

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re

SC HEALTHCARE HOLDING, LLC, *et al.*,

Debtors.¹

Chapter 11

Case No. 24-10443 (TMH)

(Jointly Administered)

AMENDED DECLARATION OF MARK L. MYERS IN SUPPORT OF DEBTORS' (X) MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS (I) AUTHORIZING THE DEBTORS TO OBTAIN POSTPETITION FINANCING, (II) GRANTING SECURITY INTERESTS AND SUPERPRIORITY ADMINISTRATIVE EXPENSE STATUS, (III) GRANTING ADEQUATE PROTECTION TO CERTAIN PREPETITION SECURED CREDIT PARTIES, (IV) MODIFYING THE AUTOMATIC STAY, (V) AUTHORIZING THE DEBTORS TO ENTER INTO AGREEMENTS WITH JMB CAPITAL PARTNERS LENDING, LLC, (VI) AUTHORIZING NON-CONSENSUAL USE OF CASH COLLATERAL, (VII) SCHEDULING A FINAL HEARING, AND (VIII) GRANTING RELATED RELIEF; AND (Y) OMNIBUS OBJECTION TO (A) THE EMERGENCY MOTION FOR AN ORDER (I) DISMISSING THE SUBJECT CHAPTER 11 CASES, (II) FOR ABSTENTION, OR (III) APPOINTMENT OF RECEIVER AS THE CHAPTER 11 TRUSTEE AND (B) THE EMERGENCY MOTION TO EXCUSE RECEIVER'S COMPLIANCE WITH 11 U.S.C. § 543(a) & (b)

Pursuant to 28 U.S.C. § 1746, I, MARK L. MYERS, declare as follows:

1. My name is Mark L. Myers. I am over the age of 18 and have personal knowledge of the matters discussed in this declaration (the "Declaration").

2. I am a Managing Director at Walker & Dunlop Investment Sales, LLC ("WD"), the proposed investment banker for SC Healthcare Holding, LLC and its debtor affiliates, as debtors

¹ The last four digits of SC Healthcare Holding, LLC's tax identification number are 2584. The mailing address for SC Healthcare Holding, LLC is c/o Petersen Health Care Management, LLC 830 West Trailcreek Dr., Peoria, IL 61614. Due to the large number of debtors in these Chapter 11 Cases, whose cases are being jointly administered, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information is available on a website of the Debtors' claims and noticing agent at www.kccllc.net/Petersen.



and debtors in possession in the above-captioned chapter 11 cases (collectively, the “Debtors,” the “Company,” or “Petersen”).

3. I make this Declaration in support of the *Debtors’ Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to Obtain Postpetition Financing, (II) Granting Security Interests and Superpriority Administrative Expense Status, (III) Granting Adequate Protection to Certain Prepetition Secured Credit Parties, (IV) Modifying the Automatic Stay, (V) Authorizing the Debtors to Enter into Agreements with JMB Capital Partners Lending, LLC, (VI) Authorizing Non-Consensual Use of Cash Collateral, (VII) Scheduling a Final Hearing, and (VIII) Granting Related Relief* (Docket No. 38) (the “DIP Motion”),² and *Debtors’ Omnibus Objection to (A) the Emergency Motion for an Order (I) Dismissing the Subject Chapter 11 Cases, (II) for Abstention, or (III) Appointment of Receiver as the Chapter 11 Trustee and (B) the Emergency Motion to Excuse Receiver’s Compliance with 11 U.S.C. § 543(a) & (b)* (Docket No. 166) (the “Omnibus Objection”).

4. In particular, this Declaration summarizes and describes the report of April 25, 2024 (the “Recovery Estimates”) that I prepared regarding the value of the Debtors’ assets, and also summarizes some of my marketing efforts and observations regarding the Debtors’ assets.

BACKGROUND AND QUALIFICATIONS

5. Since August of 2019, I have been a Managing Director of WD, a publicly traded financial intermediary and investment sales platform. I co-lead the seniors housing investment sales group.

² Capitalized terms used but not defined in this Declaration have the meanings assigned in the DIP Motion or the proposed interim order attached as Exhibit A to the DIP Motion (the “Interim DIP Order”).

6. WD has been retained by the Debtors, subject to Court approval, to facilitate the sale of substantially all of their assets. As leader of the engagement, I have independently reviewed, have become familiar with, and have personal knowledge regarding the Petersen properties, their respective markets, reimbursements, operating expenses, staffing and market valuations.

7. I personally have over 30 years' experience with in- and out-of-court investment sales of seniors housing and long-term care facilities, mergers and acquisitions and divestiture initiatives. Some examples of noteworthy transactions include, without limitation:

- a. A \$503 million sale of all of Regency, a company with 33 nursing homes, ancillary companies, management firm and development pipeline in Texas.
- b. A \$502 million sale of 25 Calamar active adult communities to Welltower UPREIT.
- c. A sale of 26 fee simple and 18 leasehold interests for a total of 44 nursing homes in the northwest for the EmpRes ESOP for over \$300 million. This required close relationships with the various landlords and lenders.
- d. A sale of a \$180 million portfolio of skilled nursing facilities ("SLF's") in the Cincinnati MSA for Care Spring, the \$180 million portfolio of assisted living facilities ("ALF's") across the U.S. for Zurich Re, 11 nursing homes in Cleveland for \$110 million for Zurich Re.
- e. A sale of 33 county nursing homes across NJ, WI, IL, NY, PA and other states for a total of over \$800 million.

8. Both WD and I have worked with companies, private equity firms, banks, family offices and commercial lenders by providing sales advisory and connection to capital for transactions in a wide range of corporate finance transactions, including restructurings and

reorganizations, mergers and acquisitions, and debt and equity financings. WD has sold properties for private companies, publicly traded companies, nonprofits, government entities, and lenders. In particular, WD has served as either an agent, broker, and/or investment banker in a number of bankruptcy sales processes. Attached as **Exhibit A** is a non-exclusive list of sales or other transactions WD has closed that were either lender-directed, and/or in bankruptcy or government directed sales.

9. Prior to WD, I was Executive Managing Director at the publicly traded firm of Marcus & Millichap's Institutional Property Advisors ("IPA"). At IPA, I led the seniors housing investment sales platform which represented Sellers of seniors housing and long-term care properties. My team closed over 600 transactions valued at over \$10 billion during my 26 years at IPA. I have been involved in the sale of approximately 24,800 units/beds of seniors housing and long-term care that was sold via bankruptcy, lender-directed sales or county auctions, for a total value of \$1.3 billion. Earlier in my career, I was the Asset Manager for a commercial real estate syndicator, Group One Investments, and prior to that I managed the multi-family bookkeeping department arm of a large commercial real estate investment firm.

10. I graduated with an MM (MBA) from Northwestern University and received a Master's Degree in Marketing and Finance from the Northwestern's Kellogg School of Management. I received a Bachelor of Arts in Economics from Wheaton College.

11. During my prior engagements and work for the Debtors, I gained significant experience in valuing and selling assets, underwriting operations and real estate for purposes of sales and other related activities – and particularly in the healthcare industry. I have worked in Illinois throughout my career and have extensive knowledge of the Illinois senior housing and long-term care markets.

12. The Debtors previously engaged WD on at least two separate occasions, to market for sale various tranches of its then 93-facility portfolio. Over the years, WD has also sold the Debtors approximately 35 of the 93 facilities the Debtors once owned. As a result of completing sales transactions of varying sizes with the Debtors over the course of the past 20 years, I remained generally aware of the Debtors' portfolio and operations, including due to my ongoing work in the healthcare industry generally and in Illinois specifically.

13. On August 8, 2023, WD entered into an agreement with White Oak Healthcare Partners ("White Oak"), a capital provider in the long-term care industry, to serve as the industry broker-partner with White Oak to assist the Debtors in procuring a refinancing or selling the Petersen assets. I have worked closely with the Debtors' management and other professionals retained by the Debtors with respect to the Debtors' financing and sales efforts. As a result, I am acquainted with the Debtors' financial statements, capital structure, liquidity needs, and business operations as well as the value of its assets.

14. Except as otherwise indicated, all facts set forth in this Declaration are based upon my personal knowledge; information supplied to me by other employees of WD and members of the Debtors' management, professionals, and advisors; my review of relevant documents; or my opinion based upon my experience and knowledge of the Debtors' industry, operations, and financial condition. If called to testify, I could and would testify competently as to the facts set forth herein. I am authorized to submit this Declaration.

RECOVERY ESTIMATES FOR CERTAIN OF THE DEBTORS' OPERATIONS AND PROPERTIES

15. As noted above, as part of my work for the Debtors, I prepared the Recovery Estimates defined above, a copy of which is included as **Exhibit B**. Included for ease of review are two pages, the first which includes the Recovery Estimates alphabetically by facility name.

The second page includes the same Recovery Estimates, organized by common lender or shared credit facility, with a summary of each lenders' aggregate debt owed and aggregate Recovery Estimates across all facilities that secure each lenders' respective obligations. Finally, the lists behind the Recovery Estimates refer to comparable skilled nursing facility ("SNF"), SLF, and ALF transactions, respectively.

16. This valuation estimate incorporates a methodology reflecting the fact that the Petersen assets are not stabilized and most of the facilities will generate low operating margins, even when stabilized. Operating margins at the higher end of the range for nursing homes are 12.5% and are generated mostly from non-Medicaid revenue, including private pay (if this daily rate is significantly greater than the Medicaid rate), Medicare and managed care. This is referred to as a facility's quality mix, or Q-Mix. The reason for the higher Q-Mix generating higher margins is that non-Medicaid reimbursement payor sources are much higher and provide a significant profit margin for generating rehabilitation to the residents. On the other hand, Medicaid reimbursement is much lower and only covers costs (and may not even cover all costs) for long-stay residents who don't require much rehabilitation services.

17. High Q-Mix facilities are found in urban areas near large health systems or are in wealthy areas where it is possible to garner significantly higher private pay rates and other non-Medicaid patient days. A Q-Mix equal to 20% or higher of the Revenue is common in such areas. Stabilized nursing homes with an attractive Q-Mix are valued by applying a 12.5% cap rate to the TTM earnings before interest, taxes, depreciation & amortization ("EBITDA").

18. The standard operating margin (EBITDA as % of revenue) for higher-end stabilized nursing homes with a good Q-Mix is 12.5%. Note that there is a one-to-one relationship for stabilized facilities, between the cap rate of 12.5% and the operating margin of 12.5%. This

relationship is expressed as the effective gross income multiple, or EGIM, and is equal to 1.0 in this example.

19. Since the Petersen assets are, generally speaking, not stabilized and are located mostly in secondary and tertiary markets with little opportunity to improve the Q-Mix, and since they cannot generate significantly higher private pay rates relative to Medicaid rates, the Petersen facilities have historically produced low operating margins and they will generate nominal operating margins even at stabilization.

20. Since the average cap rate remains at 12.5% for all nursing home sales, and since the Petersen assets generate lower margins, the EGIM for Petersen will be much lower than for stabilized, high Q-Mix facilities. To find the right EGIM, we estimate the operating margin for the Petersen facilities at stabilization, which ranges from 7.5% to 12.5%, with the latter reflecting a stretch estimate of margin.

21. By dividing each anticipated margin by the 12.5% cap rate that applies to all SNF purchases, we derive EGIM's of .6, .8, and 1.0 times for the low, medium and high (stretch) valuation for Petersen. The computations are as follows: $7.5\% \text{ margin} / 12.5\% \text{ cap rate} = .6 \text{ EGIM}$; $10\% \text{ margin} / 12.5\% \text{ cap rate} = .8 \text{ EGIM}$; and $12.5\% \text{ margin} / 12.5\% \text{ cap rate} = 1.0 \text{ EGIM}$. Applying these EGIM's to the Petersen TTM revenue gives us estimated valuations of \$134 million for the low bound, \$179 million for the middle ground and \$224 million for the high bound (stretch) valuations.

22. The SLF's generate much higher operating margins and are relatively stabilized. However, they do not garner quite as low a cap rate as private pay ALF's due to the risk that the Medicaid reimbursement paid to SLF's is subject to the pen-stroke risk of Illinois reducing reimbursement. The market cap rate for SLF's is equal to a 10% cap rate for the low bound, 9.5%

cap rate for the middle range and a 9% cap rate for the high bound. Based on this cap rate, we priced the 3 SLF's with 160 total units at \$26 million for the low bound, \$28.7 million for the middle range and \$32.5 million for the high bound valuation.

23. Since the private pay ALF's are small and don't have much profit potential, and act more as a feeder to the nursing homes, we priced them at a standard \$25,000 to \$75,000 per unit based on sold comparables. The exception is Courtyard Estates of Monmouth, which has in-place EBITDA equal to about \$780,000. For the Monmouth asset we applied a per unit valuation of \$125,000, \$150,000, and \$175,000. This provides a valuation of \$17.5 million on the low bound, \$30 million for the middle range and \$42.2 million for the high bound pricing.

24. This results in a total valuation for all equal to \$177.5 million on the low bound, \$237.7 million for the middle range and \$298.7 million for the high bound valuations.

25. Based on that analysis, I believe that the Debtors' assets are worth in excess of the DIP facility and all secured claims, with a substantial equity cushion to satisfy a meaningful portion of the general unsecured creditor claims.

LIMITATIONS AND DISCLAIMERS REGARDING RECOVERY ESTIMATES

26. The information utilized in preparing the Recovery Estimates was obtained from the Debtors and from public and other sources under the assumption that they are complete and accurate as of the date of provision. I did not independently verify such information.

27. Any estimates and forecasts contained herein necessarily involve numerous and significant subjective determinations, which may or may not prove to be correct. No representation or warranty, expressed or implied, is made as to the accuracy or completeness of such information and nothing contained herein is, or shall be relied upon as, a representation or warranty, whether as to the past or the future. No outcome is guaranteed.

28. No selected company or selected transaction used in our analysis is directly comparable to the Debtors.

29. The Recovery Estimate was prepared in connection with the Debtors' chapter 11 cases, and not for any other purpose.

SUMMARY OF MARKETING EFFORTS/OBSERVATIONS TO DATE

30. As noted above, WD has been marketing the Petersen senior housing and nursing homes since August of 2023. Together with White Oak, we worked diligently to procure a buyer or buyers for some portion of the Petersen portfolio, sufficient to pay off the debt owed to certain lenders, in particular, the debt owed to Sector Financial Inc. (now Column Financial, Inc.) that was coming due in September of 2023. The market for older, mostly rural nursing homes in Illinois is not very broad from a national perspective, so the pre-bankruptcy process involved a targeted effort to select potential buyers.

31. Since the Chapter 11 bankruptcy filing, we have been charged with broadly marketing all the assets to all potential buyers. We have continued to focus primarily on procuring qualified buyers who own in Illinois. However, we have also broadened our marketing process to about 500 other potential buyers across the U.S., to be sure we are reasonably covering the market.

32. We have collected 20 bids to date, two of which are for large sub-portfolios and most of the remainder are for a handful of the facilities that are also included in the larger sub-portfolio bids. We have a bid from one buyer for 41 of the properties, and a bid from another buyer which includes virtually all the properties. The second bidder is working to finalize its modeling and expects to have a firmer bid for us by the second week of May 2024. We have been working to negotiate up the pricing for both bidders, along with a third bidder for a large portion of the portfolio. We are encouraging all these bidders to vie for the pole position as the stalking

horse for the properties they want. We recommend keeping the SLF's as a separate bid process, since those facilities have garnered bids at much higher prices per unit than the nursing homes and we have at least two strong SLF-only bids and the highest of those bidders is ready to proceed as the stalking horse.

33. More recently, we have recommended that the collateral securing loans from X-Caliber Funding LLC ("X-Caliber") be included in the bidding process. Those facilities will be additive to the ultimate pricing, since five of the nursing homes securing the X-Caliber loans are valued higher than other Petersen homes, and one facility securing the X-Caliber loans is a SLF that is valued at about 4.5 times the bed value of the Petersen nursing homes. Including the facilities securing the X-Caliber loans will not only be additive due to their relative value per unit/bed, but also because adding them creates more continuity and less confusion relative to having some Petersen assets in bankruptcy and others in receivership. It would be best to sell all three of the SLF's in a single process, to generate a portfolio premium, including the one financed by X-Caliber. Likewise, including the X-Caliber nursing homes in the offering with the other Petersen nursing facilities will be additive to the bidding process. It will enhance the portfolio premium and it provides more consistency and continuity than asking bidders to negotiate with different controlling parties on different fronts. In my opinion, for these reasons X-Caliber will receive a greater return if the X-Caliber collateral is included in the sales being conducted in the Debtors' bankruptcy cases.

* * *

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge.

Dated: May 9, 2024

/s/ Mark L. Myers _____
Mark L. Myers
Managing Director
Walker & Dunlop Investment Sales, LLC

EXHIBIT A

W&D BANKRUPTCY, LENDER DIRECTED, & GOVERNMENT AUCTION SALES



WALKER & DUNLOP

WALKER & DUNLOP TEAM

BANKRUPTCY, LENDER DIRECTED AND GOVERNMENT AUCTION SALES

	NAME OF PROPERTY	LICENSE	CITY	STATE	BEDS/UNITS	CLOSING DATE	SALES PRICE	PER UNIT/BED
1	Advantage 2.0	SNF	Various	MI	415	6/23/22	\$30,500,000	\$73,494
2	Advantage Portfolio	SNF	Various	MI	743	11/2/21	\$58,000,000	\$78,062
3	Lexington Portfolio	SNF / SLF	Various	IL	1550	6/9/21	\$110,000,000	\$70,968
4	Champaign County	SNF	Urbana	IL	243	4/1/19	\$11,000,000	\$45,267
5	Country View (Blackhawk County)	SNF	Waterloo	IA	168	1/3/19	\$4,150,000	\$24,702
6	Auglaize Acres (Auglaize County)	SNF	Wapakoneta	OH	91	12/26/18	\$1,700,000	\$18,681
7	Fenton Healthcare	SNF	Fenton	MI	121	6/27/18	\$2,833,333	\$23,416
8	Ovid Healthcare Center	SNF	Ovid	MI	94	6/27/18	\$2,833,333	\$30,142
9	Transitional Health Services of Fremont	SNF	Fremont	MI	129	6/27/18	\$2,833,333	\$21,964
10	Morris County Healthcare Center (Morris County)	SNF	Morristown	NJ	283	7/31/17	\$24,000,000	\$84,806
11	Maplewood Manor (Saratoga County)	SNF	Ballston Spa	NY	257	1/31/17	\$14,100,000	\$54,864
12	Project Boomerang (one portfolio)	SNF	Gatesville	NC	80	10/1/16	\$2,500,000	\$31,250
13	Project Boomerang (one portfolio)	SNF	Hancock	MI	63	9/1/16	\$3,016,652	\$47,883
14	Project Boomerang (one portfolio)	SNF	Roscommon	MI	118	9/1/16	\$3,016,652	\$25,565
15	Project Boomerang (one portfolio)	SNF	Ishpeming	MI	122	9/1/16	\$3,016,652	\$24,727
16	Project Boomerang (one portfolio)	SNF	Fort Myers	FL	0	8/2/16	\$1,000,000	-
17	Project Boomerang (one portfolio)	SNF	North Vernon	IN	119	8/2/16	\$6,249,990	\$52,521
18	Project Boomerang (one portfolio)	SNF	Connersville	IN	164	8/2/16	\$6,249,990	\$38,110
19	Project Boomerang (one portfolio)	SNF	Fort Wayne	IN	66	8/2/16	\$6,249,990	\$94,697
20	Project Boomerang (one portfolio)	SNF	Sheridan	IN	80	8/2/16	\$6,249,990	\$78,125
21	Project Boomerang (one portfolio)	SNF	Olathe	KS	147	8/2/16	\$7,200,060	\$48,980
22	Project Boomerang (one portfolio)	SNF	Omaha	NE	175	8/2/16	\$8,250,025	\$47,143
23	Skyline Retirement Community	CCRC	Omaha	NE	318	5/17/16	\$11,750,000	\$36,950
24	County of Monmouth Care Centers: JLM & GLT	SNF	Freehold	NJ	309	12/31/15	\$32,400,000	\$104,854
25	Warren Haven Nursing Home	SNF	Oxford	NJ	180	9/3/15	\$15,600,000	\$86,667
26	Orleans County	SNF	Albion	NY	120	1/15/15	\$7,800,000	\$65,000
27	Chautauqua County	SNF	Dunkirk	NY	216	12/31/14	\$16,000,000	\$74,074
28	Ontario County Health Facility	SNF	Canandaigua	NY	98	11/14/14	\$2,000,000	\$20,408

	NAME OF PROPERTY	LICENSE	CITY	STATE	BEDS/UNITS	CLOSING DATE	SALES PRICE	PER UNIT/BED
29	Steuben County Health Care Facility	SNF	Bath	NY	105	7/2/14	\$11,000,000	\$104,762
30	Butler County Nursing & Rehabilitation Center	SNF	Butler	PA	220	5/15/14	\$20,400,000	\$92,727
31	Horace Nye Nursing Home (Essex County)	SNF	Elizabethtown	NY	100	3/20/14	\$4,050,000	\$40,500
32	Friendship Ridge	SNF	Beaver	PA	589	2/28/14	\$37,500,000	\$63,667
33	Camden County Health Services Center	SNF	Blackwood	NJ	450	11/25/13	\$37,100,000	\$82,444
34	Valley View Nursing Home (Blair County)	SNF	Altoona	PA	254	5/13/13	\$16,500,000	\$64,961
35	Cascade Vist/Cascade Plaza	AL/MC/SNF	Redmond	WA	212	4/30/13	\$11,500,000	\$54,245
36	Champaign Urbana Rehabilitation Center	SNF	Savoy	IL	213	12/12/12	\$11,500,000	\$53,991
37	Sussex Homestead	SNF	Newton	NJ	102	11/29/12	\$7,850,000	\$76,961
38	Buttonwood Hospital (Burlington County)	SNF	Pemberton	NJ	200	8/11/12	\$15,000,000	\$75,000
39	Robeson Hall on the Park	ILF	Champaign	IL	104	7/1/12	\$1,500,000	\$14,423
40	Cumberland Manor Nursing Home	SNF	Bridgeton	NJ	196	4/10/12	\$14,000,000	\$71,429
41	Posada Del Sol Health Care Center	SNF	Tucson	AZ	149	12/11/11	\$7,800,000	\$52,349
42	Grand Court Belleville	ILF	Belleville	IL	74	9/9/11	\$1,950,000	\$26,351
43	Nursing Home Managers Portfolio	SNF	Petersburg	IL	86	4/11/11	\$1,171,908	\$13,627
44	Nursing Home Managers Portfolio	SNF	Jacksonville	IL	88	4/11/11	\$1,199,161	\$13,627
45	Nursing Home Managers Portfolio	SNF	Taylorville	IL	96	4/11/11	\$1,308,176	\$13,627
46	Nursing Home Managers Portfolio	SNF	Virden	IL	99	4/11/11	\$1,349,057	\$13,627
47	Nursing Home Managers Portfolio	SNF	Charleston	IL	108	4/11/11	\$1,471,698	\$13,627
48	Highgate Portfolio	SNF	New York	NY	512	10/10/10	\$22,700,000	\$44,336
49	Weatherwood	SNF	Weatherly	PA	200	7/10/10	\$11,050,000	\$55,250
50	Laurel Crest	SNF	Ebensburg	PA	370	1/10/10	\$14,250,000	\$38,514
51	Covenant at South Hills	CCRC	Pittsburgh	PA	232	10/23/09	\$15,658,123	\$67,492
52	Haverford Nursing & Rehabilitation	SNF	Upper Darby	PA	110	2/9/09	\$5,062,500	\$46,023
53	Main Line Nursing & Rehabilitation	SNF	Malvern	PA	184	2/9/09	\$8,437,500	\$45,856
54	Harrah Nursing Center	SNF	Harrah	OK	147	10/10/08	\$3,400,000	\$23,129
52	Haverford Nursing & Rehabilitation	SNF	Upper Darby	PA	110	2/9/09	\$5,062,500	\$46,023
53	Main Line Nursing & Rehabilitation	SNF	Malvern	PA	184	2/9/09	\$8,437,500	\$45,856
54	Harrah Nursing Center	SNF	Harrah	OK	147	10/10/08	\$3,400,000	\$23,129
55	Mcloud Nursing Center	SNF	Mcloud	OK	85	10/10/08	\$2,200,000	\$25,882
56	Meeker Nursing Center	SNF	Meeker	OK	84	10/10/08	\$2,000,000	\$23,810
57	Mid America Portfolio (Polo Manor)	SNF	Polo	IL	77	1/8/08	\$1,500,000	\$19,481

	NAME OF PROPERTY	LICENSE	CITY	STATE	BEDS/UNITS	CLOSING DATE	SALES PRICE	PER UNIT/BED
58	Mid America Portfolio (Marigold HCC)	SNF	Galesburg	IL	172	1/7/08	\$5,600,000	\$32,558
59	Mid America Portfolio (Feeport Manor)	SNF	Freeport	IL	122	1/6/08	\$4,000,000	\$32,787
60	Mid America Portfolio (Hillsboro HCC)	SNF	Hillsboro	IL	110	1/5/08	\$3,000,000	\$27,273
61	Mid America Portfolio (Sunshine Manor)	SNF	Carlinville	IL	94	1/4/08	\$2,400,000	\$25,532
62	Mayfair Village	CCRC	Columbus	OH	186	12/7/07	\$19,000,000	\$102,151
63	Westlake SeniorCare (Cypress Portfolio)	ALF	Westlake	OH	99	3/7/07	\$4,588,001	\$46,343
64	Whittier SeniorCare (Cypress Portfolio)	ALF	Whittier	CA	73	12/27/06	\$5,828,500	\$79,842
65	West Orange SeniorCare (Cypress Portfolio)	ALF	West Orange	NJ	116	12/25/06	\$6,346,000	\$54,707
66	Wayne SeniorCare (Cypress Portfolio)	ALF	Wayne	NJ	105	12/24/06	\$11,030,000	\$105,048
67	Tucson SeniorCare (Cypress Portfolio)	ALF	Tucson	AZ	98	12/23/06	\$8,588,000	\$87,633
68	Sun City SeniorCare (Cypress Portfolio)	ALF	Sun City	AZ	54	12/22/06	\$7,024,000	\$130,074
69	Sarasota SeniorCare (Cypress Portfolio)	ALF	Sarasota	FL	96	12/21/06	\$8,576,000	\$89,333
70	Roanoke SeniorCare (Cypress Portfolio)	ALF	Roanoke	VA	56	12/20/06	\$10,086,000	\$180,107
71	Reno SeniorCare (Cypress Portfolio)	ALF	Reno	NV	52	12/19/06	\$13,312,000	\$256,000
72	Peoria SeniorCare (Cypress Portfolio)	ALF	Peoria	AZ	54	12/18/06	\$11,324,000	\$209,704
73	Palmer Ranch SeniorCare (Cypress Portfolio)	ALF	Sarasota	FL	93	12/17/06	\$7,458,000	\$80,194
74	Palmer Ranch SNF (Cypress Portfolio)	SNF	Sarasota	FL	60	12/16/06	\$3,860,000	\$64,333
75	Overland Park SeniorCare (Cypress Portfolio)	ALF	Olathe	KS	54	12/15/06	\$9,424,000	\$174,519
76	Mesa SeniorCare (East Mesa) (Cypress Portfolio)	ALF	Mesa	AZ	52	12/14/06	\$9,512,000	\$182,923
77	Fulton County SeniorCare (SS-Court) (Cypress Portfolio)	ALF	Roswell	GA	52	12/13/06	\$4,812,000	\$92,538
78	Fulton County SeniorCare (SS-Gardens) (Cypress Portfolio)	ALF	Roswell	GA	102	12/12/06	\$5,012,000	\$49,137
79	Emerson SeniorCare (Cypress Portfolio)	ALF	Emerson	NJ	105	12/11/06	\$13,630,000	\$129,810
80	Dunedin SeniorCare (Cypress Portfolio)	ALF	Dunedin	FL	105	12/10/06	\$3,255,000	\$31,000
81	Denver SeniorCare (Cypress Portfolio)	ALF	Denver	CO	60	12/9/06	\$7,760,000	\$129,333
82	Decatur SeniorCare (Cypress Portfolio)	ALF	Decatur	GA	60	12/8/06	\$7,610,000	\$126,833
83	Colorado Springs SeniorCare (Cypress Portfolio)	ALF	Colorado Springs	CO	60	12/7/06	\$5,760,000	\$96,000
84	Cobb County SeniorCare (Vinings) (Cypress Portfolio)	ALF	Smyrna	GA	52	12/6/06	\$5,562,000	\$106,962
85	Citrus Heights SeniorCare (Cypress Portfolio)	ALF	Roseville	CA	56	12/5/06	\$8,836,000	\$157,786
86	Asbury Towers	ILF/ALF	North Aurora	IL	244	12/5/06	\$5,000,000	\$20,492
87	Charlotte SeniorCare (South Park) (Cypress Portfolio)	ALF	Charlotte	NC	52	12/4/06	\$2,612,000	\$50,231
88	Brea SeniorCare (Cypress Portfolio)	ALF	Brea	CA	98	12/3/06	\$4,288,000	\$43,755
89	Boynton Village SeniorCare (Cypress Portfolio)	ALF	Boynton Beach	FL	127	12/2/06	\$3,937,000	\$31,000

	NAME OF PROPERTY	LICENSE	CITY	STATE	BEDS/UNITS	CLOSING DATE	SALES PRICE	PER UNIT/BED
90	Legacy at Dallas	ILF	Dallas	GA	106	11/6/06	\$12,700,000	\$119,811
91	Belhaven Nursing Home	SNF	Chicago	IL	221	7/12/06	\$10,250,000	\$46,380
92	Candlewood Park (CSC)	SNF	Cleveland	OH	134	12/13/05	\$9,571,428	\$71,429
93	Aristocrat Berea (CSC)	SNF	Cleveland	OH	225	12/12/05	\$16,071,428	\$71,429
94	OH Extended Care (CSC)	SNF	Cleveland	OH	192	12/11/05	\$13,714,285	\$71,429
95	Falling Water (CSC)	SNF	Cleveland	OH	139	12/10/05	\$9,928,571	\$71,429
96	Grande Pointe (CSC)	SNF	Cleveland	OH	166	12/9/05	\$11,857,142	\$71,429
97	Greenbrier HCC (CSC)	SNF	Cleveland	OH	196	12/8/05	\$14,000,000	\$71,429
98	Greenbrier (CSC)	ALF	Cleveland	OH	68	12/7/05	\$4,857,142	\$71,429
99	Pine Grove (CSC)	SNF	Cleveland	OH	22	12/6/05	\$1,571,428	\$71,429
100	Pine Valley (CSC)	SNF	Cleveland	OH	97	12/5/05	\$6,928,571	\$71,429
101	Pebble Creek (CSC)	SNF	Cleveland	OH	192	12/4/05	\$13,642,858	\$71,057
102	Wyant Woods (CSC)	SNF	Cleveland	OH	180	12/4/05	\$12,857,142	\$71,429
103	Alderwood Health Care Center (SLP)	SNF	South Elgin	IL	90	10/12/05	\$1,311,189	\$14,569
104	Willow Wood Health Care Center (SLP)	SNF	Rock Falls	IL	57	10/12/05	\$830,420	\$14,569
105	Rosiclare Health Care Center (SLP)	SNF	Rosiclare	IL	62	10/11/05	\$903,263	\$14,569
106	Scotchwood Health Care Center (SLP)	SNF	Bloomington	IL	78	10/11/05	\$1,136,364	\$14,569
107	Pekin Living & Rehabilitation Center (SLP)	SNF	Pekin	IL	202	10/10/05	\$2,942,890	\$14,569
108	Pittsfield Health Care Center (SLP)	SNF	Pittsfield	IL	81	10/10/05	\$1,180,070	\$14,569
109	Maplewood Health Care Center (SLP)	SNF	North Aurora	IL	129	10/9/05	\$1,879,370	\$14,569
110	Olivewood Health Care Center (SLP)	SNF	Shelbyville	IL	80	10/9/05	\$1,165,501	\$14,569
111	Magnolia Wood Health Care Center (SLP)	SNF	Watseka	IL	76	10/8/05	\$1,107,226	\$14,569
112	McLeansboro Health Care Center (SLP)	SNF	Dale	IL	43	10/8/05	\$626,457	\$14,569
113	Jonesboro Health Care Center (SLP)	SNF	Jonesboro	IL	77	10/7/05	\$1,121,795	\$14,569
114	Macomb Senior Living Center (SLP)	SNF	Macomb	IL	65	10/7/05	\$946,970	\$14,569
115	Enfield Health Care Center (SLP)	SNF	Enfield	IL	49	10/6/05	\$713,869	\$14,569
116	Fondulac Health Care Center (SLP)	SNF	East Peoria	IL	98	10/6/05	\$1,427,739	\$14,569
117	Cisne Health Care Center (SLP)	SNF	Cisne	IL	35	10/5/05	\$509,907	\$14,569
118	Firwood Health Care Center (SLP)	SNF	Batavia	IL	63	10/5/05	\$917,832	\$14,569
119	Cherrywood Health Care Center (SLP)	SNF	Vandalia	IL	116	10/4/05	\$1,689,977	\$14,569
120	Dogwood-Ironwood Health Care Center (SLP)	SNF	Sandwich	IL	63	10/4/05	\$917,832	\$14,569
121	Aspenwood Health Care Center (SLP)	SNF	Silvis	IL	63	10/3/05	\$917,832	\$14,569

	NAME OF PROPERTY	LICENSE	CITY	STATE	BEDS/UNITS	CLOSING DATE	SALES PRICE	PER UNIT/BED
122	Cedarwood Health Care Center (SLP)	SNF	Decatur	IL	58	10/3/05	\$844,988	\$14,569
123	The Meadows	ALF	Tallahassee	FL	120	10/2/05	\$1,700,000	\$14,167
124	Boxwood Health Care Center (SLP)	SNF	Newman	IL	60	10/2/05	\$874,126	\$14,569
125	Benton Health Care Center (SLP)	SNF	Benton	IL	71	10/1/05	\$1,034,382	\$14,569
126	New Perspectives	ALF	Wheeling	IL	48	7/8/05	\$2,535,670	\$52,826
127	Woodcrest Manor	SNF	Erlanger	KY	127	6/5/05	\$4,500,000	\$35,433
128	Franciscan Manor (GHV)	ALF	Beaver Falls	PA	110	6/5/05	\$15,000,000	\$136,364
129	Mount Vernon Assisted Living(GHV)	ALF	Elizabeth	PA	91	6/5/05	\$7,000,000	\$76,923
130	Mount Vernon of South Park (GHV)	ALF	Bethel Park	PA	109	6/5/05	\$9,000,000	\$82,569
131	Overlook Green Assisted Living(GHV)	ALF	Pittsburgh	PA	122	6/5/05	\$16,000,000	\$131,148
132	Ridgepointe Personal Care Home (GHV)	ALF	Pittsburgh	PA	113	6/5/05	\$6,500,000	\$57,522
133	Rolling Hills Manor Assisted Liv. (GHV)	ALF	Pittsburgh	PA	84	6/5/05	\$4,500,000	\$53,571
134	Sun Valley	ALF	Beloit	WI	60	2/4/05	\$3,250,000	\$54,167
135	Grand Court Weatherford	ALF	Weatherford	TX	84	1/5/05	\$3,400,000	\$40,476
136	Grand Court Bryan	ILF	Bryan	TX	180	11/4/04	\$7,350,000	\$40,833
137	Adams House Healthcare Center	SNF	Torrington	CT	90	11/1/04	\$1,000,000	\$11,111
138	Bentley Gardens Healthcare Center	SNF	West Haven	CT	98	11/1/04	\$1,568,000	\$16,000
139	Centennial Health Care Center	SNF	Norwalk	CT	200	11/1/04	\$1,875,000	\$9,375
140	Country Manor Healthcare Center	SNF	Prospect	CT	150	11/1/04	\$1,632,000	\$10,880
141	Bay Shores Health Care	SNF	Bay City	MI	126	4/30/04	\$3,750,000	\$29,762
142	Rivermont Care and Rehabilitation Center	SNF	South Pittsburg	TN	165	3/24/04	\$6,000,000	\$36,364
143	Sycamore Care and Rehabilitation Center	SNF	Memphis	TN	140	3/23/04	\$4,750,000	\$33,929
144	Fentress Care and Rehabilitation Center	SNF-LSHLD	Jamestown	TN	140	3/22/04	\$4,550,000	\$32,500
145	Standing Stone Care and Rehabilitation Center	SNF-LSHLD	Monterey	TN	115	3/21/04	\$3,550,000	\$30,870
146	Pickett Care and Rehabilitation Center	SNF-LSHLD	Byrdstown	TN	69	3/20/04	\$2,400,000	\$34,783
147	Greenville Care and Rehabilitation Center	SNF	Greenville	TN	154	3/19/04	\$6,750,000	\$43,831
148	Heritage Manor Care and Rehabilitation Center	SNF	Abbeville	LA	120	3/18/04	\$3,000,000	\$25,000
149	Fountain View Care and Rehabilitation Center	SNF	Springhill	LA	153	3/17/04	\$1,500,000	\$9,804
150	Grand Court Columbus	ILF	Columbus	OH	120	3/14/04	\$1,500,000	\$12,500
151	Gates Mills Manor Company	SNF	Gates Mills	OH	150	3/4/04	\$8,381,965	\$55,880
152	Rocky River Manor Company	SNF	Cleveland	OH	210	3/3/04	\$11,734,752	\$55,880
153	Euclid Beach Manor Company	SNF	Cleveland	OH	202	3/2/04	\$6,383,283	\$31,600

	NAME OF PROPERTY	LICENSE	CITY	STATE	BEDS/UNITS	CLOSING DATE	SALES PRICE	PER UNIT/BED
154	Barberton Manor Company	SNF	Barberton	OH	120	3/1/04	\$10,000,000	\$83,333
155	Ft. Armstrong	ILF/ALF	Rock Island	IL	100	10/10/03	\$2,400,000	\$24,000
156	Terrace at Mountain Creek	ILF/ALF	Chattanooga	TN	128	10/6/03	\$3,800,000	\$29,688
157	Grand Court Amarillo	ILF/ALF	Amarillo	TX	140	9/30/03	\$3,500,000	\$25,000
158	Sullivan Health Care Center	SNF	Sullivan	IL	123	9/16/03	\$2,250,000	\$18,293
159	Royalcrest	ALF	Carson City	NV	69	8/8/03	\$2,100,000	\$30,435
160	Summit at Newforest	ILF	San Antonio	TX	198	7/1/03	\$4,870,000	\$24,596
161	St. Francis Woods	ALF	Peoria	IL	68	5/28/03	\$3,800,000	\$55,882
162	Grand Court	ILF	Fort Worth	TX	140	5/9/03	\$4,000,000	\$28,571
163	Grand Court Lakeland	ILF/ALF	Lakeland	FL	126	12/10/02	\$2,100,000	\$16,667
164	The Manor	SNF	Las Vegas	NV	225	12/10/02	\$8,500,000	\$37,778
165	Grand Court Garland	ILF	Garland	TX	114	12/5/02	\$3,700,000	\$32,456
166	Claremont of Lee County	SNF	Dixon	IL	97	9/19/02	\$1,150,000	\$11,856
167	Grand Court Greatwood	ILF/ALF	Sugar Land	TX	126	9/3/02	\$7,170,000	\$56,905
168	Grand Court	ILF	Las Vegas	NV	111	9/28/01	\$3,500,000	\$31,532
169	Lee County Nursing Home	SNF	Dixon	IL	97	3/28/01	\$1,500,000	\$15,464
170	Sterling Oaks	ALF	Wadsworth	OH	67	6/19/00	\$5,200,000	\$77,612
171	Wis-Care	SNF/DD	Milwaukee	WI	258	8/24/99	\$6,500,000	\$25,194
172	Park Lane Hotel	ALF	Toledo	OH	88	6/1/97	\$1,700,000	\$19,318
173	Laurelwood Health Care	SNF	Rock Island	IL	177	3/1/97	\$4,000,000	\$22,599
174	Wautoma Care Center	SNF	Wautoma	WI	84	2/1/97	\$2,200,000	\$26,190
	Totals	-	-	-	24,794	-	\$1,317,889,288	\$53,154

MINIMUM BID ANALYSIS | OUR TEAM HAS ROUTINELY BROUGHT IN OFFERS FAR ABOVE THE MINIMUM BID

FACILITY	SELLING ENTITY	COUNTY	CITY	STATE	BEDS	MINIMUM BID	HIGHEST BID	% OVER MIN. BID
Laurel Crest	County	Cambria	Ebensburg	PA	370	\$11,000,000	\$14,250,000	30%
Weatherwood Nursing & Rehab Facility	County	Carbon	Weatherly	PA	200	\$8,000,000	\$11,050,000	38%
Posada Del Sol Health Care Center	County	Pima	Tucson	AZ	149	\$6,300,000	\$9,100,000 v	44%
Salem County Nursing Home & Rehab	Local Improvement Authority	Salem	Salem	NJ	116	\$6,000,000	\$7,500,000	25%
Cumberland Manor Nursing Home	County	Cumberland	Bridgeton	NJ	196	\$10,000,000	\$14,000,000	40%
Buttonwood Hospital	County	Burlington	Pemberton	NJ	200	\$15,000,000	\$15,000,000	--
Sussex County Homestead	Local Improvement Authority	Sussex	Newton	NJ	102	\$6,000,000	\$7,850,000	31%
Valley View Nursing Home	County	Blair	Altoona	PA	254	\$11,250,000	\$16,500,000	47%
Golden Hill Health Care Center	Local Improvement Authority	Ulster	Kingston	NY	280	\$10,500,000	\$12,292,000	17%
Vermillion Manor	County	Vermillion	Danville	IL	237	\$3,400,000	\$3,400,000	--
Camden County Health Services Center	County	Camden	Blackwood	NJ	450	\$24,000,000	\$37,100,000	55%
Horace Nye Nursing Home	County	Essex	Elizabethtown	NY	100	\$4,000,000	\$4,050,000	1%
Friendship Ridge	County	Beaver	Beaver	PA	589	\$25,000,000	\$37,500,000	50%
Citizens Rehab & Montevue AL	County	Frederick	Frederick	MD	245	\$27,500,000	\$31,000,000	13%
Sunnyview Nursing & Rehab Center	County	Butler	Butler	PA	220	\$13,500,000	\$20,000,000	48%
Steuben County Health Care Facility	County	Steuben	Bath	NY	105	\$8,500,000	\$11,000,000	29%
Villages of Orleans Health & Rehab Center	Local Improvement Authority	Orleans	Albion	NY	120	\$5,500,000	\$7,800,000	42%
Maplewood Manor	Local Improvement Authority	Saratoga	Balston Spa	NY	257	\$11,000,000	\$14,570,000	32%
Chautauqua County Home	County	Chautauqua	Dunkirk	NY	216	\$16,000,000	\$16,500,000	3%
Ontario County Health Facility	County	Ontario	Canandaigua	NY	98	\$2,000,000	\$2,700,000	35%
Summit Park Nursing & Health Care Center	Local Improvement Authority	Rockland	Pomona	NY	321	\$22,470,000	\$32,500,000	45%
Valley View Nursing Home	County	Orange	Goshen	NY	360	\$18,000,000	\$30,300,000	68%
Warren Haven Nursing Home	County	Warren	Oxford	NJ	180	\$9,000,000	\$15,600,000	73%
Chemung County Nursing Facility	County	Chemung	Elmira	NY	200	\$7,500,000	\$10,580,000	41%
TOTAL / AVERAGE	--	--	--	--	5,565	\$11,725,833	\$15,922,583	37%

OVERALL, OUR TEAM HAS SOLD 6,028 COUNTY-OWNED SNF BEDS AND \$367 MILLION IN COUNTY-OWNED SKILLED NURSING COMMUNITIES



6,028 COUNTY-OWNED
SNF BEDS



\$367M COUNTY-OWNED
SNF COMMUNITIES



\$13B SENIOR
LIVING SALES



FRIENDSHIP RIDGE

BEAVER COUNTY, PA | 589 BEDS

- About 86% Occupancy at time of sale
- (\$5,750,000) of negative operational cash flow
- Expedited and customized the sales process



SCENARIO

Beaver County's Friendship Ridge was losing \$5.75 Million a year due to outdated and onerous Collective Bargaining Agreements and a recent cut to Medicare A & B reimbursements. After several rounds of negotiations with the facility's unions resulting in an inability to bridge the gap between running a \$16K per day operating loss and a break even operation, the Board of County Commissioners hired us to solicit purchase proposals for the 589 bed nursing home. Anticipating a Q4 2013 closing the county took out a tax anticipation bond to finance operational shortfalls through the end of the year. While marketing the facility, the Board of Commissioners approved a CBA extension through 2/28/2014, well past the proposed closing date.

OUTCOME

After marketing the property for approximately two months, we received 65 formal inquiries, held nine tours, and received five purchase proposals all in excess of the \$25 Million minimum bid. After thoroughly reviewing all five offers, the county selected two parties to interview and traveled to Philadelphia to tour a sampling of each bidder's portfolio. After further review and careful consideration of each party's proposal, the interviews and the tours, the Board of Commissioners selected Comprehensive HealthCare Management Services, a consortium of owners and operators from New York and New Jersey with over 50 years of experience in long term care. Following Asset Purchase Agreement negotiations that took several weeks, the Board of Commissioners, its advisors, and the buyer agreed on a deal structure that would defease the short term bond debt that was due by year end, but still prolong the ultimate closing date until the CBA extension was no longer valid or assumable by the buyer. Friendship Ridge closed on 2/28/2014 for \$37.5 Million, 50% above the minimum bid price of \$25 Million.

CAMDEN COUNTY'S HEALTH SERVICES

CAMDEN COUNTY, NJ | 450 BEDS

- About 94% Occupancy at time of sale
- (\$4,602,363) of negative operational cash flow
- Expedited and customized the sales process to meet County's requirement for an Auction process
- Established two bidding alternatives, satisfying two distinct objectives: ongoing liability and value maximization



SCENARIO

Camden County's Health Services Center "CCHSC" was losing approximately \$7M per year after debt service. The CCHSC campus also had a behavioral health component, the Behavioral Health Services Center "BHSC". We customized our process to account for the campus' BHSC's cost based reimbursement which was unique to only counties, and the substantial obligations the county was staring down post closing.

OUTCOME

Through our marketing efforts, leveraging the relationships we had created working with buyers of other complicated assets in the Northeast, we received over 40 formal inquiries and held 10 tours at the campus. Based on a current and pro forma financial analysis, we anticipated the property trading for \$23 - \$30 Million.

On May 8, 2013 the CCHSC Campus was auctioned off. There were two auctions: the first auction was for the whole campus with the anticipation being that the county would start a closure plan of the BHSC immediately following the transaction's closing; the second auction was for the whole campus, but the county would lease back the BHSC for a predetermined amount for a time period that was dependent on the continued indigent reimbursement the State paid the county. After vetting all seven bidders' financial statements and their ability to successfully and lawfully run a Nursing Home in New Jersey, the auction was held. Auction scenario one's bidding began at \$20 Million and yielded a price of \$29 Million, and auction scenario two's bidding started at \$24 Million and yielded a price of \$37.1 Million. Immediately following the auctions, the winning bidder signed a binding asset purchase agreement and within 72 hours wired a non-refundable earnest money deposit of 10% of the purchase price. The transaction was scheduled to close 11/25/2013. The county was happy with the price and terms of the transaction and the commitment from the buyer.

HOMESTEAD

SUSSEX COUNTY, NJ | 102 BEDS

- About 95% Occupancy at time of sale
- \$9,300 of operational cash flow
- Expedited and customized the sales process, to meet County's requirement for an Auction process
- Established two bidding alternatives - one included a requirement that the Buyer extend an opportunity to all full-time employees to interview with the successful bidder for employment at the facility, and the other alternative not including this requirement



SCENARIO

Sussex County Homestead is a 102-bed skilled nursing facility. Despite having made a strong attempt to mitigate exposure to costs by “right-sizing” staff and increasing therapies at the facility; onerous salaries and pension obligations as well as reductions in reimbursement rates caused the County to make the decision to privatize the nursing home. In addition to the facility’s dated and functionally obsolescent and unattractive physical plant, the facility had serious environmental issues, including several underground storage tanks and considerable amounts of asbestos in the facility.

OUTCOME

We brought the opportunity to our national pool of owners and investors of senior housing. We received 35+ formal inquires and 14 official tours. This effort resulted in seven Bidders attending the Auction, with three finalists competing fiercely in the bidding process. The winning bid was \$7.85 Million, substantially higher than the Minimum Bid of \$6 million.

Our Sales process satisfied the County’s requirements to hold an Auction to effectuate the sale of County real property. The final price was aggressively high, given the fact that the Minimum Bid was \$6 million. The Buyer retained the original Administrator of the Nursing Home, and nearly all of the staff. The County was able to dispose of an older nursing home and Administrative Offices, both of which are reported to contain significant amounts of Asbestos Containing Material (ACM). Despite the serious issues leading up to the closing, including a mandated \$500K deposit from the buyer to the lender, the buyer followed through with the closing because they had \$780K at risk in the form of non-refundable earnest money.

HORACE NYE

ESSEX COUNTY, NY | 100 BEDS

- About 95% Occupancy at time of sale
- (\$3,350,000) of negative operational cash flow
- Expedited and customized the sales process, to meet County's requirement for an Auction process
- Established Bid Procedures and Bid Restrictions - *including the requirement to guarantee all employees offers of employment if they file an application and pass a background check*



SCENARIO

Essex County owned and operated a 100-bed skilled nursing facility named Horace Nye Nursing Home. The home was experiencing significant negative annual operating cash flow and as a result decided it was time to privatize the facility.

OUTCOME

We brought the opportunity to our national pool of owners and investors of senior housing. We received 45+ formal inquires, which resulted in three interested bidders. The winning Bidder paid just over \$4 Million and accepted the Seller's Bid Restrictions. The Buyer was willing to take over the operations under a Friendly Receivership or other means by which the County can avoid all future operating losses.

Our sales process satisfied the County's requirements to effectuate the sale of County real property. The final price was attractive to the Seller, particularly given the Bid Restrictions and the rural locale, age, and condition of the facility.

CHAUTAUQUA COUNTY

CHAUTAUQUA COUNTY, NY | 216 BEDS

- About 95% Occupancy at time of sale
- (\$424,000) of negative operational cash flow
- Expedited and customized the sales process, to meet County's requirement for an Auction process
- Established Bid Procedures and Bid Restrictions, resulting in bidders agreeing to interview all employees who submit applications. High Bidder agreed not to cut wages



SCENARIO

Chautauqua County had a 216-bed skilled nursing facility. In 2003, the county had made major renovations to the campus, retrofitting it entirely. Increased benefit and pension obligations and shrinking revenues forced the county legislature to vote in favor of engaging a firm to market for sale the facility while coterminously engaging Center for Governmental Research (CGR) to conduct a feasibility study.

OUTCOME

We brought the opportunity to our national pool of owners and investors of senior housing. We received 45+ formal inquires, which resulted in two interested bidders, one offering a long-term lease with a Purchase Price of \$16 Million, and the other offering a \$16.5 Million Purchase Price as a cash purchase. The cash Buyer was willing to consider taking over the operations under a Friendly Receivership or other means by which the County can avoid all future operating losses.

Our sales process satisfied the County's requirements to effectuate the sale of County real property. The final price was attractive to the Seller, particularly given the Bid Restrictions. The deal closed at a sales price just above what we told the county it would attain, to a qualified buyer who has greatly improved the facility, making it a viable health care facility for the area.

BUTTONWOOD HOSPITAL

BURLINGTON COUNTY, NJ | 200 BEDS

- About 96% Occupancy at time of sale
- (\$886,000) of negative operational cash flow
- Expedited and customized the sales process, to meet County's requirement for an Auction process
- Established two bidding alternatives, one that included the Buyer accepting the union contract and the other rejecting it



SCENARIO

Buttonwood Hospital is a 170-bed skilled nursing facility with a corresponding 30-bed psychiatric unit. The County identified a need to explore other options for the future of the facility driven by the negative operating cash flow. After exploring the various options, they decided that privatization and divestiture of all assets related to the skilled nursing and psychiatric care facility was in the best interest of the County.

OUTCOME

We brought the opportunity to our national pool of owners and investors of senior housing. We received 55+ formal inquiries, which resulted in two finalists who appeared at the Auction. The auction was held under two options. Under the first option, the buyer would inherit the union contracts; under the second, they would not. The Winning Bidder paid \$15 Million under option two, rejecting the current union contract, with plans to renegotiate a new contract, likely with a new union.

Our sales process satisfied the County's requirements to hold an Auction to effectuate the sale of County real property. The final price was aggressively high, given the fact that the State indicated that it will eliminate the reimbursement for the psychiatric section of the facility effective January 1, 2013. This will require that the Buyer locate an alternative reimbursement source for the portion of the facility that was generating approximately \$5.3 Million of the \$19.9 Million of Total Revenue. Holding up the Minimum Purchase Price was quite an accomplishment on the part of our firm, given the loss of about 20% of the Revenue following the Sale.

CUMBERLAND MANOR

CUMBERLAND COUNTY, NJ | 196 BEDS

- About 94% Occupancy at time of sale
- \$800,000 of operational cash flow
- Expedited and customized the sales process, to meet County's requirement for an Auction process
- Established two bidding alternatives, one that included the Buyer accepting the union contract and the other rejecting it



SCENARIO

Located bidders who were willing to consider taking the union contract.

OUTCOME

We brought the opportunity to our national pool of owners and investors of senior housing. We received 55+ formal inquiries, which resulted in three interested bidders, with two finalists who competed under both purchase scenarios. The Winning Bidder paid \$14 Million under Option one, accepting the union contract.

Our sales process satisfied the County's requirements to hold an Auction to effectuate the sale of County real property, and it resulted in a politically favorable outcome, since the Buyer agreed to accept the union contract. The price was quite aggressively high, given the acceptance of the union contract, which contains onerous employees benefits and health insurance costs.

POSADA DEL SOL

PIMA COUNTY, AZ | 149 BEDS

- 87% Occupancy at time of sale
- Break even operational cash flow
- Conducted two rounds of competitive bidding to increase price and terms, vet the buyer pool, negotiate Purchase Agreement, and produce the most qualified buyer
- Expedited and customized the sales process to meet close within the County's Budget Cycle
- Initial procured appraisal was disputed due to the fact that it was valued considerably less than the fair market value we expected to achieve. We then worked in conjunction with appraiser to have the facility re-appraised at a higher value. At time of sale, we achieved a price \$2.8M above the determined value from the most recent County-procured appraisal



SCENARIO

Pima County procured an appraisal for less than \$5 Million. Our firm vehemently disputed the low valuation and highly recommended that the County seek another appraisal. The County hired a trusted appraiser, who derived a value for Posada equal to \$6.3 Million. The appraisers pointed to the complicated Arizona Medicaid reimbursement system that was fraught with “pen-stroke risk,” along with the facility’s highly complex and diverse patient population; from the mentally ill, to a large vent unit with 26 residents, to a number of Huntington’s disease patients requiring constant supervision, as primary reasons for the low valuation.

OUTCOME

We brought the opportunity to our national pool of owners and investors of senior housing. We received 37 formal inquiries, which resulted in seven offers, two from parties interested in lease/purchases and five from parties interested in paying cash to buy the facility. The bids ranged from \$6.3 Million to \$9.1 Million for acquisitions, and the County’s two appraisals for the facility were \$4.5 Million in early 2011, and \$6.3 Million in the Spring of 2011. We closed on the sale on December 31, 2011. The process that we ran resulted in a timely closing and saved the County hundreds of thousands of dollars, in addition to the fact that the County originally expected to obtain less than \$5 Million prior to our involvement.

SALEM COUNTY

SALEM COUNTY, NJ | 116 BEDS

- 74% Occupancy at time of sale
- (\$2,900,000) of negative operational cash flow
- Expedited and customized the sales process, to meet close within 90 days of process commencing
- Conducted three rounds of competitive bidding to increase price and terms, vet the buyer pool, negotiate Purchase Agreement, and produce the most qualified buyer



SCENARIO

Salem County's Improvement Authority was losing \$2.9 Million a year from its nursing home, which was 74% occupied leading to our involvement with the Improvement Authority. The Authority engaged our firm at the end of February 2011 to assist in the privatization of the facility. We customized our process to expedite the sale, since the Authority was losing about \$8,000/day.

OUTCOME

We brought the opportunity to our national pool of owners and investors of senior housing. We received 39 formal inquiries, which resulted in six offers from qualified buyers. Through three rounds of bidding, we drove the price of the facility from \$6 Million to \$7.5 Million. Additionally, we closed on the sale on June 1, 2011, just 90 days from commencement of our process. The process that resulted in the timely closing saved the Authority hundreds of thousands of dollars, in addition to the fact that the Authority expected to obtain a price closer to \$5 Million, prior to our involvement.

CAMBRIA COUNTY

CAMBRIA COUNTY, PA | 370 BEDS

- 60% Occupancy at time of sale
- (\$2,600,000) of negative operational cash flow
- Expedited and customized the sales process, to meet close by year end, but after vesting date for an IGT grant
- Conducted three Rounds of competitive bidding to increase price and terms, vet the buyer pool, and produce the most qualified buyer



SCENARIO

Cambria County was losing \$2.6 Million a year, and was 60% occupied due to a 68-day ban on admissions leading to our involvement with the county. Additionally the county had a grant that would be another 25% vested in mid-December. Our firm was engaged by the county mid-summer 2009 to assist in the privatization of the facility. We customized our sales timeline to allow the county to vest an additional 25% of its state grant and close on the sale by December 31st so the facility would not be on the 2010 county budget.

OUTCOME

We brought the opportunity to our national pool of owners/ investors of senior housing. We received 50+ formal inquiries, which resulted in 11 offers. Through three rounds of bidding, we drove the price of the facility from \$11 Million to \$14.25 Million. Additionally, we closed on the sale in the small window of time between the vesting date and the end of the year.

CARBON COUNTY

CARBON COUNTY, PA | 200 BEDS

- 75% Occupancy at time of sale
- (\$3,000,000) of negative operational cash flow
- 11 offers from companies around the U.S.
- Buyer extended offers to 98%+ of employees
- Annual Tax Revenue for the County in excess of \$200,000



SCENARIO

Carbon County was losing \$3 Million a year, and was 75% occupied due to a 106-day ban on admissions leading up to our involvement with the county. The county contacted us shortly after an analysis was completed that exposed the fact that the facility was losing \$8,200 a day. We were contacted on a Wednesday, and were in Weatherly, Pennsylvania the following Monday. The facility was on the market three weeks later. The county wanted to sell as quickly as possible due to the daily losses. Like Cambria County, the commissioners emphasized the need to sell to a quality operator.

OUTCOME

We brought the opportunity to our national pool of owners and investors of senior housing. We received 47 formal inquiries, which resulted in 11 offers. Through three rounds of bidding, we drove the price of the facility from \$8 Million to over \$11 Million. Throughout the process, we advised the county on the track record of each operator. We had a few targeted buyers the county liked at the beginning of the process, but still needed to get them from a price they wanted to pay to the price they were willing to pay.



“The proceeds from the sale continue our charitable purpose and will help many needy persons. Your team did a terrific job managing the transaction process.”

ELAINE BOLICK, PRESIDENT

FAL-MOUNTAIN CREST, INC.

“A person of lighter stock would have run from such challenges. All along, you never gave up on us, or on the Buyer, or on the transaction.”

WILLIAM MOORE, CFO

EPISCOPAL HEALTH SERVICES, INC.

“Steuben County very much appreciates the assistance of you (Mark Myers), Mr. Jandris, and all staff. This transaction would not have been successful without your help.”

JACK K. WHEELER, DEPUTY COUNTY MANAGER

STEBEN COUNTY, NY





“The money we received, due to your skill and effort, was a major blessing for all members of my family who were involved. The effect on several of them has been life changing, changing a retirement from one of worry and scrimping to one of relative ease and well being. We were so fortunate to have found you.”

DAVID COHN, PREVIOUS OWNER

LINCOLN MANOR - DECATUR, IL

“Your track record of representing over 20 county facilities nationally certainly provided you with the proper tools and perspective needed to address the complex issues facing Vermillion County in the sale of its nursing home.”

WILLIAM T. DONAHUE, ASSISTANT STATE’S ATTORNEY/CIVIL DIVISION

VERMILLION COUNTY BOARD

“You and your team conducted a confidential process that resulted in the best price we could have achieved for the campus, about 25% above the price previously procured by another Broker from qualified buyers.”

RICHARD SCHUTT, CEO

PROVIDENCE LIFE SERVICES

“You made my function as legal advisor to the seller a smooth process, by creating and presenting to the senior housing market place marketing information that maximized my client’s outcome while being credible to the buying community.”

AARON J. BESEN

SUSSMAN SHANK, LLP

“Your competitive bidding process produced a sale price several million dollars over our expectation.”

TERRY TOMASSETTI, BOARD OF COMMISSIONERS

COUNTY OF BLAIR

“From our first phone interview, we were impressed with your professionalism, your knowledge of the industry, and your knowledge of the market. Your enthusiasm for our properties was evident from the first tours and remained constant throughout the process.”

CRAIG SMITH, SUZANNE MCNALLY, 7 CRISTEL TAYLOR, PRINCIPLES

GRAYCO MANAGEMENT SERVICES





“You skillfully assisted us in negotiating our way through uncharted territory, keeping us apprised of communications you were engaged in with potential buyers.”

JEFFREY G. EWING, PRESIDENT

EWING LAND DEVELOPMENT & SERVICES

“Their in-depth knowledge of the nursing home industry coupled with their extensive marketing efforts that included both broad based electronic media and personal contacts created a ‘buzz’ among prospective bidders and an active auction.”

JOHN H. ESKILSON, COUNTY ADMINISTRATOR

COUNTY OF SUSSEX

“Your professional manner, efforts, and cooperation in working together with the Buyer you procured on a number of difficult issues was invaluable. We wouldn’t have closed this transaction without your efforts.”

JULIE D. BUTTICARLO, COMMERCIAL REO MARKETING MANAGER

CLMG CORP.

A PREMIER SENIORS HOUSING PROPERTY SALES TEAM

Walker & Dunlop is a fully integrated Capital Markets and Investment Sales platform with a concentration on all types of commercial real estate. We view our Seniors Housing team as a specialty within our traditional housing business. Our Seniors team was strategically assembled to have a complete understanding of the Seniors universe including capital markets, brokerage, valuation, development, supply-chain, and operations.

Utilizing the varied backgrounds of our team members, we offer our clients a unique understanding of market dynamics and business operations that provide them the ability to maximize the value of their assets.

“

I was impressed with them and their tenacity; they were incredibly honest and straight forward. They made representations that they could accomplish something. I trusted them, and it all came to fruition.

This is a mutually beneficial relationship. I am proud of it.”

DON KIVOWITZ

**Founder & Chairman // Regency Post-Acute
Healthcare System**



**JOSHUA
JANDRIS**
Managing Director
Chicago, IL



**MARK
MYERS**
Managing Director
Chicago, IL



**TOM
FALKENBERG**
Director
Chicago, IL



**NICK
HALL**
Associate Director
Chicago, IL



**BRETT
GARDNER**

Managing Director
Milwaukee, WI



**ALEX
VICE**

Senior Director
Chicago, IL



**BRETT
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EXHIBIT B

Precedent Transactions



Community / Portfolio Name	City	State	Care Type	Beds	Year Built	Sale Date	Sale Price	Price Per Bed	Buyer	Seller	Additional Available Details	Source
Champaign Urbana Nursing & Rehab	Savoy	IL	SNF	213	1975	8/22/2023	\$8,375,000	\$39,319	Mozart Healthcare LLC	Premier Health	This transaction represents the single-asset sale of a 213-bed skilled nursing facility in Skokie, Illinois. Built in 1975, the community spans 76,620 square feet on 4.07 acres, and was 67% occupied at time of sale. The buyer was Mozart Healthcare LLC. The seller was Premier Health. Source: CoStar	CoStar
DeKalb County Rehab and Nusing Center	DeKalb	IL	SNF	190	1986	7/3/2023	\$8,300,000	\$43,684	Illuminate HC & Saba Healthcare	DeKalb County	This transaction reflects the single-asset sale of a 190-bed skilled nursing facility in DeKalb, Illinois. Constructed in 1986, the community had 61% occupancy and was incurring annual operating losses. The buyers were Illuminate Healthcare and Saba Healthcare. The seller was DeKalb County. Source: LevinPro	LevinPro
Colonial Manor Nursing Home	Danville	IL	SNF	90	1900	6/30/2023	\$4,165,500	\$46,283	Arcadia Care	Aperion Care	This transaction reflects the single-asset sale of a 90-bed skilled nursing facility in Danville, Illinois. Built in 1900, the 35,835 square-foot community is located on 2.13 acres of land. The buyer was Arcadia Care. The seller was Aperion Care. Source: CoStar	CoStar
Three Springs Lodge Nursing Home	Chester	IL	SNF	83	-	5/31/2023	\$1,500,000	\$18,072	-	-	This transaction represents the single-asset sale of an 83-bed skilled nursing facility in Chester, Illinois encompassing 3.81 acres of land. Source: NicMap	NicMap

Property Name	Address	City	State	Zip Code	Metro	Prop. Type	Campus Type	IL_Units	AL_Units	MC_Units	NC_Beds	Total Inventory	Sq Ft	Trans. Status	Deal Name	Buyer Company Name	Buyer Type	Seller Company Name	Seller Broker/ Company Name	Sale Date	Close Price	Close Price Confidence	Price Per Unit	Land Area	Measurement Type	Occupancy at Sale	Buildings	Floors	Year Built	Portfolio Sale	Operator	Sector	Community Priority	Segment			
Chapters Living of Barrington	510 W Northwest Hwy	Barrington	IL	60010	Chicago, IL	Majority AL	Combined	0	21	24	0	45		Closed	Ventas-Barrington, Sunrise of	Vantage Barrington LLC	Private	Ventas	Berkadia	2/13/2024	\$1,150,000	Confirmed	\$25,556	2	Acres							FALSE	Chapters Living	Seniors Housing	MC Community	Combined	
Life's Journey Taylorville	920 McAdam Dr	Taylorville	IL	62568	St. Louis, MO	Majority AL	Freestanding	0	0	46	0	46		Closed	Sabra Midwest Senior Housing Portfolio 2021	Senior Living Fund	Private	Sabra Health Care REIT	Senior Living Investment Brokerage	7/23/2021	\$1,800,000	Approximate	\$39,130	4	Acres	69.0%	2	1				TRUE					
Life's Journey Paris	705 Kenton St	Paris	IL	61944	Indianapolis, IN	Majority AL	Freestanding	0	0	23	0	23	9,372	Closed	Sabra Midwest Senior Housing Portfolio 2021	Senior Living Fund	Private	Sabra Health Care REIT	Senior Living Investment Brokerage	7/23/2021	\$3,063,828	Allocated	\$133,210			96.0%						1998	TRUE				
Wickshire Wilmette	635 Ridge Rd	Wilmette	IL	60091	Chicago, IL	Majority AL	Freestanding	0	28	0	0	28		Closed	Healthpeak US Senior Housing Portfolio 2020	GMF Capital	Institutional	Healthpeak Properties Inc	JLL	10/1/2020	\$1,892,989	Allocated	\$66,179	18,018	Soft		1	2			2004	TRUE					