarity, attention to detail, and the extent to which it was presentable to your internal/external users without revisions:

- ☐ Excellent
- ☐ Good
- ☐ Average
- ☐ Below Average
- ☐ Poor

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3. The appraiser communicated effectively by listening to your concerns, showed a sense of urgency in responding, and provided convincing support of his/her conclusions:

☐ Not Applicable

☐ Excellent

☐ Good

☐ Average

☐ Below Average

☐ Poor

Comments: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

4. The report was on time as agreed, or was received within an acceptable time frame if unforeseen factors occurred after the engagement:

☐ Yes

☐ No

Comments: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

5. Please rate your overall satisfaction relative to cost, timing, and quality:

☐ Excellent

☐ Good

☐ Average

☐ Below Average

☐ Poor

Comments: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

6. Any additional comments or suggestions you feel our National Quality Control Committee should know?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

7. Would you like a representative of our National Quality Control Committee to contact you?

☐ Yes

☐ No

Name & Phone (if contact is desired):

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Contact Information:    Eric B. Lewis MAI, FRICS  
                                 President, Valuation & Advisory Americas  
                                 (212) 841-5964

## Addendum B: Engagement Letter



Wade A. Collins, MAI  
Senior Director



January 30, 2020

Jim McGowen  
Chief Financial Officer  
DEACONESS ABUNDANT LIFE COMMUNITIES  
80 Deaconess Road

Re: **The Leland Home**  
**21 Newton Street**  
**Waltham, Massachusetts 02453**

Dear Mr. McGowen:

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 Massachusetts, Inc. ("C&W") and DEACONESS ABUNDANT LIFE COMMUNITIES (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. The client will use the appraisal report to assist in establishing the potential sale price of the property. *May be disclosed to purchaser.*

**Type of Opinion and Rights Appraised:** Market value of the Fee Simple Interest.

**Date of Value:**

- Date of inspection

**Subject of the Assignment and Relevant Characteristics:** The property to be appraised is The Leland Home, which is currently a 39 bed Level IV Rest Home. We understand that the continued use of the property as a Rest Home may not represent the Highest and Best Use of the property. The property is located in Waltham, Massachusetts.

**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:**

- Property Inspection to the extent necessary to adequately identify the real estate
- 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. Based on our discussions with the Client, we anticipate developing the following valuation approaches:
- Income Capitalization 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:**

\$4,500. All invoices are due upon receipt. 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 twenty-one (21) days of receipt of your written authorization to proceed, 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 has not 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.

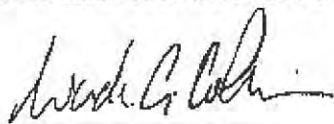
**Withdrawal of Appraiser Prior to Completion of Assignment:**

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 inappropriate, 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 MASSACHUSETTS, INC.**

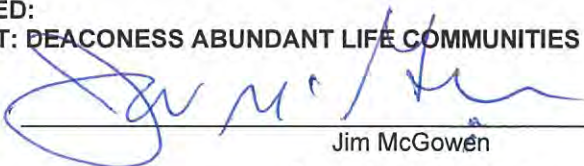


Wade A. Collins, MAI  
Senior Director

cc:

**AGREED:**  
**CLIENT: DEACONESS ABUNDANT LIFE COMMUNITIES**

By:

  
Jim McGowen

Date:

2/6/20

Title:

Chief Financial Officer

Jim McGowen  
Deaconess Abundant Life Communities  
January 30, 2020  
Page 4

E-mail Address:

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jmcgowan  
jmcgowen@nedeaconess.org

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Phone Number:

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978-402-8237

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### **Information Needed to Complete the Assignment**

We understand that you will provide the following information for our review, if available.

#### **Financial Information**

- Income & Expense Statements for three previous years plus year-to-date
- Occupancy data corresponding with financial periods
- Most recent real estate tax bill or statement
- Recent rent roll

Note: Please advise if, to your knowledge, C&W is representing the Client or the subject property in any other capacity (i.e., leasing, sale, financing, property management, etc.)



## 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.

terminate this agreement and take such other actions as are permitted or required to be taken under law or in equity.

- 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

## Addendum C:

### Senior Demographics

#### Demographic Trend Summary for My Site, 21 Newton St, Waltham, MA, 02453, trade area of 5 mile(s):

##### Demographic Trend Summary

Geography: 5 mile(s)

Date: February 19, 2020

	2000		2010		2019A		2024		Percent Change	
	Census	%	Census	%	Estimate	%	Projection	%	2000 to 2010	2019 to 2024
Total Population	316,791		327,093		348,749		359,269		3.3%	3.0%
Total Households	129,045		131,174		141,963		146,861		1.6%	3.5%
Employed Civilian Population 16+	174,432		169,564		187,684		191,262		-2.8%	1.9%
Blue Collar	29,879	17%	33,526	20%	36,006	19%	36,583	19%	12.2%	1.6%
White Collar	144,553	83%	136,038	80%	151,679	81%	154,678	81%	-5.9%	2.0%
Q2 2019 Employees	n/a		n/a		221,238		n/a		n/a	n/a
Q2 2019 Establishments*	n/a		n/a		17,603		n/a		n/a	n/a

##### Population by Age

	2000		2010		2019A		2024		Percent Change	
	Census	%	Census	%	Estimate	%	Projection	%	2000 to 2010	2019 to 2024
0 to 4	16,380	5.2%	17,436	5.3%	17,912	5.1%	18,536	5.2%	6.4%	3.5%
5 to 14	32,021	10.1%	33,324	10.2%	33,616	9.6%	34,298	9.5%	4.1%	2.0%
15 to 19	18,396	5.8%	21,729	6.6%	23,654	6.8%	23,563	6.6%	18.1%	-0.4%
20 to 24	26,182	8.3%	29,814	9.1%	28,413	8.1%	27,726	7.7%	13.9%	-2.4%
25 to 34	55,641	17.6%	51,772	15.8%	60,512	17.4%	60,058	16.7%	-7.0%	-0.8%
35 to 44	49,700	15.7%	42,996	13.1%	44,309	12.7%	48,696	13.6%	-13.5%	9.9%
45 to 54	43,407	13.7%	44,519	13.6%	42,516	12.2%	41,045	11.4%	2.6%	-3.5%
55 to 64	27,187	8.6%	38,547	11.8%	42,485	12.2%	42,028	11.7%	41.8%	-1.1%
65 to 74	22,698	7.2%	22,352	6.8%	29,806	8.5%	34,324	9.6%	-1.5%	15.2%
75 to 84	18,140	5.7%	16,096	4.9%	15,985	4.6%	19,119	5.3%	-11.3%	19.6%
85+	7,039	2.2%	8,509	2.6%	9,541	2.7%	9,876	2.8%	20.9%	3.5%
Median Age	36.9		37.2		37.0		37.9		0.8%	2.2%

##### Households by Income

	2000		2010		2019A		2024		Percent Change	
	Census	%	Census	%	Estimates	%	Projections	%	2000 to 2010	2019 to 2024
\$0 - \$15,000	14,136	11.0%	12,217	9.3%	10,222	7.2%	8,551	5.8%	-13.6%	-16.3%
\$15,000 - \$24,999	9,354	7.2%	8,347	6.4%	6,746	4.8%	6,088	4.1%	-10.8%	-9.7%
\$25,000 - \$34,999	10,463	8.1%	7,213	5.5%	6,388	4.5%	5,658	3.9%	-31.1%	-11.4%
\$35,000 - \$49,999	15,503	12.0%	12,059	9.2%	9,323	6.6%	8,410	5.7%	-22.2%	-9.8%
\$50,000 - \$74,999	23,348	18.1%	20,627	15.7%	16,979	12.0%	14,043	9.6%	-11.7%	-17.3%
\$75,000 - \$99,999	17,736	13.7%	17,307	13.2%	15,680	11.1%	13,724	9.3%	-2.4%	-12.5%
\$100,000 - \$149,999	19,838	15.4%	25,718	19.6%	28,980	20.4%	31,675	21.6%	29.6%	9.3%
\$150,000 +	18,734	14.5%	27,686	21.1%	47,645	33.6%	58,713	40.0%	47.8%	23.2%
Average Hhld Income	\$92,721		\$122,325		\$158,045		\$182,777		31.9%	15.6%
Median Hhld Income	\$65,442		\$81,902		\$108,672		\$127,043		25.2%	16.9%
Per Capita Income	\$37,770		\$49,808		\$65,066		\$75,430		31.9%	15.9%

\*Establishment counts include D&B business location records that have a valid telephone, known SIC code and D&B rating as well as exclude cottage industries (businesses that operate from a residence)

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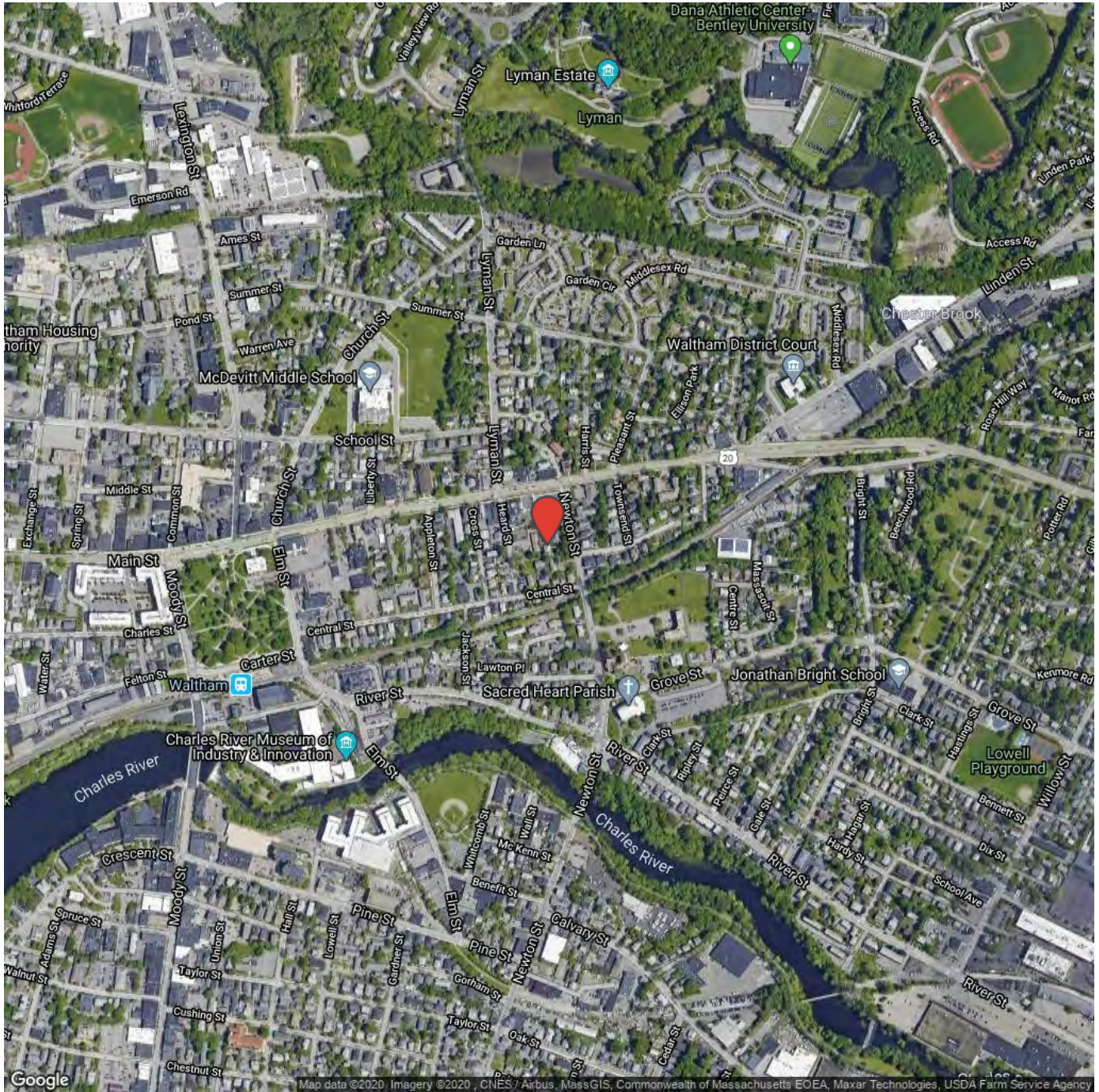
Experian Data Methodology

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## Addendum D: Property Exhibits



## Overview Map







The closest match to 21 Newton St., Waltham, MA is 21 NEWTON ST WALTHAM, MA 02453-6096

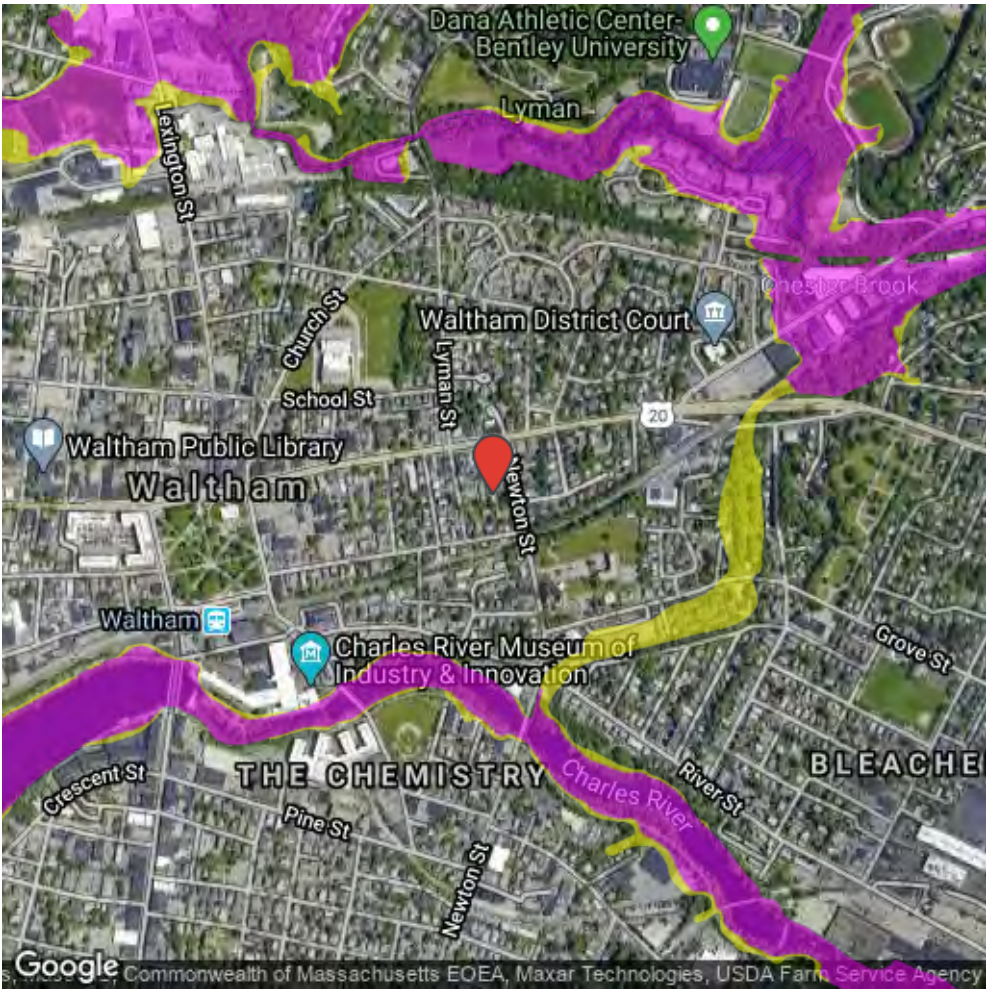
21 NEWTON ST WALTHAM, MA 02453-6096

LOCATION ACCURACY: 📍 Excellent LATITUDE: 42.376334 LONGITUDE: -71.229434 MATCH CODE: A4000 SOURCE: PxPoint  
CENSUS BLOCK ID: 250173688005000

Flood Zone Determination Report

Flood Zone Determination: **OUT**

SFHA (FLOOD ZONE)		OUT	WITHIN 250 FEET OF FLOOD ZONE		NO
FLOOD ZONE		X	COMMUNITY		250222
COMMUNITY NAME		WALTHAM, CITY OF	PANEL		0413E
PANEL DATE		June 04, 2010	COBRA		OUT
MAP NUMBER		250170413E	FIPS CODE		25017



- X500 or B Zone
- A Zone
- V Zone
- D Zone
- Floodway
- CBRA

R061

013

0003

1 of 1

COMMERCIAL

TOTAL ASSESSED:

183741!

Map

Block

Lot

Unit

CARD

City of Waltham



**Patriot**  
Properties Inc.

## USER DEFINED

Prior Id # 1:

Prior Id # 2:

Prior Id # 3:

Prior Id # 1:

Prior Id # 2:

Prior Id # 3:

Prior Id # 1:

Prior Id # 2:

Prior Id # 3:

ASR Map:

Fact Dist:

Reval Dist:

Year:

Land Reason:

Bld Reason:

## PROPERTY LOCATION

No	Alt No	Direction/Street/City
21		NEWTON ST, WALTHAM

## OWNERSHIP

Owner 1: LELAND HOME FOR WOMEN

Owner 2:

Owner 3:

Street 1: 21 NEWTON ST.

Street 2:

Twn/City: WALTHAM

St/Prov: MA Cntry Own Occ:

Postal: 02453-6004 Type:

## PREVIOUS OWNER

Owner 1:

Owner 2:

Street 1:

Twn/City:

St/Prov: Cntry

Postal:

## NARRATIVE DESCRIPTION

This Parcel contains 65,701 SQ. FT. of land mainly classified as CHARITY with a(n) NURSING HOME Building Built about 1900, Having Primarily N/A Exterior and ASPHALT Roof Cover, with 1 Units, 9 Baths, 0 HalfBaths, 0 3/4 Baths, 0 Rooms Total, and 0 Bdrms.

## OTHER ASSESSMENTS

Code	Descrip/No	Amount	Com. Int
------	------------	--------	----------

## PROPERTY FACTORS

Item	Code	Descip	%	Item	Code	Descip
Z				U		
o				t		
n				l		
Census:				Exmpt		
Flood Haz:						
D 0	test			Topo		
s				Street	41	
t				Traffic		

## LAND SECTION (First 7 lines only)

Use Code	Description	LUC Fact	No of Units	Depth / PriceUnits	Unit Type	Land Type	LT Factor	Base Value	Unit Price	Adj	Neigh	Neigh Infl	Neigh Mod	Infl 1	%	Infl 2	%	Infl 3	%	Appraised Value	Alt Class	%	Spec Land	J Code	Fact	Use Value	Notes
905	CHARITY		65701		SQ. FT.	SITE		0	20.	0.746	CG	1.00								979,814						979,800	

## IN PROCESS APPRAISAL SUMMARY

Use Code	Building Value	Yard Items	Land Size	Land Value	Total Value	Legal Description	User Acct
905	776,000		65701.000	979,800	1,755,800		83741
							GIS Ref
							GIS Ref
							Insp Date
Total Card	776,000		1.508	979,800	1,755,800	Entered Lot Size	
Total Parcel	776,000		1.508	979,800	1,755,800	Total Land:	
Source: Market Adj Cost		Total Value per SQ unit /Card: 86.21		/Parcel 86.21		Land Unit Type:	

## PREVIOUS ASSESSMENT

Tax Yr	Use	Cat	Bldg Value	Yrd Items	Land Size	Land Value	Total Value	Asses'd Value	Notes	Date
2013	905	FV	776,000	0	65,701.	979,800	1,755,800	1,755,800	Year End	12/12/2012
2012	905	FV	720,200	0	65,701.	979,800	1,700,000	1,700,000	Year End Roll	12/20/2011
2011	905	FV	720,200	0	65,701.	979,800	1,700,000	1,700,000	year end	12/17/2010
2010	905	FV	720,200	0	65,701.	979,800	1,700,000	1,700,000	year end	12/3/2009
2009	905	FV	720,200	0	65,701.	1,839,600	2,559,800	2,559,800	YEAR END	12/8/2008
2008	905	FV	720,200	0	65,701.	1,839,600	2,559,800	2,559,800		12/28/2007
2007	905	FV	720,200	0	65,701.	1,839,600	2,559,800	2,559,800		12/27/2006
2006	905	FV	668,700	0	65,701.	1,839,600	2,508,300	2,508,300	year end roll	12/20/2005

## SALES INFORMATION

Grantor	Legal Ref	Type	Date	Sale Code	Sale Price	V	Tst	Verif	Assoc PCL Value	Notes
LELAND HOME FOR	6189-346		3/3/1938			Yes	No			

## TAX DISTRICT

## PAT ACCT.

## PRINT

Date Time  
12/12/14 08:48:55

## LAST REV

Date Time  
08/16/12 15:35:34

apro  
83741

## BUILDING PERMITS

Date	Number	Descip	Amount	C/O	Last Visit	Fed Code	F. Descip	Comment	Date	Result	By	Name
9/1/1980	A130		1,900									

## ACTIVITY INFORMATION

Sign:

\_\_\_\_/\_\_\_\_/\_\_\_\_

Total AC/HA: 1.50829

Total SF/SM: 65701.00

Parcel LUC: 905 CHARITY

Prime NB Desc: COM GD

Total: 979,814

Spl Credi

Total: 979,800

Disclaimer: This Information is believed to be correct but is subject to change and is not warranted Database: FY2014

apro

2014





## Addendum E: Operating Statements





## **Leland Home**

Monthly Financial Statements  
For the Twelve Months Ending December 31, 2019

**Deaconess Abundant Life Communities**  
**Leland Home**  
**The Leland Home**  
**Statement of Operations**  
**For the 12 months ending December 31, 2019**

	Actual Dec-19	Budget Dec-19	Variance	Actual-YTD Dec-19	Budget-YTD Dec-19	Variance
<b>Revenue</b>						
Gross Revenue	136,736	169,820	(33,084)	1,703,992	1,975,991	(271,999)
Contractuals	(23,416)	(28,147)	4,731	(315,341)	(329,148)	13,807
Other Income	0	5,057	(5,057)	(1,898)	55,673	(57,571)
<b>Operating Revenue</b>	<b>113,320</b>	<b>146,730</b>	<b>(33,410)</b>	<b>1,386,754</b>	<b>1,702,516</b>	<b>(315,763)</b>
<b>Corporate Revenue</b>						
Corporate Management Fees	0	0	0	0	0	0
<b>Total Corporate Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Operating Revenue</b>	<b>113,320</b>	<b>146,730</b>	<b>(33,410)</b>	<b>1,386,754</b>	<b>1,702,516</b>	<b>(315,763)</b>
<b>Operating Expense</b>						
<b>Employee Costs:</b>						
Salaries & Wages	79,123	78,983	141	874,500	929,959	(55,460)
Employees Benefits	11,836	16,020	(4,183)	168,366	192,235	(23,869)
Pension		0	0		0	0
<b>Total Employee Cost</b>	<b>90,960</b>	<b>95,002</b>	<b>(4,043)</b>	<b>1,042,866</b>	<b>1,122,195</b>	<b>(79,329)</b>
<b>Other Expenses</b>						
Maintenance Services	2,103	3,876	(1,773)	54,521	45,633	8,888
Wellness/Other Services	22,924	23,619	(695)	314,154	278,094	36,060
Management Fees	5,666	7,084	(1,418)	69,433	82,342	(12,909)
Ancillaries	3	136	(133)	1,358	1,606	(248)
Insurance Expense		979	(979)	10,528	11,522	(995)
Food	7,512	7,365	147	87,461	86,720	741
Professional Expenses	2,061	2,801	(740)	63,159	32,978	30,181
Utilities	10,774	9,931	843	108,600	116,927	(8,327)
Supplies Expense	3,241	3,579	(338)	39,985	42,141	(2,155)
Marketing	136	504	(368)	3,732	5,932	(2,200)
Administrative Expense	2,064	3,015	(951)	33,179	35,497	(2,318)
Gifts, Donations, Fundraising		177	(177)	3,200	2,080	1,120
<b>Total Other Expenses</b>	<b>56,484</b>	<b>63,065</b>	<b>(6,581)</b>	<b>789,311</b>	<b>741,472</b>	<b>47,838</b>
<b>Total Operating Expenses</b>	<b>147,443</b>	<b>158,067</b>	<b>(10,624)</b>	<b>1,832,177</b>	<b>1,863,667</b>	<b>(31,490)</b>
<b>EBIDA</b>	<b>(34,123)</b>	<b>(11,337)</b>	<b>(22,786)</b>	<b>(445,423)</b>	<b>(161,150)</b>	<b>(284,273)</b>
<b>Other Expenses</b>						
Depreciation	3,412	3,390	22	40,681	40,679	2
<b>Total Other Expenses</b>	<b>3,412</b>	<b>3,390</b>	<b>22</b>	<b>40,681</b>	<b>40,679</b>	<b>2</b>
<b>Other Revenue</b>						
Gifts, Donations, Fundraising	4,153	3,348	806	21,635	40,170	(18,535)
<b>Total Other Revenue</b>	<b>4,153</b>	<b>3,348</b>	<b>806</b>	<b>21,635</b>	<b>40,170</b>	<b>(18,535)</b>
<b>Operating Margin</b>	<b>(33,382)</b>	<b>(11,379)</b>	<b>(22,003)</b>	<b>(464,469)</b>	<b>(161,659)</b>	<b>(302,810)</b>
Gain/(Loss) Board Designated	78	676	(597)	30,279	7,954	22,325
<b>Increase/Decrease in Net Assets</b>	<b>(33,304)</b>	<b>(10,704)</b>	<b>(22,600)</b>	<b>(434,190)</b>	<b>(153,705)</b>	<b>(280,485)</b>

**Deaconess Abundant Life Communities**  
**Leland Home**  
**Balance Sheet**  
**As of December 31, 2019**

	As of Dec-19	As of Dec-18
<b>Current Assets</b>		
	97,825	70,955
Cash and Cash Equivalents	18,586	17,587
Accounts Receivable	3,093	47,892
Prepaid Expenses	2,442	3,712
<b>Total Current Assets</b>	<b>121,946</b>	<b>140,147</b>
<b>Assets whose use is limited</b>		
<b>Total Assets whose use is limited</b>	<b>0</b>	<b>0</b>
<b>Investments</b>	<b>2,808</b>	<b>265,625</b>
<b>Property, Plant and Equipment</b>		
Property, Plant & Equipment	2,005,084	1,988,613
Less Accumulated Depreciation	(305,183)	(264,503)
<b>Net Property, Plant and Equipment</b>	<b>1,699,901</b>	<b>1,724,110</b>
<b>Total Assets</b>	<b>1,824,655</b>	<b>2,129,881</b>
<b>Current Liabilities</b>		
Accounts Payable	(659)	64,704
Accrued Salaries & Benefits	56,520	69,287
Accrued Expenses	27,742	36,747
<b>Total Current Liabilities</b>	<b>83,602</b>	<b>170,738</b>
<b>Accounts Payable</b>	<b>0</b>	<b>0</b>
<b>Due to Affiliate</b>	<b>525,105</b>	<b>309,006</b>
<b>Net Assets</b>		
Change in Unrestricted Net Assets	(434,190)	(377,691)
Unrestricted	1,506,023	1,883,714
Permanently Restricted	144,114	144,114
<b>Total Net Assets</b>	<b>1,215,947</b>	<b>1,650,137</b>
<b>Total Liabilities and Net Assets</b>	<b>1,824,655</b>	<b>2,129,881</b>

## Addendum F: Comparable Sale Data Sheets

# IMPROVED SALE COMPARABLE 1



**Property Name:** Brookhaven Assisted Care  
**Address:** 19 West Main Street  
**City, State, Zip:** West Brookfield MA 01585  
**County:** Worcester  
**Submarket:**  
**Property Type:** Senior Housing  
**Property Subtype:** Assisted Living Residences  
**Classification:** N/A  
**ID:** 496628  
**Tax Number(s):** N/A

## PROPERTY INFORMATION

Site Area (Acres):	0.73	Total IL Units:	N/A
Site Area (Sq. Ft.):	31,799	Total AL Units:	19
Gross Building Area:	9,836	Total ALZ Units:	N/A
Net Building Area:	N/A	Total Nursing Beds:	N/A
Year Built:	1900	Total Units:	19
Quality:	Average	Total Beds:	34
Condition:	Average		

## SALE INFORMATION

Status:	Closed Sale	OAR:	11.94%
Sale Date:	4/2019	NOI:	\$441,780
Sale Price:	\$3,700,000	NOI per Unit:	\$23,252
Price per Unit:	\$194,737	NOI per Bed:	\$12,994
Price per Bed:	\$108,824	Occupancy:	91.20%
Value Interest:	Fee Simple	Expense Ratio:	65.36%
Grantor:	Brookhaven Assisted Care, Inc.	EGIM:	2.90
Grantee:	JIW Partners, LLC	CFM:	8.38
Financing:	N/A		
Condition of Sale:	Arm's Length		

## VERIFICATION COMMENTS

Wade Collins with broker.

## COMMENTS

This property is licensed as a Level IV Rest Home for 34 beds. It contains a total of 19 bedrooms, with six private units, two triple-bedded rooms, and 11 semi-private rooms. Approximately half of the residents are private pay. The advertised private pay rate is \$5,171 per month. The facility added an eight unit addition in 2012 for approximately \$1.0 million. The property has good visibility along Main Street. Net operating income is estimated based upon trended fiscal 2018 revenue and expenses after a 5% management fee and reserves for replacement estimated at \$350 per unit.



# IMPROVED SALE COMPARABLE 2



**Property Name:** Willowbrook Manor  
**Address:** 71 Union Street  
**City, State, Zip:** Millis MA 02054  
**County:** Norfolk  
**Submarket:**  
**Property Type:** Senior Housing  
**Property Subtype:** Other (Senior Housing)  
**Classification:** N/A  
**ID:** 533998  
**Tax Number(s):** N/A

## PROPERTY INFORMATION

Site Area (Acres):	1.13	Total IL Units:	N/A
Site Area (Sq. Ft.):	49,223	Total AL Units:	N/A
Gross Building Area:	4,364	Total ALZ Units:	N/A
Net Building Area:	N/A	Total Nursing Beds:	N/A
Year Built:	1900	Total Units:	N/A
Quality:	Average	Total Beds:	36
Condition:	Good		

## SALE INFORMATION

Status:	Closed Sale	OAR:	17.43%
Sale Date:	3/2019	NOI:	\$347,729
Sale Price:	\$1,995,000	NOI per Unit:	N/A
Price per Unit:	\$55,417	NOI per Bed:	\$9,659
Price per Bed:	\$55,417	Occupancy:	100.00%
Value Interest:	Fee Simple	Expense Ratio:	69.38%
Grantor:	Annette Fernandez	EGIM:	1.76
Grantee:	71 Union Street, LLC	CFM:	5.74
Financing:	N/A		
Condition of Sale:	Arm's Length		

## VERIFICATION COMMENTS

WC with broker on the transaction.

## COMMENTS

Willowbrook Manor is a Level IV Rest home. The facility was operating with a waiting list at the time of sale. Approximately 17% of residents were private pay. The seller recently invested \$300,000 in renovations to the facility, including a new roof, windows, bathrooms, and other cosmetic improvements. The property is a two story residence constructed circa 1900. It is located in a mixed use residential/commercial neighborhood in Millis, which is 20 miles southwest of Boston. The net operating income is after a 5% management fee and replacement reserves of \$350 per bed.

# IMPROVED SALE COMPARABLE 3



**Property Name:** Baker-Katz Nursing Center  
**Address:** 194 Boardman Street  
**City, State, Zip:** Haverhill MA 01830  
**MSA:** Boston  
**County:** Essex  
**Submarket:**  
**Property Type:** Senior Housing  
**Property Subtype:** Skilled Nursing  
**Classification:** N/A  
**ID:** 451651  
**Tax Number(s):** N/A

## PROPERTY INFORMATION

Site Area (Acres):	1.89	Total IL Units:	N/A
Site Area (Sq. Ft.):	82,328	Total AL Units:	N/A
Gross Building Area:	20,591	Total ALZ Units:	N/A
Net Building Area:	N/A	Total Nursing Beds:	77
Year Built:	1962	Total Units:	30
Quality:	Average	Total Beds:	77
Condition:	Average		

## SALE INFORMATION

Status:	Recorded Sale	OAR:	26.60%
Deed Reference:		NOI:	\$904,400
Sale Date:	10/2018	NOI per Unit:	\$30,147
Sale Price:	\$3,400,000	NOI per Bed:	\$11,745
Price per Unit:	\$113,333	Occupancy:	71.00%
Price per Bed:	\$44,156	Expense Ratio:	81.60%
Value Interest:	Fee Simple	EGIM:	0.69
Grantor:	Glenwood Manor Corp	CFM:	3.76
Grantee:	Golden Hill Ave Realty		
Financing:	N/A		
Condition of Sale:	Arm's Length		

## VERIFICATION COMMENTS

WC with buyer.

## COMMENTS

The facility is independently owned and operated. It is located in a neighborhood characterized by single-family residential development. It has average curb appeal, and offers one private, 11 semi-private and 18 three bedded rooms. The payor mix was 87% Medicaid, 5% Medicare and 8% private and commercial patients. The facility is located approximately one mile from the Holy Family Hospital in Haverhill. The capitalization rate presented above is based upon management projections after a 5% management fee and replacement reserves of \$350 per bed. The facility was generating net operating losses during the past three years. The facility sold to a local operator who expected to improve operating performance.

# IMPROVED SALE COMPARABLE 4



**Property Name:** Three MA Nursing Homes  
**Address:** 266 Lincoln Avenue  
**City, State, Zip:** Saugus MA 01906  
**MSA:** Boston  
**County:** Essex  
**Submarket:**  
**Property Type:** Senior Housing  
**Property Subtype:** Skilled Nursing  
**Classification:** N/A  
**ID:** 405695  
**Tax Number(s):** N/A

## PROPERTY INFORMATION

Site Area (Acres):	4.36	Total IL Units:	N/A
Site Area (Sq. Ft.):	189,922	Total AL Units:	N/A
Gross Building Area:	112,974	Total ALZ Units:	N/A
Net Building Area:	N/A	Total Nursing Beds:	N/A
Year Built:	1967	Total Units:	N/A
Quality:	Average	Total Beds:	301
Condition:	Average		

## SALE INFORMATION

Status:	Recorded Sale	OAR:	20.87%
Deed Reference:		NOI:	\$2,504,400
Sale Date:	4/2018	NOI per Unit:	N/A
Sale Price:	\$12,000,000	NOI per Bed:	\$8,320
Price per Unit:	N/A	Occupancy:	83.00%
Price per Bed:	\$39,867	Expense Ratio:	88.70%
Value Interest:	Fee Simple	EGIM:	0.54
Grantor:	Sabra Health Care Holding, LLC	CFM:	4.79
Grantee:	RegalCare Management Group		
Financing:	Conventional		
Condition of Sale:	Arm's Length		

## VERIFICATION COMMENTS

Wade Collins with Buyer

## COMMENTS

This acquisition included three MA nursing homes in average condition that were previously managed by Genesis. They were generating negative operating income at the time of sale, with low occupancy levels and a high Medicaid census. The properties included Saugus Center in Saugus (pictured), Twin Oaks in Danvers, and Maplewood Center in Amesbury. They were constructed between 1963 and 1969. The census was comprised of 7% Private and Commercial patients, 7% Medicare patients, and 86% Medicaid patients. The bed mix included 7 private beds and numerous triple and quad rooms in addition to semi-private units. The operating statistics provided above were based on new ownership's budget after a 4% management fee and \$350/bed reserves for replacement. New management expected to improve payor mix and implement cost containment measures.

# IMPROVED SALE COMPARABLE 5



**Property Name:** Ivy Hill Court Rest Home  
**Address:** 337 Main Street  
**City, State, Zip:** Haverhill MA 01830  
**MSA:** Boston  
**Submarket:**  
**Property Type:** Senior Housing  
**Property Subtype:** Other (Senior Housing)  
**Classification:** N/A  
**ID:** 534046  
**Tax Number(s):** N/A

## PROPERTY INFORMATION

Site Area (Acres):	0.88	Total IL Units:	N/A
Site Area (Sq. Ft.):	38,333	Total AL Units:	30
Gross Building Area:	15,749	Total ALZ Units:	N/A
Net Building Area:	N/A	Total Nursing Beds:	N/A
Year Built:	1876	Total Units:	30
Quality:	Average	Total Beds:	30
Condition:	Average		

## SALE INFORMATION

Status:	Closed Sale	OAR:	36.00%
Sale Date:	6/2017	NOI:	\$302,400
Sale Price:	\$840,000	NOI per Unit:	\$10,080
Price per Unit:	\$28,000	NOI per Bed:	\$10,080
Price per Bed:	\$28,000	Occupancy:	98.80%
Value Interest:	Fee Simple	Expense Ratio:	74.00%
Grantor:	Stevens-Bennett Home, Inc.	EGIM:	0.72
Grantee:	Ivy Hill Court, Inc.	CFM:	2.78
Financing:	N/A		
Condition of Sale:	Arm's Length		

## VERIFICATION COMMENTS

WC with broker.

## COMMENTS

The property contains 30 Level IV Rest Home beds. All beds are in private rooms, with common bathrooms. The facility currently caters to female residents. The facility has good access and visibility near downtown Haverhill. In addition to other area rest homes, the subject competes with area nursing homes. The seller was a non-profit entity looking to exit the market. The buyer negotiated a favorable purchase price. The property was generating operating losses under former management. The operating statistics are based upon the new owner's first year performance after a 5% management fee and replacement reserves of \$350 per bed.

## Addendum G: Qualifications of the Appraisers





**Wade A. Collins, MAI** Senior Director

Valuation & Advisory  
Cushman & Wakefield of Massachusetts, Inc.

### Professional Expertise

Mr. Collins has been engaged in the valuation and consultation profession since 1986. His experience has focused on the senior housing and healthcare industries. Properties appraised include nursing homes, assisted living, independent living facilities, continuing care retirement communities (CCRC's), acute care hospitals, medical office buildings, rehabilitation, and behavioral health facilities located throughout the United States.

He has valued both tangible and intangible assets including business enterprise, capital stock, and real estate assets. Interest appraised range from fee simple, fair market value scenarios to leasehold interests and the minority interest of closely-held corporate stock. Mr. Collins has provided valuation and consultation services for the purpose of acquisition/divestitures, recapitalization, public and private placements, and employee stock option plans. Services have been provided to management of both profit and non-profit organizations, as well as to the lending sources, investors, and legal counsel of numerous healthcare providers.

### Memberships, Licenses, Professional Affiliations and Education

- Designated Member, Appraisal Institute. As of the current date, Wade Collins, MAI has completed the requirements of the continuing education program of the Appraisal Institute.
- Certified General Real Estate Appraiser in the following states:
  - Maine – CG102308
  - Massachusetts – 102308
  - New Hampshire – NHCG-844
  - New Jersey – 42RG00196700
  - New York – 46000049811
  - Pennsylvania – GA003872
  - Vermont – 080.0075683
- Various Masters-level business and real estate courses, Rutgers University
- Bachelor of Science – Finance, Rider University, Graduated Cum Laude

### Other Accomplishments and Awards

- Appeared as an expert witness in the Courts of the Commonwealth of Pennsylvania, Delaware and Connecticut. He has testified in cases involving marital dissolution, bankruptcy and asset impairment issues.
- Primary author of the Lender Survey of Preferences in Financing Senior Housing and Long Term Care Projects conducted jointly by the National Investment Center for the Senior Housing and Care Industries from 1996 through 2002.
- Published the Senior Housing and Care Investors Survey, an annual survey of equity investors and facility owners/operators regarding the valuation of senior living and long term care assets.
- Quoted in various trade publications and has appeared as a featured speaker at a national conference on seniors housing and long term care investment.

## MAINE

	<b>State of Maine</b> DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION OFFICE OF PROFESSIONAL AND OCCUPATIONAL REGULATION BOARD OF REAL ESTATE APPRAISERS
<b>License Number CG2368</b>	
Be it known that <b>WADE A. COLLINS</b> has qualified as required by Title 32 MRS Chapter 123 and is licensed as: <b>CERTIFIED GENERAL APPRAISER</b>	
<b>ISSUE DATE</b> December 17, 2019	 Commissioner
<b>EXPIRATION DATE</b> December 31, 2020	

## MASSACHUSETTS

<b>COMMONWEALTH OF MASSACHUSETTS</b>		
<b>DIVISION OF PROFESSIONAL LICENSURE</b>		
<b>BOARD OF</b>		
<b>REAL ESTATE APPRAISERS</b>		
<b>ISSUES THE FOLLOWING LICENSE CERT</b>		
<b>GEN. REAL ESTATE APPRAISER</b>		
<b>WADE A COLLINS</b>		
<b>304 WASHINGTON ST</b>		
<b>MELROSE, MA 02176-4408</b>		
<b>102308</b>	<b>08/09/2021</b>	<b>682927</b>
<b>LICENSE NUMBER</b>	<b>EXPIRATION DATE</b>	<b>SERIAL NUMBER</b>