

CBRE VALUATION & ADVISORY SERVICES

# APPRAISAL REPORT

WINNEBAGO COUNTY SHELTER  
2831 HARRISON STREET  
OSHKOSH, WISCONSIN 54901  
CBRE GROUP, INC. FILE NO. 22-901MA-0055-1

LUTHERAN SOCIAL SERVICES OF WISCONSIN & UPPER  
MICHIGAN, INC.

**CBRE**

February 11, 2022

Mr. Dennis Hanson  
LUTHERAN SOCIAL SERVICES OF WISCONSIN & UPPER MICHIGAN, INC.  
6737 W. Washington Street, Suite 2275  
West Allis, Wisconsin 53214

RE: Appraisal of: Winnebago County Shelter  
2831 Harrison Street  
Oshkosh, Winnebago County, Wisconsin 54901  
CBRE, Inc. File No. 22-901MA-0055-1

Dear Mr. Hanson:

At your request and authorization, CBRE, Inc. has prepared an appraisal of the market value of the referenced property. Our analysis is presented in the following Appraisal Report.

The subject is a one and two-story, 9,320-square foot youth shelter facility. The subject is located at 2831 Harrison Street, Oshkosh, Winnebago County, Wisconsin and is contained on a 0.87-acre site. The improvements were constructed 1988 and are in average condition. The subject building was originally designed to accommodate a total of 16 semi-private beds; however, it is currently operating with a maximum capacity for 8 short-term shelter residents in private accommodations.

The subject represents a private not-for-profit, behavior healthcare facility operated by Lutheran Social Services of Wisconsin & Upper Michigan, Inc. (LSS). LSS has provided successful addiction treatment throughout the state for more than 40 years, and recently, identified a gap in affordable Medically Monitored Treatment services for the community. The subject facility is identified as a Youth Shelter Facility, which provides short-term, non-secure residential care of children pending court action, children placed under voluntary placement agreement, and/or children in need of respite services.

Based on the analysis contained in the following report, the market value of the subject is concluded as follows:

| <b>MARKET VALUE CONCLUSION</b> |                           |                      |                         |
|--------------------------------|---------------------------|----------------------|-------------------------|
| <b>Appraisal Premise</b>       | <b>Interest Appraised</b> | <b>Date of Value</b> | <b>Value Conclusion</b> |
| As Is                          | Fee Simple Estate         | February 1, 2022     | \$850,000               |
| Compiled by CBRE               |                           |                      |                         |

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter.

The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

Mr. Dennis Hanson

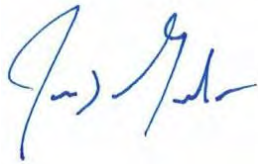
Page 2

The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. As a condition to being granted the status of an intended user, any intended user who has not entered into a written agreement with CBRE in connection with its use of our report agrees to be bound by the terms and conditions of the agreement between CBRE and the client who ordered the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to any non-intended users does not extend reliance to any such party, and CBRE will not be responsible for any unauthorized use of or reliance upon the report, its conclusions or contents (or any portion thereof).

It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if CBRE can be of further service, please contact us.

Respectfully submitted,

CBRE - VALUATION & ADVISORY SERVICES



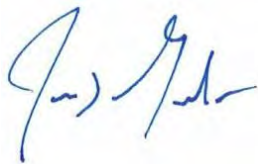
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James A. Graber, MAI  
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Seniors Housing & Healthcare Practice Leader  
Cert Gen 2492-10  
Phone: 347-722-0225  
Email: [James.Graber@cbre.com](mailto:James.Graber@cbre.com)

## Certification

We certify to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in or bias with respect to the property that is the subject of this report and have no personal interest in or bias with respect to the parties involved with this assignment.
4. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
5. 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.
6. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the State of Wisconsin.
7. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
8. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
9. As of the date of this report, James A. Graber, MAI has completed the continuing education program of the Appraisal Institute for designated members.
10. James Graber, MAI, has not made a personal inspection of the property that is the subject of this report. The inspection was completed by Austin Kuttruff, an employee of CBRE and State Certified General Real Estate Appraiser in the State of Wisconsin.
11. Brian Spillers provided significant real property appraisal assistance to the persons signing this report by providing data collection and research assistance. Austin Kuttruff provided significant real property assistance by performing the property inspection.
12. Valuation & Advisory Services operates as an independent economic entity within CBRE. Although employees of other CBRE divisions may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy were maintained at all times with regard to this assignment without conflict of interest.
13. James A. Graber, MAI has not provided any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding agreement to perform this assignment.

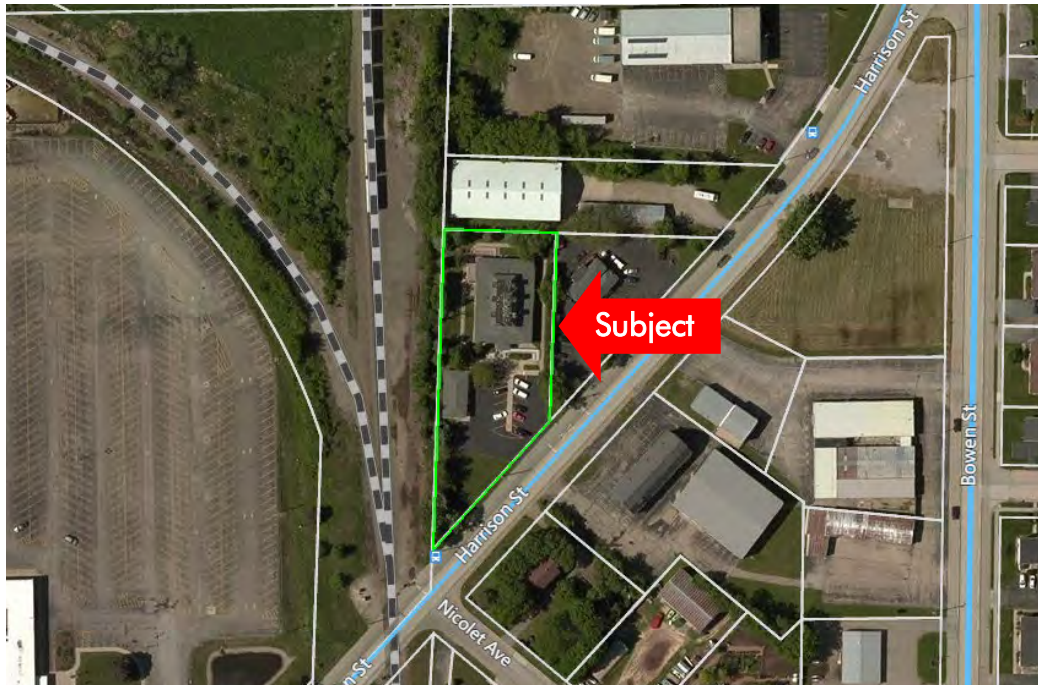


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James A. Graber, MAI  
Cert Gen 2492-10



## Subject Photographs



AERIAL VIEW

Source: Google Maps



FRONT VIEW





Front Elevation / Main Entrance



Front Elevation / Main Entrance



Side & Rear Elevation



Side Elevation / Porch



Side & Rear Elevation



Detached Garage



Living Room



Game Room



Typical Bedroom



Typical Bathroom



Main Kitchen



Dining Area





Laundry Room



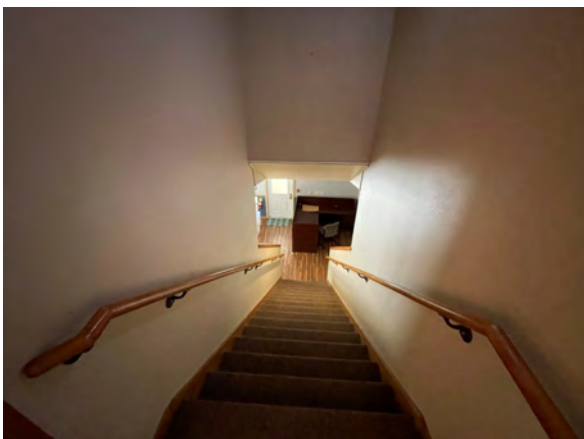
Office



Meeting Room



Living Room (Employee)



Staircase



Basement



## Executive Summary

|                                  |  |           |
|----------------------------------|--|-----------|
| <b>Property Name</b>             | Winnebago County Shelter                                     |           |
| <b>Location</b>                  | 2831 Harrison Street, Oshkosh, Winnebago County, WI 54901    |           |
| <b>Client</b>                    | LUTHERAN SOCIAL SERVICES OF WISCONSIN & UPPER MICHIGAN, INC. |           |
| <b>Highest and Best Use</b>      |  |           |
| As If Vacant                     | Residential  |           |
| As Improved                      | Healthcare   |           |
| <b>Property Rights Appraised</b> | Fee Simple Estate  |           |
| <b>Date of Report</b>            | February 11, 2022  |           |
| <b>Estimated Exposure Time</b>   | 6 - 12 Months  |           |
| <b>Estimated Marketing Time</b>  | 6 - 12 Months  |           |
| <b>Land Area</b>                 | 0.87 AC  | 37,936 SF |
| <b>Zoning</b>                    | MR-12, Multi-Family Residential District                     |           |
| <b>Improvements</b>              |  |           |
| Property Type                    | Behavior Healthcare Facility                                 |           |
| Number of Buildings              | 1  |           |
| Number of Stories                | 2  |           |
| Gross Building Area              | 9,320 SF   |           |
| Net Rentable Area                | 9,320 SF   |           |
| Year Built                       | 1988   |           |
| Effective Age                    | 20 Years   |           |
| Remaining Economic Life          | 25 Years   |           |
| Condition                        | Average  |           |
| <b>Major Tenants</b>             |  |           |
| Owner-Occupied                   | 9,320 SF   |           |

| <b>VALUATION</b>               |                         | <b>Total</b> | <b>Per SF</b> |
|--------------------------------|-------------------------|--------------|---------------|
| <b>Market Value As Is On</b>   | <b>February 1, 2022</b> |              |               |
| Sales Comparison Approach      |                         | \$900,000    | \$96.57       |
| Income Capitalization Approach |                         | \$850,000    | \$91.20       |

| <b>CONCLUDED MARKET VALUE</b> |                           |                      |              |
|-------------------------------|---------------------------|----------------------|--------------|
| <b>Appraisal Premise</b>      | <b>Interest Appraised</b> | <b>Date of Value</b> | <b>Value</b> |
| As Is                         | Fee Simple Estate         | February 1, 2022     | \$850,000    |

Compiled by CBRE

## EXTRAORDINARY ASSUMPTIONS

An extraordinary assumption is defined 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.”<sup>1</sup>

- None noted.

## HYPOTHETICAL CONDITIONS

A hypothetical condition is defined 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 purposes of analysis.”<sup>2</sup>

- None noted.

## OWNERSHIP AND PROPERTY HISTORY

The following table summarizes the subject’s ownership history.

| <b>OWNERSHIP SUMMARY</b>           |                                       |
|------------------------------------|---------------------------------------|
| Owner:                             | Lutheran Social Services of Wisconsin |
| Date Purchased:                    | Dec 30, 2008                          |
| Purchase Price:                    | \$292,500                             |
| Legal Reference                    | 1490567                               |
| County/Locality Name:              | Winnebago                             |
| Pending Sale:                      | No                                    |
| Change of Ownership - Past 3 Years | No                                    |
| Compiled by CBRE                   |                                       |

Title to the subject is held by Lutheran Social Services of Wisconsin, an affiliate of Lutheran Social Services of Wisconsin & Upper Michigan, Inc. To the best of our knowledge, there has been no ownership transfer of the property during the previous three years nor is the subject under contract or listed for sale. However, there is a potential agreement to sell the facility between the owners and the County. This appraisal may assist in establishing a purchase price.

## EXPOSURE/MARKETING TIME

Current appraisal guidelines require an estimate of a reasonable time period in which the subject could be brought to market and sold. This reasonable time frame can either be examined historically or prospectively. In a historical analysis, this is referred to as exposure time. Exposure time always precedes the date of value, with the underlying premise being the time a property would have been on the market prior to the date of value, such that it would sell at its appraised value as of the date of value. On a prospective basis, the term marketing time is most often

<sup>1</sup> The Appraisal Foundation, *USPAP, 2020-2021 (Effective January 1, 2020 through December 31, 2022)*

<sup>2</sup> The Appraisal Foundation, *USPAP, 2020-2021 (Effective January 1, 2020 through December 31, 2022)*

used. The exposure/marketing time is a function of price, time, and use. It is not an isolated estimate of time alone.

In consideration of these factors, we have analyzed exposure and marketing time information from the CBRE, Inc. National Investor Survey, CBRE VIEW database, RealtyRates.com, and the PwC Real Estate Investor Survey. The following table presents the information derived from these sources.

| <b>EXPOSURE/MARKETING TIME DATA</b>  |                         |         |
|--|-------------------------|---------|
| Investment Type  | Exposure/Mktg. (Months) |         |
|  | Range                   | Average |
| <b>CBRE Exposure Time Estimate</b>   | <b>6 - 12 Months</b>    |         |
| <b>CBRE Marketing Period Estimate</b>  | <b>6 - 12 Months</b>    |         |
| Source: CBRE Investor Survey, CBRE Database, RealtyRates.com, & PwC Real Estate Survey |                         |         |

As will be discussed within the Market Analysis section, Current Market Conditions - COVID-19 subsection, of this report, the impact of the COVID-19 was extending marketing efforts. These headwinds on marketing of healthcare assets included limited access to properties, reducing the ability for property tours and collection of on-site due diligence. However, current sentiment from market participants is that these conditions have abated, and marketing periods have returned to their pre-COVID levels.



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## Scope of Work

This Appraisal Report is intended to comply with the reporting requirements set forth under Standards Rule 2 of USPAP. The scope of the assignment relates to the extent and manner in which research is conducted, data is gathered, and analysis is applied.

### INTENDED USE OF REPORT

This appraisal is to be used for internal decision making relating to the potential sale of the subject, and no other use is permitted.

### CLIENT

The client is Lutheran Social Services of Wisconsin & Upper Michigan, Inc.

### INTENDED USER OF REPORT

This appraisal is to be used by Lutheran Social Services of Wisconsin & Upper Michigan, Inc. ("Client"), and such other parties and entities (if any) expressly recognized by CBRE as "Intended Users" (as further defined herein).

Intended Users - Intended users are those who an appraiser intends will use the appraisal or review re-port. In other words, appraisers acknowledge at the outset of the assignment that they are developing their expert opinions for the use of the intended users they identify. Although the client provides information about the parties who may be intended users, ultimately it is the appraiser who decides who they are. This is an important point to be clear about: The client does not tell the appraiser who the intended users will be. Rather, the client tells the appraiser who the client needs the report to be speaking to, and given that information, the appraiser identifies the intended user or users.<sup>3</sup>

### PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the market value of the subject property.

### DEFINITION OF VALUE

The current economic definition of market value agreed upon by agencies that regulate federal financial institutions in the U.S. (and used herein) is as follows:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

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<sup>3</sup> Appraisal Institute, The Appraisal of Real Estate, 15th edition (Chicago: Appraisal Institute, 2020), 40.

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. 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>4</sup>

## INTEREST APPRAISED

The value estimated represents the Fee Simple Estate as defined below:

*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. <sup>5</sup>

## Extent to Which the Property is Identified

The property is identified through the following sources:

- postal address
- assessor's records
- legal description

## Extent to Which the Property is Inspected

CBRE, Inc. inspected the interior and exterior of the subject, as well as its surrounding environs on the effective date of appraisal.

## Type and Extent of the Data Researched

CBRE reviewed the following:

- applicable tax data
- zoning requirements
- flood zone status
- demographics
- income and expense data
- comparable data

## Type and Extent of Analysis Applied

CBRE, Inc. analyzed the data gathered through the use of appropriate and accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value. The steps required to complete each approach are discussed in the methodology section.

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<sup>4</sup> Interagency Appraisal and Evaluation Guidelines; December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472.

<sup>5</sup> Appraisal Institute, The Dictionary of Real Estate Appraisal, 7<sup>th</sup> ed. (Chicago: Appraisal Institute, 2022), 73.



Data Resources Utilized in the Analysis

| <b>DATA SOURCES</b>   |                                |
|-----------------------|--------------------------------|
| <i>Item:</i>          | <i>Source(s):</i>              |
| <b>Site Data</b>      |                                |
| Size                  | Winnebago County Tax Assessor  |
| <b>Improved Data</b>  |                                |
| Building Area         | Property Contact Provided Data |
| No. Bldgs.            | CBRE Inspection                |
| Parking Spaces        | CBRE Inspection                |
| Year Built/Developed  | Winnebago County Tax Assessor  |
| <b>Economic Data</b>  |                                |
| Deferred Maintenance: | Property Contact Provided Data |
| Building Costs:       | Marshall & Swift Cost Guide    |
| Compiled by CBRE      |                                |

## APPRAISAL METHODOLOGY

In appraisal practice, an approach to value is included or omitted based on its applicability to the property type being valued and the quality and quantity of information available.

### Cost Approach

The cost approach is based on the proposition that the 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 that represent the highest and best use of the land, or when it is improved with relatively unique or specialized improvements for which there exist few sales or leases of comparable properties.

### Sales Comparison Approach

The sales comparison approach utilizes sales of comparable properties, adjusted for differences, to indicate a value for the subject. Valuation is typically accomplished using physical units of comparison such as price per square foot, price per unit, price per floor, etc., or economic units of comparison such as gross rent multiplier. Adjustments are applied to the physical units of comparison derived from the comparable sale. The unit of comparison chosen for the subject is then used to yield a total value. Economic units of comparison are not adjusted, but rather analyzed as to relevant differences, with the final estimate derived based on the general comparisons.

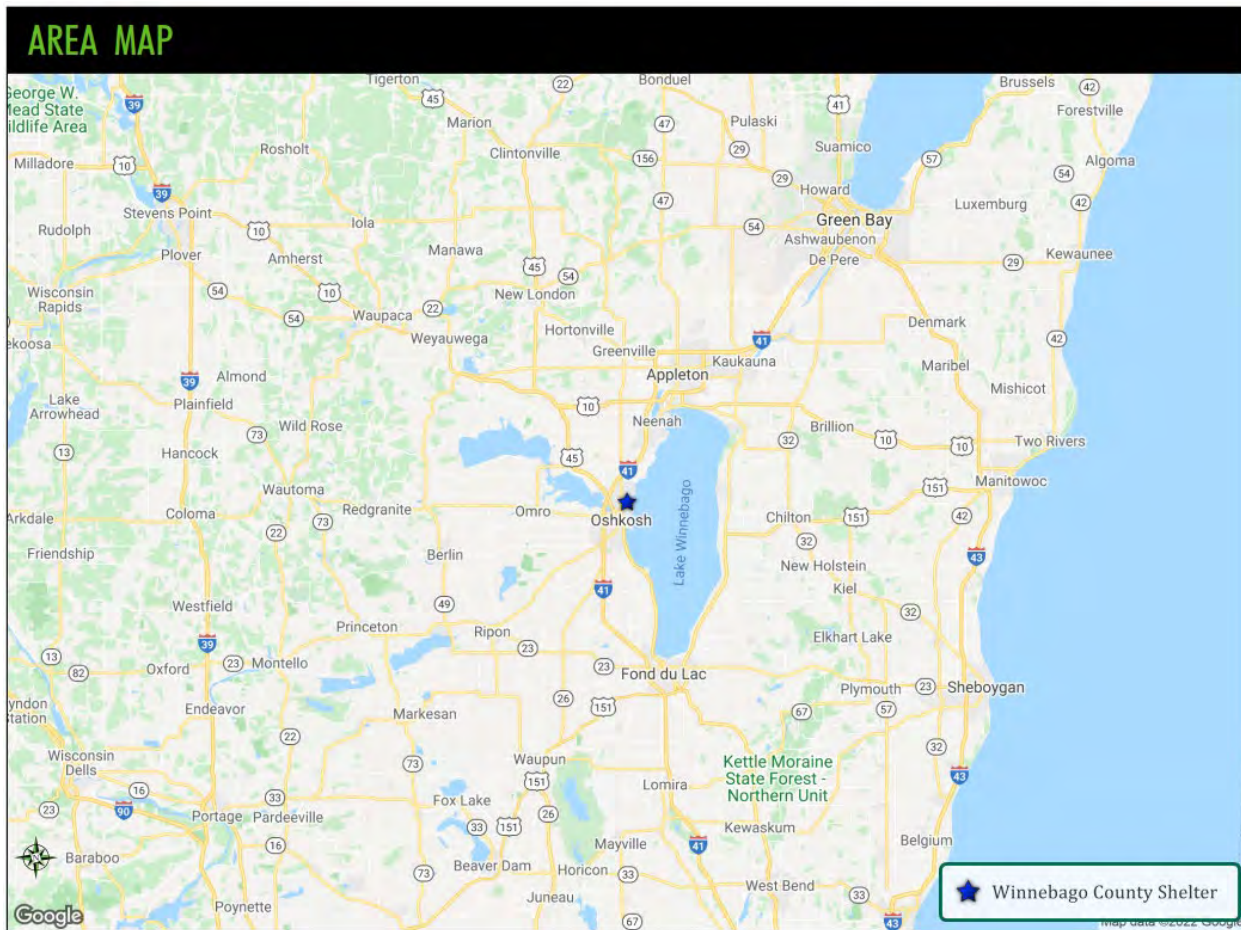
### Income Capitalization Approach

The income capitalization approach reflects the subject's income-producing capabilities. This approach is based on the assumption that value is created by the expectation of benefits to be derived in the future. Specifically estimated is the amount an investor would be willing to pay to receive an income stream plus reversion value from a property over a period of time. The two common valuation techniques associated with the income capitalization approach are direct capitalization and the discounted cash flow (DCF) analysis.

### Methodology Applicable to the Subject

In valuing the subject, the sales comparison and income capitalization approaches are applicable and have been used. Based on the age of the improvements, depreciation present in the property is considered to diminish the reliability of the cost approach. Thus, the cost approach is excluded from our analysis. The exclusion of said approach is not considered to compromise the credibility of the results rendered herein.

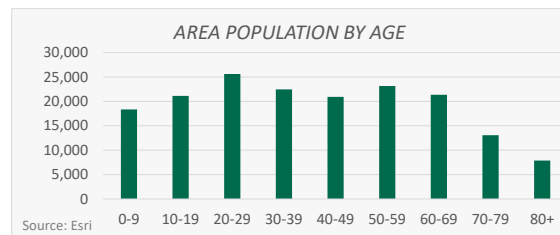
## Area Analysis



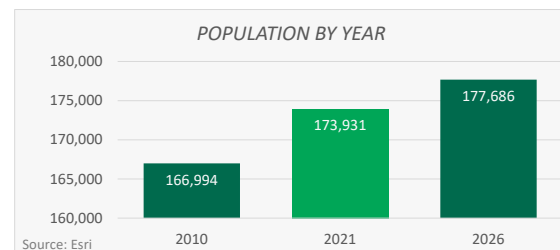
The subject is located in the Oshkosh-Neenah, WI Metropolitan Statistical Area. Key information about the area is provided in the following tables.

### POPULATION

The area has a population of 173,931 and a median age of 40, with the largest population group in the 20-29 age range and the smallest population in 80+ age range.



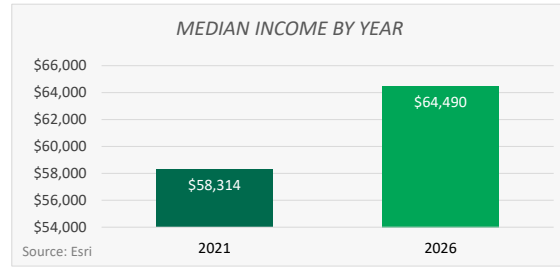
Population has increased by 6,937 since 2010, reflecting an annual increase of 0.4%. Population is projected to increase by an additional 3,755 by 2026, reflecting 0.4% annual population growth.





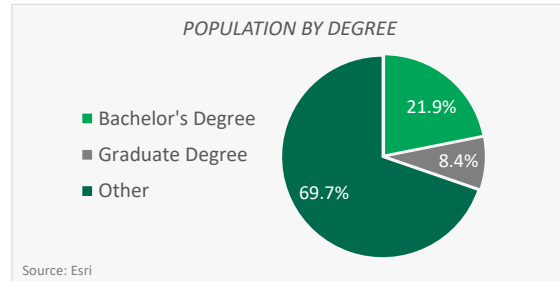
## INCOME

The area features an average household income of \$77,184 and a median household income of \$58,314. Over the next five years, median household income is expected to increase by 10.6%, or \$1,235 per annum.

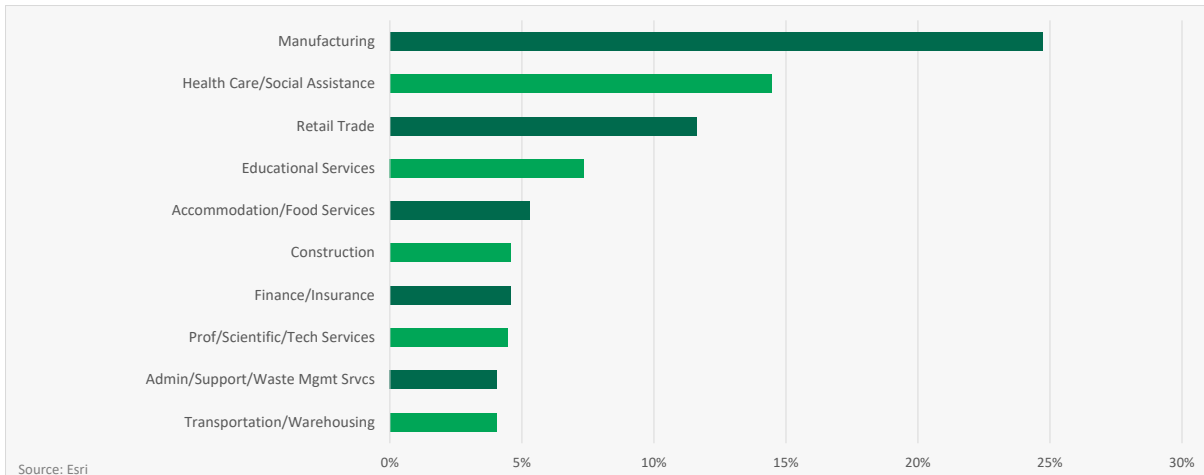


## EDUCATION

A total of 30.3% of individuals over the age of 24 have a college degree, with 21.9% holding a bachelor's degree and 8.4% holding a graduate degree.



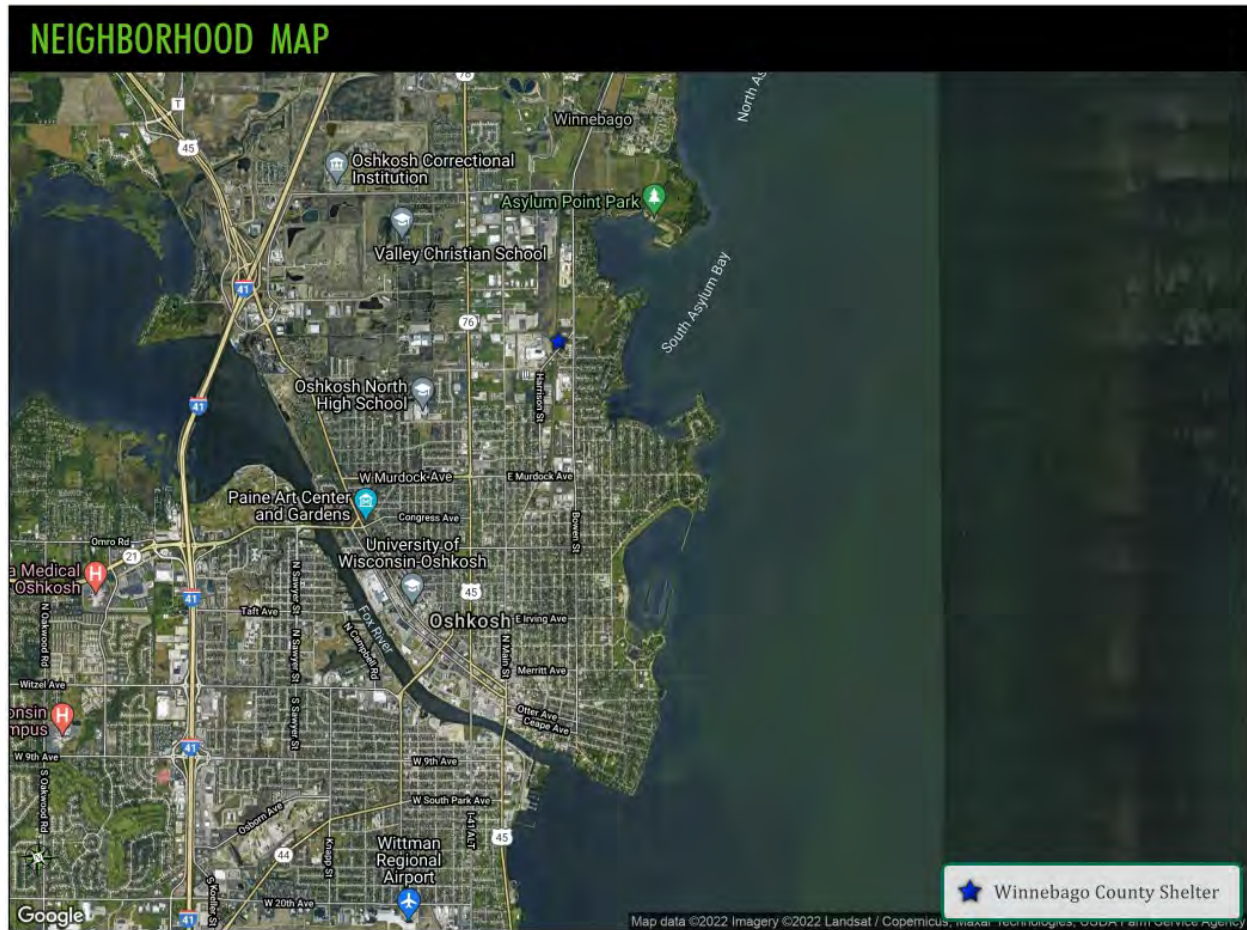
## EMPLOYMENT



The area includes a total of 90,409 employees and has a 2.6% unemployment rate. The top three industries within the area are Manufacturing, Health Care/Social Assistance and Retail Trade, which represent a combined total of 51% of the population.

In summary, the subject is forecasted to experience an increase in population, an increase in household income, and an increase in household values.

## Neighborhood Analysis



### LOCATION

The subject is located in Oshkosh, Wisconsin and is considered a suburban location. Oshkosh is located within the Oshkosh-Neenah, WI Metropolitan Statistical Area (MSA) and is situated on the western shores of Lake Winnebago, approximately 19 miles north of Fond du Lac and 20 miles southwest of Appleton. Specifically, the subject site is located on the north side of Harrison Street just south of intersection with Bowen Street.

### BOUNDARIES

The neighborhood boundaries are detailed as follows:

|        |                                  |
|--------|----------------------------------|
| North: | Sunnyview Road                   |
| South: | Fox River                        |
| East:  | Lake Winnebago                   |
| West:  | Fox River / Lake Butte des Morts |

## LAND USE

Land uses within the subject neighborhood consist of a mixture of residential, commercial and industrial development. The immediate area surrounding the subject is an established area of development, consisting primarily of residential uses, with commercial uses located along primary roadways. According to information obtained from Claritas, over 74% of the homes built within a three-mile radius of the subject were constructed before 1980. The average home value within a three-mile radius is about \$138,359. The commercial development consists of shopping centers, office buildings, restaurants, branch banks and other similar uses.

## ACCESS

The accessibility to the neighborhood in general, and the subject particularly, is considered average. Primary access to the subject neighborhood is provided by State Route 76, which runs in a northerly/southerly direction and provides direct access to many of the commercial developments in the neighborhood as well as connects with Interstate 41 to the north.

## DEMOGRAPHICS

Selected neighborhood demographics in 1-, 3- and 5-mile radii from the subject are shown in the following table:

**SELECTED NEIGHBORHOOD DEMOGRAPHICS**

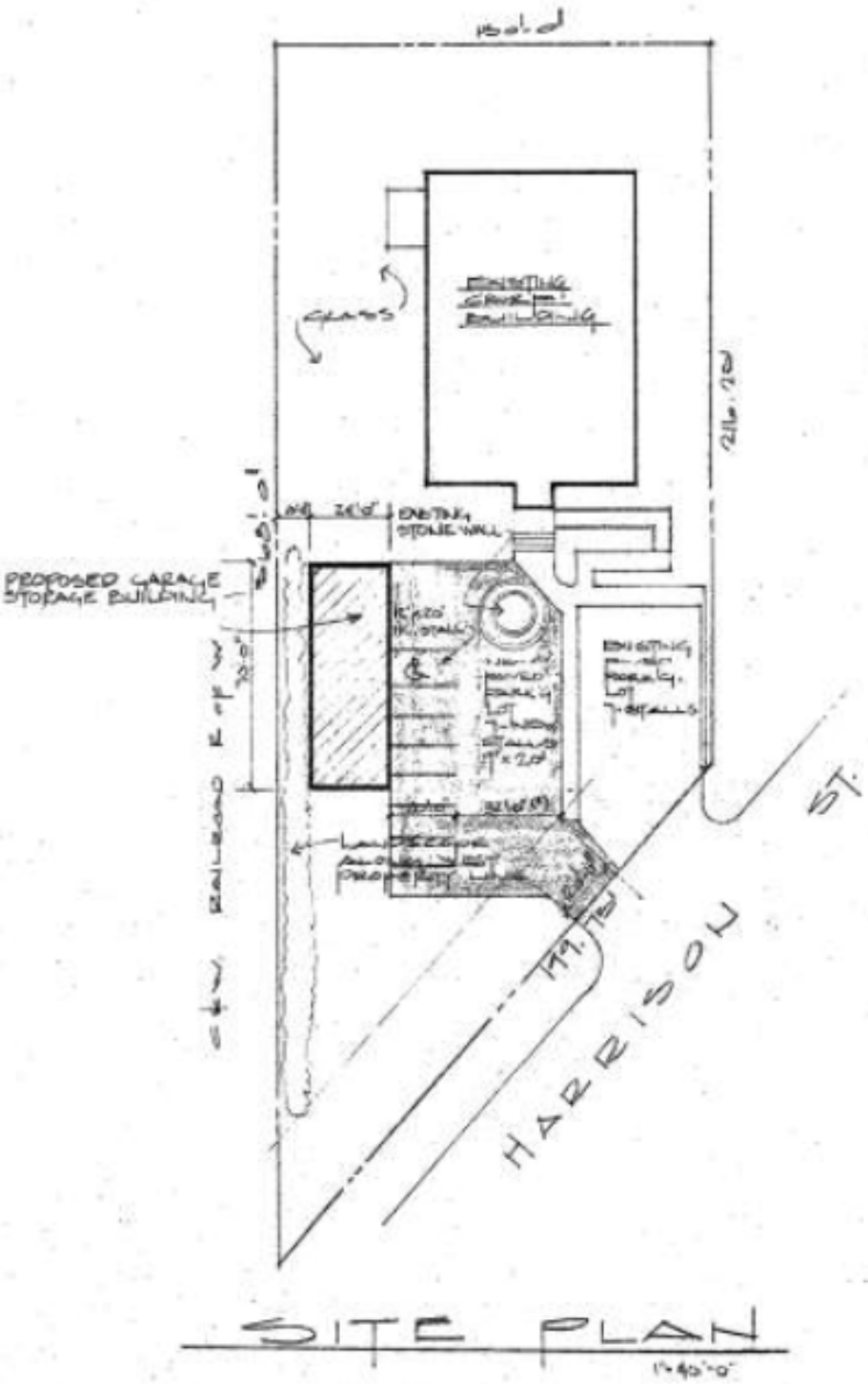
| 2831 Harrison Street<br>Oshkosh, WI 54901 | 1 Mile Radius | 3 Mile Radius | 5 Mile Radius | Oshkosh-<br>Neenah, WI<br>Metropolitan<br>Statistical Area |
|---|---------------|---------------|---------------|--|
| <b>Population</b>                         |               |               |               |  |
| 2026 Total Population                     | 4,430         | 42,821        | 73,334        | 177,686  |
| 2021 Total Population                     | 4,382         | 42,118        | 72,217        | 173,931  |
| 2010 Total Population                     | 4,292         | 41,889        | 71,184        | 166,994  |
| 2000 Total Population                     | 4,166         | 41,059        | 69,297        | 156,763  |
| Annual Growth 2021 - 2026                 | 0.22%         | 0.33%         | 0.31%         | 0.43%  |
| Annual Growth 2010 - 2021                 | 0.19%         | 0.05%         | 0.13%         | 0.37%  |
| Annual Growth 2000 - 2010                 | 0.30%         | 0.20%         | 0.27%         | 0.63%  |
| <b>Households</b>                         |               |               |               |  |
| 2026 Total Households                     | 2,008         | 16,176        | 29,825        | 73,911   |
| 2021 Total Households                     | 1,984         | 15,767        | 29,172        | 72,010   |
| 2010 Total Households                     | 1,928         | 15,251        | 28,080        | 67,875   |
| 2000 Total Households                     | 1,829         | 14,541        | 26,370        | 61,157   |
| Annual Growth 2021 - 2026                 | 0.24%         | 0.51%         | 0.44%         | 0.52%  |
| Annual Growth 2010 - 2021                 | 0.26%         | 0.30%         | 0.35%         | 0.54%  |
| Annual Growth 2000 - 2010                 | 0.53%         | 0.48%         | 0.63%         | 1.05%  |
| <b>Income</b>                             |               |               |               |  |
| 2021 Median Household Income              | \$48,272      | \$49,050      | \$52,445      | \$58,314   |
| 2021 Average Household Income             | \$67,312      | \$61,608      | \$65,712      | \$77,184   |
| 2021 Per Capita Income                    | \$27,865      | \$23,476      | \$26,736      | \$32,080   |
| 2021 Pop 25+ College Graduates            | 869           | 6,961         | 13,778        | 36,544   |
| Age 25+ Percent College Graduates - 2021  | 27.2%         | 26.5%         | 28.6%         | 30.3%  |
| Source: ESRI                              |               |               |               |  |

**AREA & NEIGHBORHOOD CONCLUSION**

The immediate neighborhood is supportive of the subject’s residential healthcare use. Access to area highways, employment centers, and shopping is average. The neighborhood is in a stability stage in terms of development with modest annual projected population growth having a favorable impact on the subject.



PLAT MAP

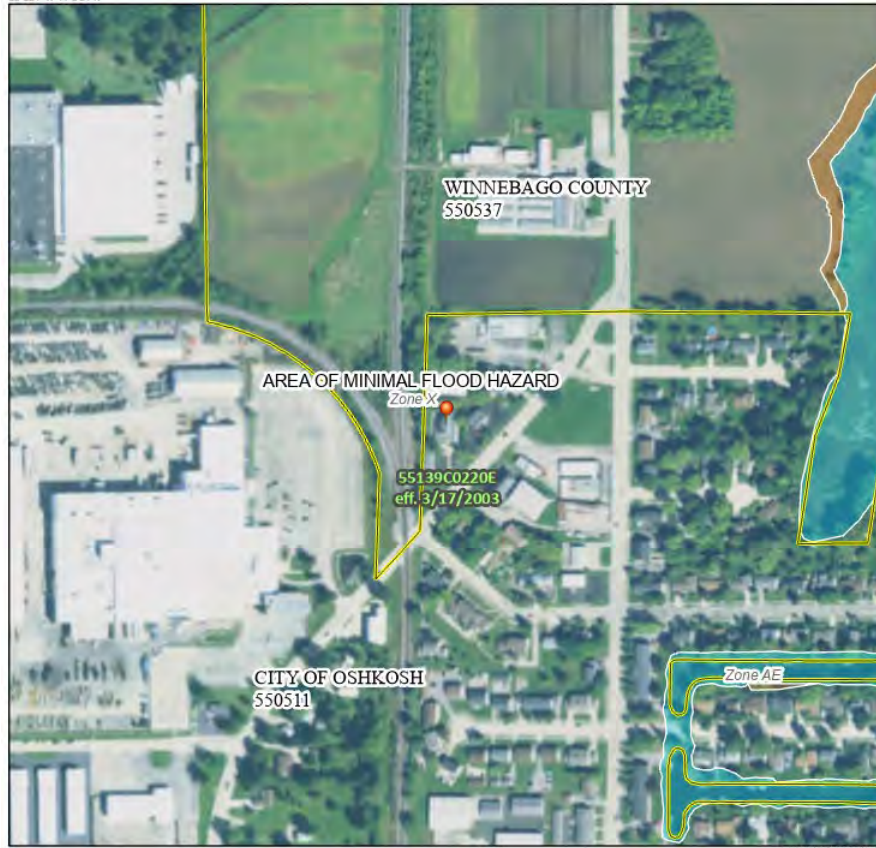


FLOOD PLAIN MAP

National Flood Hazard Layer FIRMette



88°32'7"W 44°3'24"N



0 250 500 1,000 1,500 2,000 Feet 1:6,000  
 Basemap: USGS National Map: Orthoimagery: Data refreshed October, 2020

Legend

SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT

|                                    |  |
|------------------------------------|--|
| <b>SPECIAL FLOOD HAZARD AREAS</b>  | Without Base Flood Elevation (BFE)<br><i>Zone A, V, AE</i>   |
|                                    | With BFE or Depth <i>Zone AE, AD, AH, VE, AR</i>   |
|                                    | Regulatory Floodway  |
| <b>OTHER AREAS OF FLOOD HAZARD</b> | 0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile <i>Zone X</i> |
|                                    | Future Conditions 1% Annual Chance Flood Hazard <i>Zone X</i>  |
|                                    | Area with Reduced Flood Risk due to Levee. See Notes. <i>Zone D</i>  |
|                                    | Area with Flood Risk due to Levee <i>Zone D</i>  |
| <b>OTHER AREAS</b>                 | NO SCREEN Area of Minimal Flood Hazard <i>Zone X</i>   |
|                                    | Effective LOMRs  |
|                                    | Area of Undetermined Flood Hazard <i>Zone D</i>  |
| <b>GENERAL STRUCTURES</b>          | Channel, Culvert, or Storm Sewer   |
|                                    | Levee, Dike, or Floodwall  |
| <b>OTHER FEATURES</b>              | Cross Sections with 1% Annual Chance Water Surface Elevation   |
|                                    | Coastal Transect   |
|                                    | Base Flood Elevation Line (BFE)  |
|                                    | Limit of Study   |
|                                    | Jurisdiction Boundary  |
|                                    | Coastal Transect Baseline  |
|                                    | Profile Baseline   |
|                                    | Hydrographic Feature   |
| <b>MAP PANELS</b>                  | Digital Data Available   |
|                                    | No Digital Data Available  |
|                                    | Unmapped   |

The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.

This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards.

The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 2/9/2022 at 4:45 PM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.

## Site Analysis

The following chart summarizes the salient characteristics of the subject site.

| <b>SITE SUMMARY</b>                      |  |                     |                |
|--|--|---------------------|----------------|
| <b>Physical Description</b>              |  |                     |                |
| Gross Site Area                          | 0.87 Acres                               | 37,936 Sq. Ft.      |                |
| Net Site Area                            | 0.87 Acres                               | 37,936 Sq. Ft.      |                |
| Shape                                    | Irregular                                |                     |                |
| Topography                               | Generally Level                          |                     |                |
| Zoning District                          | MR-12, Multi-Family Residential District |                     |                |
| Flood Map Panel No. & Date               | 55139C0220E                              | 17-Mar-03           |                |
| Flood Zone                               | Zone X (Unshaded)                        |                     |                |
| <b>Comparative Analysis</b>              |  | <b>Rating</b>       |                |
| Visibility                               | Average                                  |                     |                |
| Functional Utility                       | Average                                  |                     |                |
| Traffic Volume                           | Average                                  |                     |                |
| Adequacy of Utilities                    | Assumed adequate                         |                     |                |
| Landscaping                              | Average                                  |                     |                |
| Drainage                                 | Assumed adequate                         |                     |                |
| <b>Utilities</b>                         |  | <b>Availability</b> |                |
| Water                                    | Yes                                      |                     |                |
| Sewer                                    | Yes                                      |                     |                |
| Natural Gas                              | Yes                                      |                     |                |
| Electricity                              | Yes                                      |                     |                |
| Telephone                                | Yes                                      |                     |                |
| <b>Other</b>                             | <b>Yes</b>                               | <b>No</b>           | <b>Unknown</b> |
| Detrimental Easements                    |  | X                   |                |
| Encroachments                            |  | X                   |                |
| Deed Restrictions                        |  | X                   |                |
| Reciprocal Parking Rights                |  | X                   |                |
| Source: Various sources compiled by CBRE |  |                     |                |

### FLOOD ZONE

According to flood hazard maps published by the Federal Emergency Management Agency (FEMA), the site is within Zone X (Unshaded). FEMA defines the subject's respective zone flood zone(s) as follows:

Zones C and X (unshaded) are flood insurance rate zones used for areas outside the 0.2-percent-annual-chance floodplain. No Base Flood Elevations (BFEs) or depths are shown in this zone, and insurance purchase is not required.

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## EASEMENTS AND ENCROACHMENTS

There are no known easements or encroachments impacting the site that are considered to affect the marketability or highest and best use. It is recommended that the client/reader obtain a current title policy outlining all easements and encroachments on the property, if any, prior to making a business decision.

## COVENANTS, CONDITIONS AND RESTRICTIONS

There are no known covenants, conditions or restrictions impacting the site that are considered to affect the marketability or highest and best use. It is recommended that the client/reader obtain a copy of the current covenants, conditions and restrictions, if any, prior to making a business decision.

## ENVIRONMENTAL ISSUES

The appraiser is not qualified to detect the existence of potentially hazardous material or underground storage tanks which may be present on or near the site. The existence of hazardous materials or underground storage tanks may affect the value of the property. For this appraisal, CBRE, Inc. has specifically assumed that the property is not affected by any hazardous materials that may be present on or near the property.

During this assignment, we were provided a copy of a Phase I Environmental Site Assessment (ESA) that was performed on the subject site by Environmental Works, Inc. This ESA indicated the following conclusions for the subject: This assessment has identified no evidence of RECs, VECs, CRECs, or HRECs in connection with the subject property.

## ADJACENT PROPERTIES

The adjacent land uses are summarized as follows:

|        |                           |
|--------|---------------------------|
| North: | Harrison Storage          |
| South: | Single-Family Residential |
| East:  | Restaurant / Tavern       |
| West:  | Railroad / Industrial     |

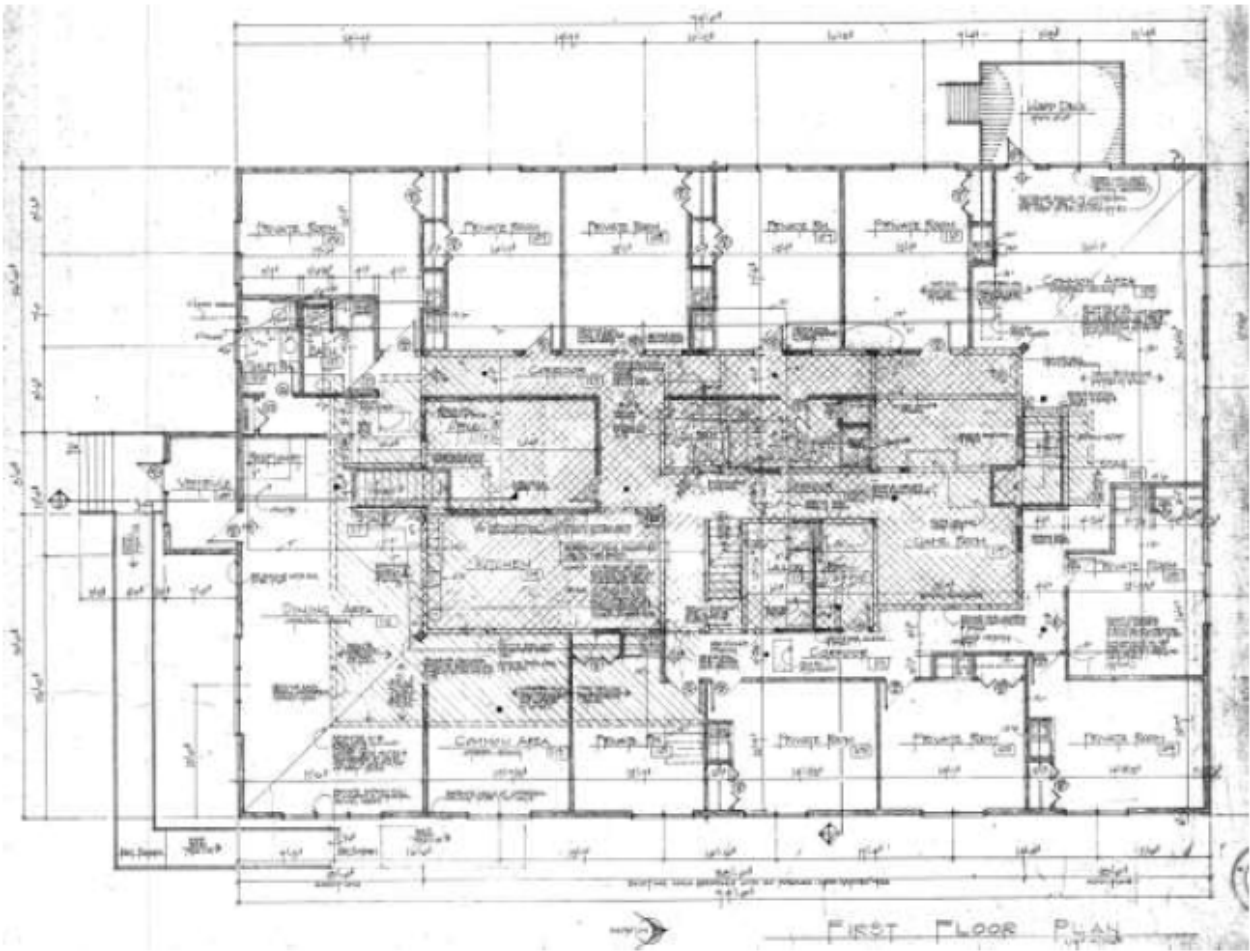
The adjacent properties are conforming to the neighborhood and pose no adverse impact to the specific use of the subject.

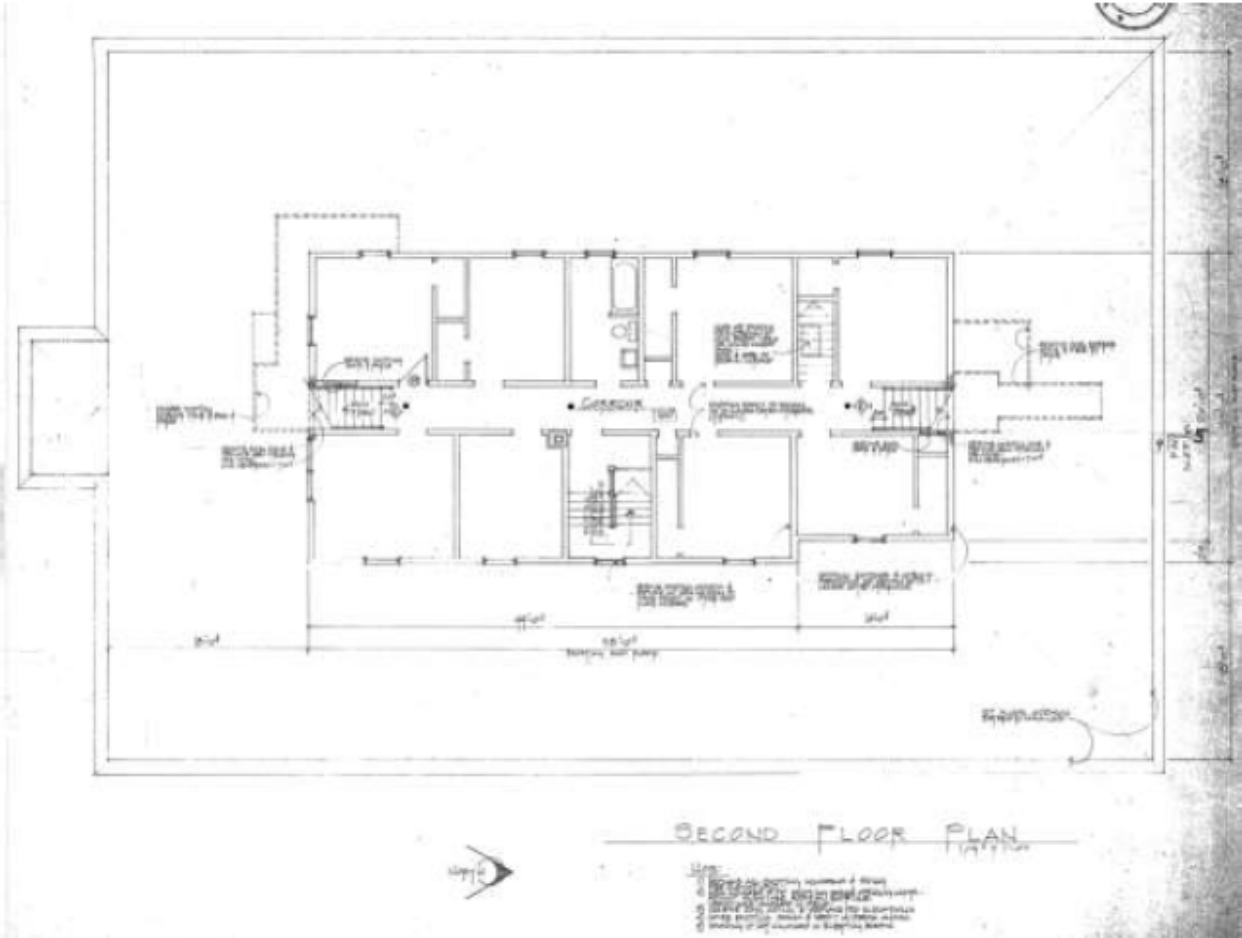
## CONCLUSION

The size of the site is adequate for the use, and there are no known detrimental uses in the immediate vicinity. Overall, there are no known factors which are considered to prevent the site from development to its highest and best use, as if vacant, or adverse to the existing use of the site.



FLOOR PLAN





## Improvements Analysis

The following chart shows a summary of the improvements.

| IMPROVEMENTS SUMMARY              |                              |
|-----------------------------------|------------------------------|
| Property Type                     | Behavior Healthcare Facility |
| Number of Buildings               | 1                            |
| Number of Stories                 | 2                            |
| Gross Building Area               | 9,320 SF                     |
| Net Rentable Area                 | 9,320 SF                     |
| Site Coverage                     | 12.3%                        |
| Land-to-Building Ratio            | 4.07 : 1                     |
| Floor Area Ratio (FAR)            | 0.25                         |
| Parking Improvements              | Surface                      |
| Parking Spaces:                   | 13                           |
| Parking Ratio (per 1,000 SF NRA ) | 1.39                         |
| Year Built                        | 1988                         |
| Actual Age                        | 34 Years                     |
| Effective Age                     | 20 Years                     |
| Total Economic Life               | 45 Years                     |
| Remaining Economic Life           | 25 Years                     |
| Age/Life Depreciation             | 44.4%                        |
| Functional Utility                | Typical                      |

| Improvement Summary Description | Comparative Rating                                      |      |      |      |
|---------------------------------|---|------|------|------|
|                                 | Good  | Avg. | Fair | Poor |
| Foundation                      | Reinforced concrete                                     | X    |      |      |
| Frame                           | Wood  | X    |      |      |
| Exterior Walls                  | Vinyl Siding  | X    |      |      |
| Interior Walls                  | Textured and painted drywall                            | X    |      |      |
| Roof                            | Asphalt shingle   | X    |      |      |
| Ceiling                         | Painted drywall / acoustical tile                       | X    |      |      |
| HVAC System                     | Ground mounted HVAC units                               | X    |      |      |
| Exterior Lighting               | Mercury vapor fixtures                                  | X    |      |      |
| Interior Lighting               | Recessed fluorescent fixtures                           | X    |      |      |
| Flooring                        | Primarily vinyl and carpeting                           | X    |      |      |
| Plumbing                        | Assumed adequate  | X    |      |      |
| Life Safety and Fire Protection | Sprinklered and smoke detectors                         | X    |      |      |
| Parking                         | Asphalt paved open parking                              | X    |      |      |
| Landscaping                     | Grass, trees, shrubs and other miscellenous landscaping | X    |      |      |

Source: Various sources compiled by CBRE

### LAYOUT OF IMPROVEMENTS

The subject is a one and two-story, residential style youth shelter facility. The improvements were constructed 1988 and are in average condition. The subject building was originally designed to accommodate a total of 16 semi-private beds; however, it is currently operating with a maximum capacity for 8 short-term shelter residents in private accommodations.

The main entrance is on the south side of the building and opens up into a large gathering and dining area with the main kitchen. The first floor also contains eight bedrooms, a laundry room, four full bathrooms, one half bathroom, office, pantry, and other miscellaneous common areas. The second floor primarily contains offices, meeting rooms and miscellaneous employee areas.

### **YEAR BUILT**

The subject was built in 1988.

### **CONSTRUCTION CLASS**

Building construction class is as follows:

D - Wood frame, floor and structure; considered combustible

The construction components are assumed to be in working condition and adequate for the building. The overall quality of the facility is considered to be average for the neighborhood and age. However, CBRE, Inc. is not qualified to determine structural integrity and it is recommended that the client/reader retain the services of a qualified, independent engineer or contractor to determine the structural integrity of the improvements prior to making a business decision.

### **FOUNDATION/FLOOR STRUCTURE**

The foundation is assumed to be of adequate load-bearing capacity to support the improvements. The floor structure consists of a concrete slab on compacted fill foundation.

### **EXTERIOR WALLS**

The exterior walls are finished with vinyl siding. The building contains double-pane aluminum frame windows.

### **ROOF COVER**

The building has a gable roof with asphalt shingle covering.

### **INTERIOR FINISHES**

The typical interior office finish of the property is summarized as follows:

- |                  |  |
|------------------|--|
| Floor Coverings: | Primary floor covering throughout the main building areas include commercial carpet and vinyl.       |
| Walls:           | Textured and painted sheetrock.  |
| Ceilings:        | Primarily textured and painted sheetrock with limited areas finished with suspended acoustical tile. |



|                      |   |
|----------------------|---|
| Lighting:            | Standard commercial fluorescent fixtures and ceiling fans.  |
| Healthcare Finishes: | <ul style="list-style-type: none"><li>• 8 behavior healthcare unit / beds</li><li>• Group therapy rooms</li></ul> |
| Summary:             | The interior and finished will be commensurate with similar residential healthcare uses.                          |

## HVAC

The subject is serviced by central cooling and heating via ground-mounted condenser units with furnaces in the basement. It is assumed to be in good working order and adequate for the building.

## SYSTEMS

The electrical and plumbing systems are assumed to be in good working order and adequate for the building. It is assumed the improvements have adequate fire alarm systems, fire exits, fire extinguishers, fire escapes and/or other fire protection measures to meet local fire marshal requirements. CBRE, Inc. is not qualified to opine as to the electrical and/or plumbing adequacy or determine the appropriate levels of safety & fire protection. It is recommended that the client/reader review available permits, etc. prior to making a business decision.

## SITE IMPROVEMENTS

The property features an adequate number of surface parking spaces, including reserved handicapped spaces. All parking spaces and vehicle drives are paved and considered to be in average condition. Patron parking areas are along the front of the building. The number of parking spaces is typical of the market for similar uses.

The site also includes a detached two-car garage with a partially finished area that is utilized as a game room. The garage is wood framed and similarly constructed as the main building.

Landscaping is considered to be of consistent quality to the surrounding uses and well maintained.

## ADA COMPLIANCE

All common areas of the property appear to have handicap accessibility. The client/reader's attention is directed to the specific limiting conditions regarding ADA compliance.

## FURNITURE, FIXTURES AND EQUIPMENT

Any personal property items contained in the property are not considered to contribute significantly to the overall value of the real estate.

## ENVIRONMENTAL ISSUES

The appraiser is not qualified to detect the existence of any potentially hazardous materials such as lead paint, asbestos, urea formaldehyde foam insulation, or other potentially hazardous construction materials on or in the improvements. The existence of such substances may affect the value of the property. For the purpose of this assignment, we have specifically assumed there are no hazardous materials that would cause a loss in value to the subject.

## ECONOMIC AGE AND LIFE

CBRE, Inc.'s estimate of the subject improvements effective age and remaining economic life is depicted in the following chart:

| <b>ECONOMIC AGE AND LIFE</b>            |          |
|---|----------|
| Actual Age                              | 34 Years |
| Effective Age                           | 20 Years |
| MVS Expected Life                       | 45 Years |
| Remaining Economic Life                 | 25 Years |
| Accrued Physical Incurable Depreciation | 44.4%    |
| Compiled by CBRE                        |          |

The remaining economic life is based upon our on-site observations and a comparative analysis of typical life expectancies as published by Marshall and Swift, LLC, in the Marshall Valuation Service cost guide. While CBRE, Inc. did not observe anything to suggest a different economic life, a capital improvement program could extend the life expectancy.

## CONCLUSION

The improvements are in average overall condition. Overall, there are no known factors that adversely impact the marketability of the improvements.

## Zoning

The following chart summarizes the subject's zoning requirements.

| <b>ZONING SUMMARY</b>           |   |
|---------------------------------|---|
| Current Zoning                  | MR-12, Multi-Family Residential District  |
| Legally Conforming              | Yes   |
| Uses Permitted                  | Single and multi-family dwellings, community living arrangements, daycare centers and other miscellaneous residential uses. |
| Zoning Change                   | Not likely  |
| Source: Planning & Zoning Dept. |   |

### ANALYSIS AND CONCLUSION

The improvements represent a legally conforming use and, if damaged, may be restored without special permit application. Additional information may be obtained from the appropriate governmental authority. For purposes of this appraisal, CBRE has assumed the information obtained is correct.

It is recommended that local planning and zoning personnel be contacted regarding more specific information that might be applicable to the subject. Deed restrictions pertaining to the property were not researched. It is recommended that a title company be contacted regarding more specific information pertaining to any deed restrictions that may be applicable to the subject.

## Tax and Assessment Data

The subject is currently owned and operated as a tax-exempt entity. Thus, there are no real property tax assessment or tax liability assessed on the property. However, since this appraisal estimates the market value of the subject property, we have included an estimate of property taxes as market value is generally associated with a for-profit operator.

The following summarizes the local assessor's estimate of the subject's market value, assessed value, and taxes, and does not include any furniture, fixtures or equipment. The CBRE estimated tax obligation is also shown.

| <b>AD VALOREM TAX INFORMATION</b> |  |                  |                  |                  |
|-----------------------------------|--|------------------|------------------|------------------|
| Parcel                            | Assessor's Parcel No.                      | 2020             | 2021             | Pro Forma        |
| 1                                 | 91520970000                                | \$0              | \$0              |                  |
|                                   | <b>Subtotal</b>                            | <b>\$0</b>       | <b>\$0</b>       | <b>\$850,000</b> |
|                                   | <b>Assessed Value @</b>                    | <b>100%</b>      | <b>100%</b>      | <b>100.00%</b>   |
|                                   |  | <b>\$0</b>       | <b>\$0</b>       | <b>\$850,000</b> |
|                                   | <b>General Tax Rate (per \$1,000 A.V.)</b> | <b>27.655447</b> | <b>29.454569</b> | <b>29.454569</b> |
|                                   | <b>Total Taxes</b>                         | <b>\$0</b>       | <b>\$0</b>       | <b>\$25,036</b>  |

Source: Assessor's Office

In Wisconsin, properties classified as residential, commercial, manufacturing, forest, other and personal property are valued at 100% of full market value. The categories of Agricultural Forest and Undeveloped are valued at 50% of full market value. Agricultural land is assessed at 100% of its "use-value" (what the property is worth based on its use for agricultural production). Manufacturing values and use-values for agricultural land are determined by the State. The sale of the property would likely initiate an immediate reassessment for the following year.

According to CBRE's search of local public records, the subject does not have any outstanding (delinquent) property taxes.

### TAX COMPARABLES

As a crosscheck to the subject's applicable real estate taxes, CBRE, Inc. has reviewed the real estate tax information for comparable properties in the market area. This data includes assessments on a per square foot basis. The following table summarizes the comparables employed for this analysis:

| <b>PROPERTY TAX COMPARABLES</b> |                         |                          |                            |                |
|---------------------------------|-------------------------|--------------------------|----------------------------|----------------|
| Comparable                      | 414 Doctors Ct<br>(MOB) | 1628 N. Main St<br>(ALF) | 2220 Brookview Ct<br>(SNF) | Subject        |
| Year Built                      | 1980                    | 1902                     | 1993                       | 1988           |
| GBA (SF)                        | 25,659                  | 8,813                    | 6,357                      | 9,320          |
| Tax Year                        | 2021                    | 2021                     | 2021                       | 2021           |
| Assessor's Market Value         | \$2,776,700             | \$481,200                | \$737,200                  | \$850,000      |
| <b>AV Per SF (GBA)</b>          | <b>\$108.22</b>         | <b>\$54.60</b>           | <b>\$115.97</b>            | <b>\$91.20</b> |
| Total Taxes                     | \$64,455                | \$14,448                 | \$17,076                   | \$25,036       |
| <b>Per SF (GBA)</b>             | <b>\$2.51</b>           | <b>\$1.64</b>            | <b>\$2.69</b>              | <b>\$2.69</b>  |

Source: Assessor's Office

As included within the above dataset, the comparables show tax assessments of between \$54.60 and \$115.97 per square foot.

## CONCLUSION

Based on the foregoing information, the subject's concluded value has been utilized as the projected assessment. This equates to an assessment of \$850,000, or \$91.20 per square foot, which is within the range indicated above. The total taxes for the subject have been estimated as \$25,036 for the base year of our analysis. Note that the risk of a higher tax assessment is mitigated by the NNN expense structure that is typical in the market for similar property types.



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## Healthcare Market Analysis

The subject is a behavior healthcare facility. As such, CBRE has included the following healthcare market analysis followed by a behavior health market analysis.

The healthcare industry encompasses of a wide-array of facilities ranging from out-patient medical office buildings (MOB) to post-acute care facilities and acute care hospitals. Healthcare properties are differentiated within the overall market by many features including specialized medical buildout; location on or proximate to a short-term acute care hospital campus; and associations with hospitals, healthcare networks, and/or large specialty physician groups, as well as the financial health and credit of the association. Additionally, the risk profile incorporates consideration for regulatory changes. Services offered at each facility vary based on the practice specialty and licensing.

### PROPERTY SUB-CATEGORIES

Understanding the differences between the various types healthcare and medical office properties is a critical component of the appraisal process.

- **Hospitals:** This segment is primarily represented by highly specialized or full-service healthcare properties; typically, representative of one or a combination of acute-care, post-acute care (REHAB hospitals, LTAC, IRF, hospice, etc.), psychiatric care, outpatient treatment (urgent care and ambulatory), and behavior healthcare.
- **Medical Office Buildings (MOB):** Medical office buildings are differentiated within the overall market by many features. Factors that influence medical office building include specialized medical buildout; location on or proximate to a hospital campus; and associations with hospitals, healthcare networks, or large specialty practice groups, as well as the financial health and credit of the association. Notably, a typical standard for an office building to be considered a medical use is at least 75% utilization for clinical/physician use.

The subject is a behavior healthcare facility and is considered a Class C asset.

### HEALTHCARE REGULATORY ENVIRONMENT

Healthcare providers are heavily impacted by the regulatory environment, mostly regarding to reimbursement sources for the associated occupants. As these sources can fluctuate significantly in reimbursement rates as well as population coverage, the financial viability of healthcare providers is closely tied to changes within the local, State, and Federal, regulatory markets.

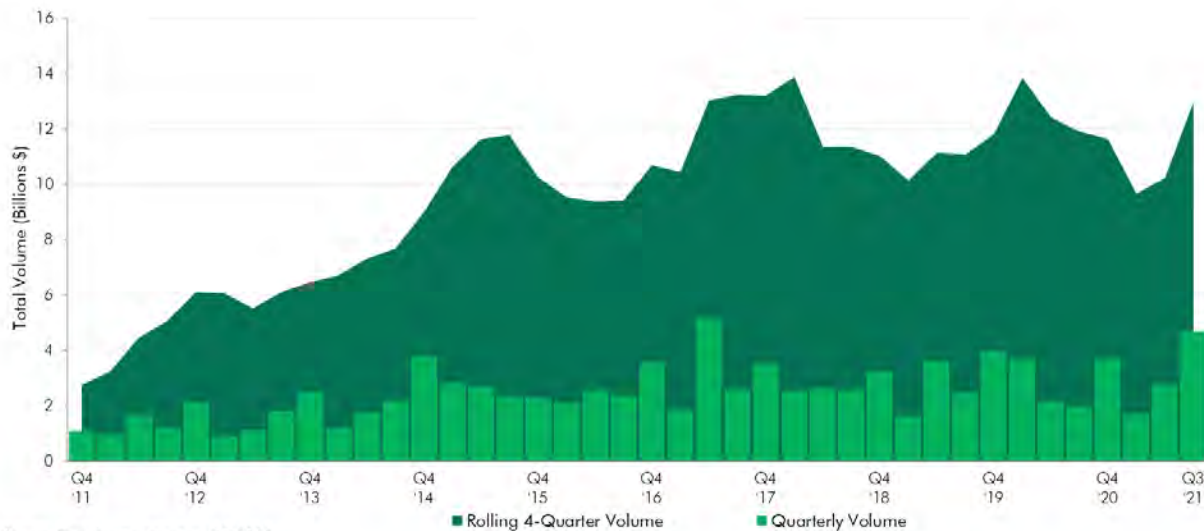
### HEALTHCARE INVESTMENT AND DEVELOPMENT TRENDS

#### Investment Volume

Recent investment trends reflect strong healthcare and medical office market fundamentals with a broadening pool of interested investors, as shown within the subsequent graph. The four-quarter trialing volume reached a peak in the first quarter of 2018 at more than \$13.8 billion and has since remained relatively steady over the past three years. Largely as a result of uncertainty

brought about by the COVID-19 pandemic, transaction volumes decreased by \$2 billion between the first quarter of 2020 and the first quarter of 2021. Additionally, transaction volumes in the third quarter of 2021 were up approximately 9% from the prior year. In conclusion, overall investor interest remains high due to low interest rates, low supply, capital availability, and the inelastic nature of medical office demand.

### Medical Office Transaction Volume



Source: Real Capital Analytics, Q3 2021

### Valuation Trends

Medical office transaction prices increased significantly in 2017 and have remained above the \$280 per square foot mark since the beginning of 2018. Average transaction prices peaked at \$304 per square foot in the first quarter of 2019 but subsequently declined to \$284 per square foot by the fourth quarter of 2019. Average transaction prices have once again bounced back and, at \$320 per square foot as of the third quarter of 2021, have reached their all-time high. Sale prices for MOBs show great variation with best-in-class assets, with specialty healthcare finishes, that can sell upwards of \$1,000 per square foot.

Capitalization rates for medical office buildings have compressed off their highs in 2010. In recent years, this trend has slowed somewhat, while continuing to compress from 6.65% in Q4 2018 to 6.29% in Q3 2021, as reported by Real Capital Analytics, despite the ongoing COVID-19 pandemic. The following chart includes average sale prices per square foot (SF) and overall capitalization rates for medical office buildings.

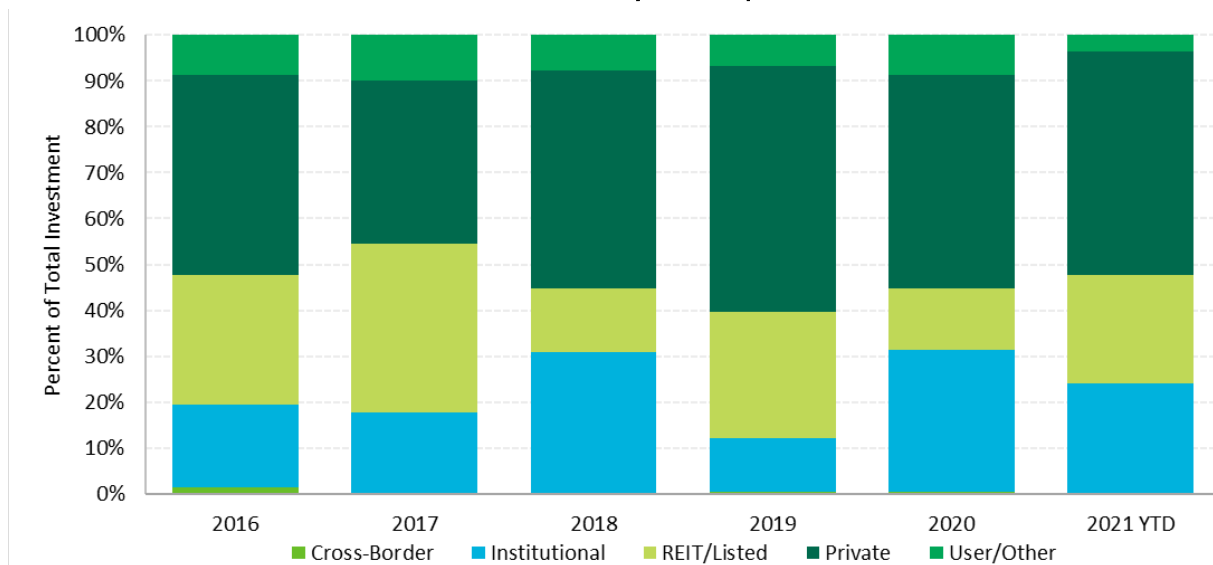
### TRAILING TWELVE-MONTH VALUATION TRENDS



### Market Participants

The buyer pool for medical office and healthcare assets is primarily comprised of private investors, REITs, and other institutional capital entities. Despite the increases in 2019 and 2020, private investors, users and others have remained net sellers, while REITs, institutional and foreign investors have increased their acquisitions in the healthcare space in recent years.

### Medical Office Buyer Composition



In addition to the buyer composition, we have included the most active buyers and sellers of medical office buildings during the trailing two years, within the below chart.

MARKET PARTICIPANT ACTIVITY<sup>[1]</sup>

| Top 20 - MOB Buyers |                           |                 |          | Top 20 - MOB Sellers |                             |                 |          |
|---------------------|---------------------------|-----------------|----------|----------------------|-----------------------------|-----------------|----------|
| Rank                | Company                   | Volume          | Quantity | Rank                 | Company                     | Volume          | Quantity |
| 1                   | Remedy Medical Properties | \$1,540,190,783 | 100      | 1                    | Welltower                   | \$1,968,260,831 | 97       |
| 2                   | Kayne Anderson            | \$1,475,760,524 | 85       | 2                    | Hammes Partners             | \$1,220,643,088 | 54       |
| 3                   | Physicians Realty Trust   | \$1,178,119,943 | 37       | 3                    | Landmark Healthcare Facilit | \$764,299,976   | 15       |
| 4                   | Healthcare Realty Trust   | \$962,892,330   | 49       | 4                    | Harrison Street RE Cap      | \$673,295,021   | 31       |
| 5                   | Invesco Real Estate       | \$890,415,531   | 43       | 5                    | IRA Capital                 | \$515,825,435   | 38       |
| 6                   | Welltower                 | \$864,328,992   | 45       | 6                    | Montecito Medical           | \$318,316,181   | 46       |
| 7                   | Healthpeak Properties Inc | \$726,140,642   | 30       | 7                    | American Realty Advisors    | \$231,000,000   | 1        |
| 8                   | Montecito Medical         | \$657,801,595   | 70       | 8                    | Ventas                      | \$208,087,709   | 10       |
| 9                   | TIAA                      | \$572,526,419   | 32       | 9                    | Healthcare Realty Trust     | \$184,903,921   | 6        |
| 10                  | Harrison Street RE Cap    | \$491,574,967   | 24       | 10                   | Cornerstone Cos Inc         | \$172,635,565   | 27       |
| 11                  | HTA (REIT)                | \$453,275,631   | 21       | 11                   | EmblemHealth                | \$160,800,978   | 8        |
| 12                  | Anchor Health Props       | \$448,595,899   | 24       | 12                   | JP Morgan                   | \$160,000,000   | 1        |
| 13                  | Wafra                     | \$440,000,000   | 24       | 13                   | Alony Hetz                  | \$160,000,000   | 1        |
| 14                  | NexCore Group             | \$327,968,136   | 21       | 14                   | UBS                         | \$156,528,538   | 2        |
| 15                  | Global Medical REIT       | \$327,874,910   | 46       | 15                   | Healthpeak Properties Inc   | \$149,480,472   | 6        |
| 16                  | Hammes Partners           | \$317,468,213   | 25       | 16                   | DuPage Medical Group        | \$123,724,967   | 5        |
| 17                  | Artemis RE Partners       | \$285,725,982   | 22       | 17                   | Highwoods Properties        | \$123,559,976   | 5        |
| 18                  | AEW                       | \$283,506,174   | 35       | 18                   | Artemis RE Partners         | \$123,250,000   | 12       |
| 19                  | IRA Capital               | \$277,039,704   | 20       | 19                   | Howard Hughes               | \$115,000,000   | 1        |
| 20                  | Ellis Partners            | \$231,000,000   | 1        | 20                   | VEREIT                      | \$110,341,307   | 16       |

Source: Real Capital Analytics, November 2021. [1] Volume and quantity during the trailing two years

## Demand Influences

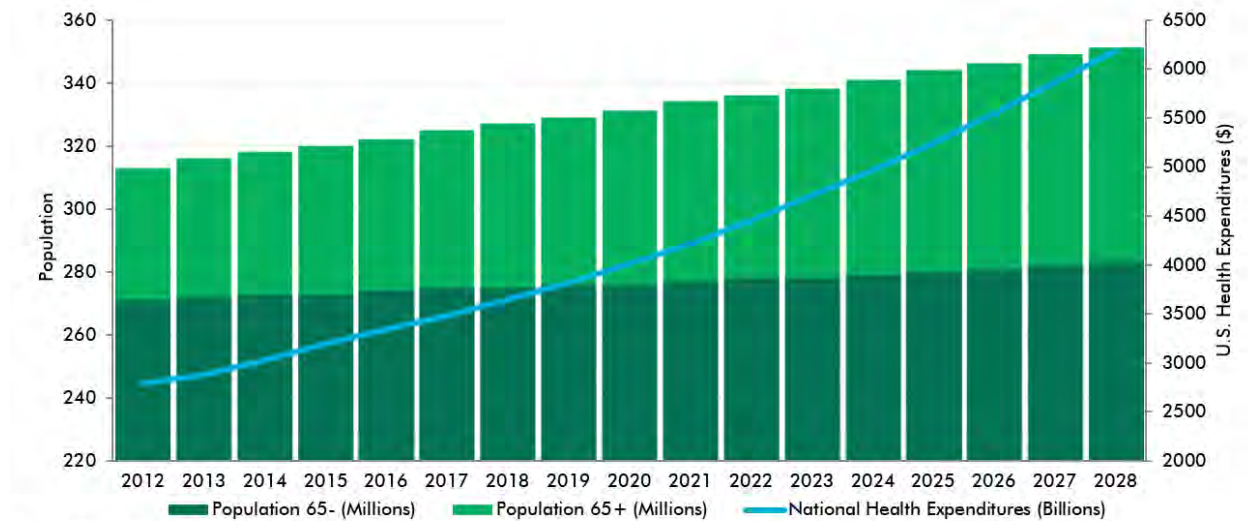
Healthcare is one of the largest line items in Federal and State government spending. Healthcare spending was reported at \$3.8 trillion in 2019 and is estimated to grow at an average rate of 5.4% per year from 2019 through 2028, 1.1% faster than the estimated growth of GDP per year. As a result, the healthcare portion of GDP is expected to rise from 17.8% in 2019 to 19.7% by 2028. Centers for Medicare & Medicaid Services is projecting a per capital increase in healthcare expenditures from \$11,597 per year in 2019 to \$17,611 per year by 2028. The following graph illustrates these trends in healthcare expenditures, juxtaposed to population growth.

An important factor contributing to the increasing demand for healthcare properties is increased life expectancy. Life expectancy rates have shown consistent improvement for many decades. In 1972, the U.S. average life expectancy of a 65-year-old was 15.2 years. By 2019, this metric increased to approximately 19.6 years. Additionally, according to information compiled by the U.S. Social Security Administration, as of April 2020 it is estimated that about one out of every three 65-year-olds will live to be 90 years old, with one of every seven expected to live past 95 years of age. According to the CDC, life expectancy at birth for the United States population reached 78.9 years in 2019, with the age-adjusted death rate for the United States having decreased 4.1% between 2010 and 2019 to 715.2 per 100,000 standard population.

Driving this increased life expectancy, and consequentially average population age, is the advancement in public health strategy and medical treatment. Life expectancy in the United States has increased by approximately 30 years over the past century, primarily due to the reduction of

acute illness threats. However, an unforeseen consequence of longer life expectancy has been the increased prevalence of heart disease, cancer and other chronic diseases as the leading causes of death. As Americans age during the next several decades, the elderly population will require a larger number of formally trained, professional caregivers as a direct effect of these chronic diseases.

National Health Expenditures & Population Growth



Source: Centers for Medicare & Medicaid Services

Healthcare within the United States has increase rapidly during the past decade as well as is expected to continue this upward trend for the foreseeable future. This trend in spending is closely tied to increases in general population. However, approximately 69% of healthcare expenditures are made by individuals over the age of 45.<sup>6</sup> Thus, the increase in medical expenditures is compounded by the dramatic growth in the aged population, especially as forecasted for the coming years.

Although the direction of healthcare policy and of payment mechanisms currently remains uncertain, rapid growth in the older population remains a significant tailwind for medical-office demand in the years ahead. Medical providers highly value locations near large patient populations and are willing to sign long-term leases for properties, another attractive feature for investors.

### Employment Trends

The COVID-19 pandemic and the economic downturn it produced has increased unemployment to levels not seen since the Great Depression of the 1930s. Prior to the pandemic, healthcare employment was up 53% since 2000, compared with 16% for total employment and has well-weathered the past two recessions, as shown within the following exhibit as prepared via CBRE Econometric Advisors. However, March and April 2020 exhibited massive month over month

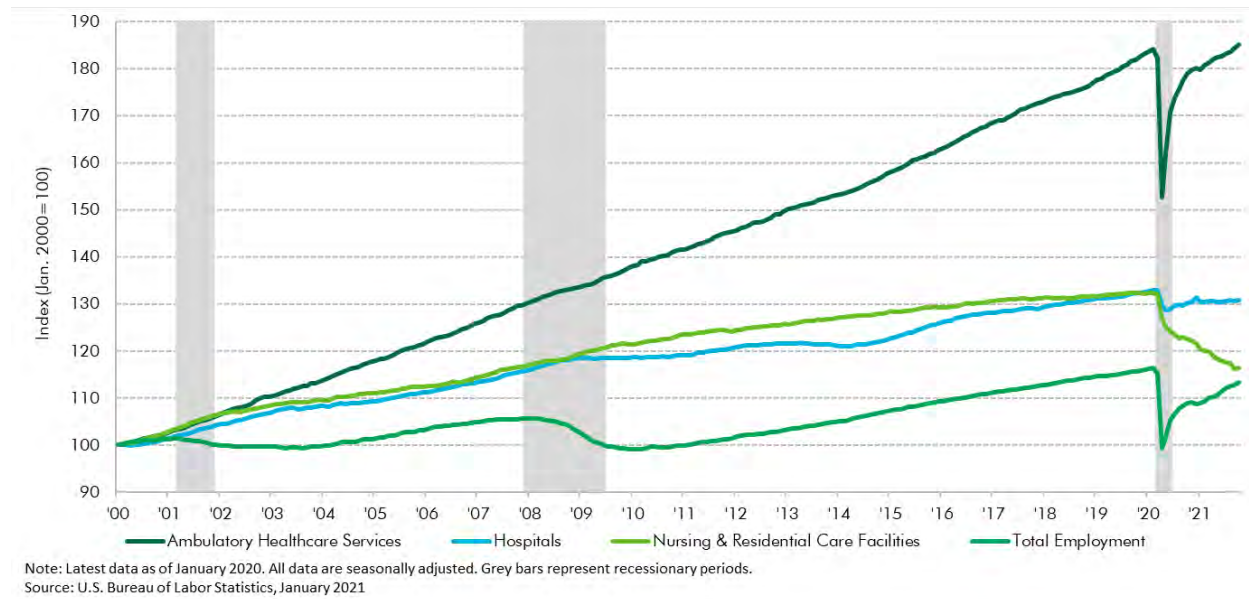
<sup>6</sup> Kaiser Family Foundation



drops in employment including decreases of 9% for healthcare employment and just under 14% for total employment.

### HEALTHCARE EMPLOYMENT TRENDS

Employment Growth Index, Healthcare Sectors vs. Total U.S. Employment



A portion of these losses proved temporary as healthcare and total employment both increased by over 2% in May and June. Additionally, September 2021 saw modest increases in healthcare and total employment from the year prior; however, employment numbers remain below their pre-COVID figures. Overall, employment trends also reflect the movement of healthcare services into lower-cost locations, including retail centers, to reduce costs and make these services more easily accessible to patients. Employment in the ambulatory-care services sector, which includes outpatient care centers, medical and diagnostic laboratories and home-health-care services, has outpaced overall healthcare employment growth, increasing by 85% since 2000. With cost pressure likely to continue through 2022, so will the shift to lower-cost delivery settings, regardless of the impact of the COVID-19 pandemic or any potential changes to healthcare policy.

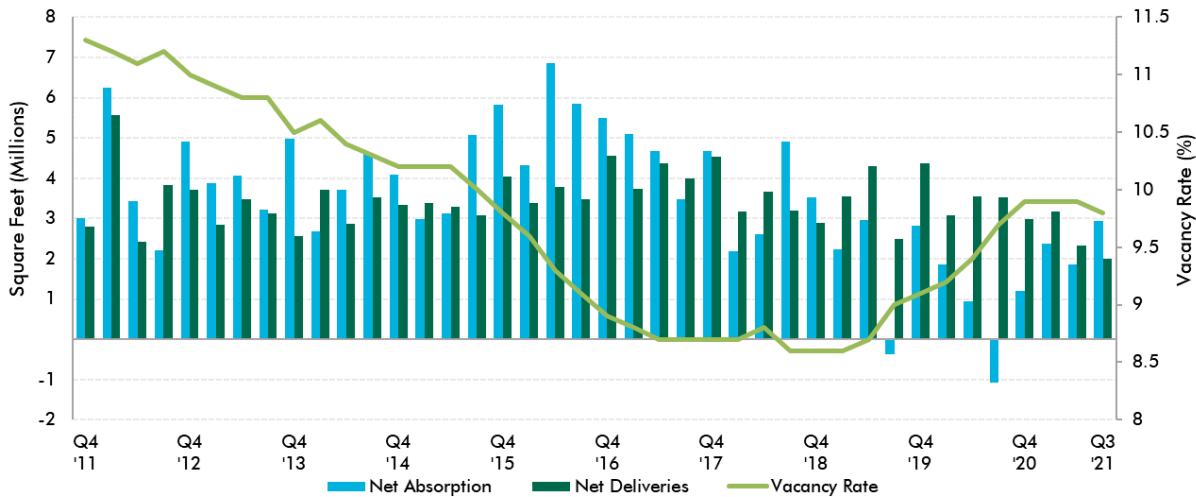
### Construction Trends

Demand for medical office and other healthcare developments across the country remains strong. New medical office product is generally in the 25,000 to 75,000 square foot range, with some developments approaching the 200,000-square foot size. Based on information compiled from CoStar, deliveries and absorption of new medical office space has declined since the highs of 2016 with absorption turning sharply negative in the third quarter of 2020, largely as a result of the uncertainty brought about by the COVID-19 pandemic. Beginning in 2018, net deliveries have outpaced net absorption causing vacancy to increase from its low of 8.6% in the fourth

quarter of 2018 to 9.8% as of the third quarter of 2021. Notably, vacancy rates have dropped 0.1% from the height of the pandemic showing signs of recovery.

Development capitalization rates or yields have continued to tighten, with spreads approaching 75 to 100 basis points for the most sought-after creditworthy deals. Core and Class A deals are generally seeing development cap rates ranging from 6.5% to 7.5%, which is approximately 50 to 100 basis points above sales cap rates. The tightening of the spread between sales and development capitalization rates is slowing new development.

### Medical Office construction trends

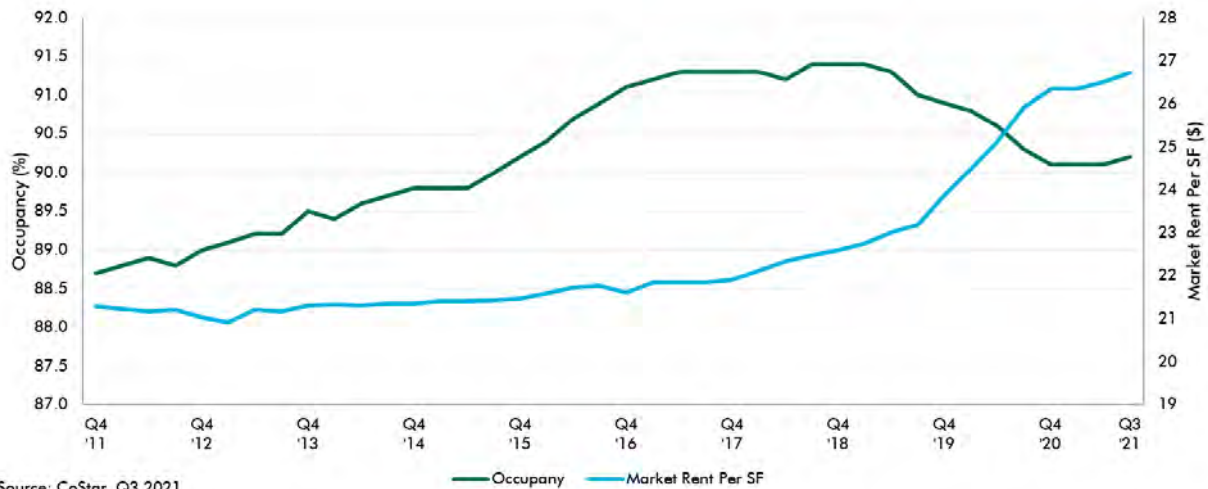


Source: CoStar, Q3 2021

### Leasing Trends

Sector fundamentals are off peak levels set in 2017 and 2018. The occupancy rate as of the third quarter of 2021 was 90.2%. On a same-store basis, the median occupancy rate change was -10 basis points, year-over-year. Market rent per square foot has steady increased since 2012 and as of the third quarter of 2021 was \$26.72 per square foot on a gross basis, representing a 3% increase from the third quarter of 2020.

### Medical Office Occupancy Vs. Market Rent Trends



### Asset Underwriting

In a recent PwC Real Estate Investor Survey, overall demand is expected to continue for the foreseeable future. Capitalization rates have remained relatively stable since 2018 with slight compression in capitalization rates reflecting the decrease in interest rates since the beginning of 2019. As the market has shown a flight to quality, market participants are becoming more sophisticated, seeking higher-acuity assets which attract 'premium rental rates'.

For a granular view of the findings in the PwC Real Estate Investor Survey, we have included the following detail for the trailing capitalization and discount rates, changes in rent and expenses, and marketing times:

| NATIONAL MEDICAL OFFICE BUILDING MARKET TRENDS |         |       |        |               |           |              |              |
|--|---------|-------|--------|---------------|-----------|--------------|--------------|
|  | Average | Low   | High   | Prior Quarter | YOY Trend | 3-Year Trend | 5-Year Trend |
| Overall CAP Rates:                             | 6.41%   | 4.00% | 10.00% | -12 bps       | -32 bps   | -25 bps      | -37 bps      |
| Residual CAP Rates:                            | 6.76%   | 4.75% | 10.25% | -4 bps        | -24 bps   | -7 bps       | -36 bps      |
| Discount Rates:                                | 7.76%   | 4.75% | 11.00% | -9 bps        | -2 bps    | 3 bps        | -28 bps      |
| Market Rent Change:                            | 1.80%   | 0.00% | 3.00%  | 0 bps         | 15 bps    | -40 bps      | -66 bps      |
| Expense Change:                                | 2.55%   | 1.00% | 4.00%  | 0 bps         | 10 bps    | 5 bps        | 12 bps       |
| Marketing Time (Months):                       | 4.7     | 1     | 12     | 4.7 avg       | 5 avg     | 4.7 avg      | 4.5 avg      |

Source: PwC Real Estate Investor Survey (Q3 2021)

As indicated within this PwC report, investors favor core and on-campus properties, with capitalization rates for on-campus assets averaging 6.05% while off-campus properties average 6.78%, a spread of 73 bps. Overall, this spread has remained relatively stable over the past year. Additionally, as a percent of replacement, prices paid for medical office buildings are reported to represent 100.0% to 150.0% of replacement cost, with an average of 116.3%, the second highest range reported across all asset classes. The willingness of buyers to price properties above replacement costs is expectedly due to the significant regulatory and locational barriers to entry within the healthcare space.

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## CURRENT MARKET CONDITIONS – COVID-19

Throughout this ongoing pandemic, we have been in continuous contact with numerous market participants in an attempt to discern any perceived impact on the healthcare real estate market, as a result of the COVID-19 pandemic, in real-time. Our discussions include potential near-, mid-, and long-term influences on the healthcare real estate capital markets and investor sentiment. These discussions consist of a broad range of market participants active in the healthcare real estate market, inclusive of capital markets, private capital investors, institutional fund managers, developers, health systems, and brokers. Additionally, we referenced numerous research reports, and incorporated indications within the following summary.

- Market participants on the investment side do not expect the economic recession to persist into the mid- or long-term.
- Brokers report increased interest from investment groups looking to healthcare real estate as a defensive play. This is coupled by a ‘flight to quality’ that includes increased consideration for tenant quality.
- Capital markets have sizable liquidity and historically low interest rates.
- Brokers report buyers showing continued demand, with the investor pool shifting somewhat to those with strong equity positions.
- Leasing velocity is expected to continue return to pre-COVID levels. This will affect the absorption of vacant space, short term rent growth, and occupancy. Brokers have noted that leased assets may become “stickier” for certain tenants, with certain core assets experiencing increased retention rates given the state of the market.
- Many medical tenants requested rent relief from landlords during the initial months of the pandemic. Certain landlords have used the opportunity to structure new agreements, such as granting rent relief in exchange for increased lease term or executed option renewals. Certain tenants recouped losses over the medium term, as pent-up demand for postponed procedures or other medical services have been realized.
- Impact on healthcare real estate tenancy was bifurcated between the essential and non-essential medical services. Non-essential medical services (such as non-emergency dental procedures, vision, dermatology, elective care, etc.) have seen the most direct financial impact, which could carry over into the mid-term if the closers persist or are re-applied. Essential services (such as emergency medicine, dialysis, and oncology, etc.), however, have been minimally impacted or an increased demand.
- While telehealth will clearly play a greater role in health care going forward, its impact on medical offices is likely to be negligible as in-person treatments have increased.
- Market participants report capitalization rates have compressed over the past 12 months since the beginning stages of the pandemic with a ‘flight to quality’ trend.

- Looking forward to 2022, the sustained impact of COVID-19 on healthcare is due to the continuing emergence of variants.

According to the CBRE 2022 U.S. Market Outlook, CBRE is maintaining a positive outlook for the economy and commercial real estate in 2022, despite uncertainty over potential impacts of COVID omicron variant and other risks. While the new variant will impact the timing of a large-scale return to the office, fiscal and monetary policy remains highly supportive of economic growth. Monetary policy is expected to tighten to keep longer-term inflation pressures in check, which may trigger some short-run volatility in the stock market but will not be enough to dampen investor demand for real estate.

As the delta and omicron variants showed, the pandemic's course is difficult to predict. COVID will likely endure in some form for the foreseeable future, however, society is learning to adapt to life with the virus and the ability to manage its effects has improved considerably. This is largely due to broader vaccine availability and the emergence of antiviral and antibody therapeutics. So, while COVID-19 will remain present in 2022, its impact on people, healthcare systems and the economy should be more subdued than in 2020 and 2021.

### National Market Summary

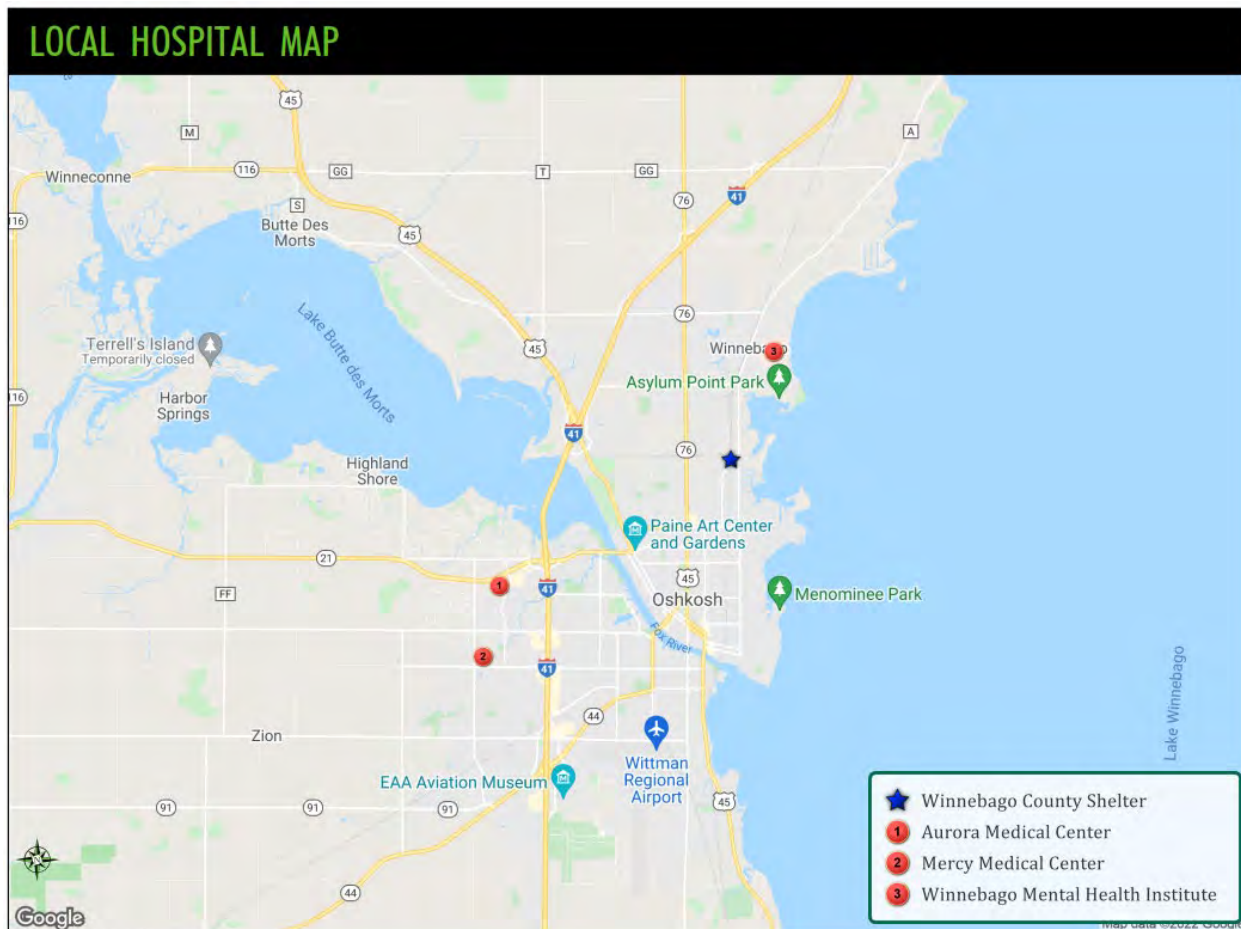
While uncertainty relating to the COVID-19 pandemic and healthcare policy pose a risk to the medical office market, favorable demographic trends point to continued strong healthcare demand, regardless of any changes. The bigger risk may be from large healthcare systems continuing to acquire smaller physician groups and solo practices, potentially dampening demand for smaller medical office buildings and condos. Changing reimbursement rate rules, including recent cuts for some off-campus services, could alter healthcare delivery mechanisms, including the current hub-and-spoke model of expanding into locations that are convenient for patients, thus impacting demand for off-campus medical office properties.

Overall, market participants suggest that markets are incorporating consideration for COVID-19, working to assess the potential long-term impact on the healthcare real estate sector. Currently, fourth quarter transaction data points to the resiliency of the healthcare real estate sector, with optimism heading into 2022. National demand for medical office buildings is expected to grow, fueled by continued healthcare job growth, the aging population, tight market conditions and the relative recession-resistance of these properties. These factors are expected to attract even more investors in the years ahead.



**Proximity to Healthcare Providers**

The following table summarizes the area acute care hospitals (7-mile radius) as well as mapped below:



**HOSPITAL SUMMARY**

| Hospital                          | Type of Facility      | Licensed Beds |
|-----------------------------------|-----------------------|---------------|
| Aurora Medical Center             | Short-Term Acute Care | 147           |
| Mercy Medical Center              | Short-Term Acute Care | 172           |
| Winnebago Mental Health Institute | Psychiatric Hospital  | 262           |

Source: AHD.com

The subject is situated near two acute care hospitals and one psychiatric hospital.

## BEHAVIOR HEALTHCARE MARKET ANALYSIS

The behavior health industry is mostly comprised of the institutional and residential model facilities that provide an array of specialized patient services. Services include treatment for substance abuse disorders (SUD), psychiatric health, eating disorders, behavioral addictions and various other mental and psychological conditions. When selecting behavior healthcare treatment, patients can be bifurcated into one of four treatment categories: detox, in-patient rehabilitation, out-patient rehabilitation, and medication. Institutional facilities are typically utilized for patients requiring higher acuity behavior healthcare treatment, such as detox and psychiatric care. These facilities are most similar to a traditional hospital setting, providing room, board, and counseling/treatment on site, and are usually locked-down buildings with several separate treatment wings. Patient stays at these facilities can range from short-term, daily or weekly, to longer term depending on the care type of treatment.

Residential style behavior health facilities usually are located within a 'garden style' residential setting with minimal locked-down sections. These facilities provide room, board, counseling, treatment, and on-site as well as can have on-site amenities; select communities offer higher acuity services such as detox. Resident stays usually range between 7- and 28-day programs with some variation.

### Industry Size & Trends

The behavioral health industry is comprised of several components. The following datapoints attempt to size the behavior health market as well as show trailing and projected trends:

| <b>BEHAVIOR HEALTH MARKET SIZE AND TRENDS</b> |                                |                |                |              |                |              |
|---|--------------------------------|----------------|----------------|--------------|----------------|--------------|
| Behavior Health Use                           | Overall Revenue (\$ Billions): |                |                |              |                |              |
|   | 2011                           | 2016           | 2020           | YOY CAGR     | 2025           | 5 Yr. CAGR   |
| Psychiatric Hospitals                         | \$22.06                        | \$26.53        | \$27.55        | 2.25%        | \$31.92        | 2.99%        |
| Mental Health & SUD Centers                   | \$12.89                        | \$16.18        | \$18.14        | 3.47%        | \$20.50        | 2.48%        |
| Intellectual Disability Facilities            | \$25.23                        | \$27.23        | \$30.64        | 1.96%        | \$33.67        | 1.90%        |
| Drug & Alcohol Rehabilitation Clinics         | \$4.61                         | \$6.38         | \$7.19         | 4.54%        | \$8.11         | 2.45%        |
| <b>Total Market Size/Trends:</b>              | <b>\$64.80</b>                 | <b>\$76.32</b> | <b>\$83.51</b> | <b>2.57%</b> | <b>\$94.20</b> | <b>2.44%</b> |

Source: Compiled by CBRE via multiple Ibis World healthcare reports dated between 2020 and 2021.

From 2011 to 2020, the overall industry revenue grew by 29%. In 2020, the YOY change weighted average was 2.57% and this trend is expected to continue over the proceeding five years, at a somewhat slower pace, with a projected compound annual growth rate (CAGR) of 2.44%.

### Behavior Health Services

Behavioral healthcare is comprised of three primary patient groups: mental health issues and disorders, eating disorders, and substance abuse and addiction. General mental health issues

and disorders represents the largest segment of the behavior healthcare industry and includes treatment for disorders such as anxiety, ADHD, autism, bipolar disorder, depression, OCD, personality disorder, PTSD and schizophrenia. This patient group is comprised of 52.9 million adults aged 18 or older, representing 21.0% of all U.S. adults, had a mental illness in the past 12 months. Of those 52.9 million adults, 14.2 million (5.6% of all U.S. adults) suffered from a serious mental illness in 2020.<sup>7</sup> Serious mental illness can be defined as having “any mental, behavioral, or emotional disorder that substantially interfered with or limited one or more major life activities.” The follow charts show mental illness among adults by age group:

| <b>MENTAL ILLNESS AMONG ADULTS</b> |      |      |      |      |             |            |            |             |
|------------------------------------|------|------|------|------|-------------|------------|------------|-------------|
| AMI Population Size* Trends:       |      |      |      |      |             |            |            |             |
|                                    | 2010 | 2015 | 2019 | 2020 | 10-Yr Trend | 5-Yr Trend | 1-Yr Trend | SMI (2020)* |
| All Adults (18 & Older)            | 41.4 | 43.4 | 51.5 | 52.9 | 27.6%       | 21.7%      | 2.6%       | 14.2        |
| Aged 18 to 25                      | 6.2  | 7.6  | 9.9  | 10.2 | 66.4%       | 35.2%      | 3.1%       | 3.3         |
| Aged 26 to 49                      | 20.6 | 20.6 | 25.3 | 25.7 | 24.4%       | 24.7%      | 1.6%       | 7.0         |
| Aged 50 or Older                   | 14.6 | 15.3 | 16.3 | 16.9 | 15.9%       | 11.1%      | 4.0%       | 4.0         |

Source: SAMHSA 2020 National Survey on Drug Use and Health. \*in millions

The second largest segment of the behavior healthcare industry is treatment for substance abuse disorders (SUD). SUDs include treatment for alcoholism, binge drinking, gambling, drug use, and sex addiction. Per the SAMHSA report, approximately 41.1 million Americans, aged 12 or older, were in need of treatment for an alcohol or illicit drug SUD during 2020. That represents 14.9% of all Americans in this age cohort. An additional breakdown of the population needs, and number of patients treated as well as the number of patients treated in a specialty facility (defined as substance use treatment that a respondent received at a hospital (only as an inpatient), a drug or alcohol rehabilitation facility (as an inpatient or outpatient), or a mental health center) is included within the following chart:

| <b>SUBSTANCE ABUSE DISORDERS (SUD) TREATMENT</b> |                    |             |                    |              |                              |                |
|--|--------------------|-------------|--------------------|--------------|------------------------------|----------------|
|  | Population in Need | % of Cohort | Population Treated | % of Need    | Specialty Facility Treatment | % of Treatment |
| Total (12 & Older)                               | 41,135,000         | 14.9%       | 4,009,000          | <b>9.7%</b>  | 2,685,000                    | 67.0%          |
| Aged 12 to 17                                    | 1,600,000          | 6.4%        | 169,000            | <b>10.6%</b> | 55,000                       | 32.5%          |
| Aged 18 to 25                                    | 8,227,000          | 24.6%       | 445,000            | <b>5.4%</b>  | 301,000                      | 67.6%          |
| Aged 26 or Older                                 | 31,308,000         | 14.3%       | 3,395,000          | <b>10.8%</b> | 2,329,000                    | 68.6%          |

Source: SAMHSA 2020 National Survey on Drug Use and Health

Of the population in need, just 9.7% received treatment. Additionally, the lack of treatment is highlighted in the 18 to 25 age cohort, with a treatment of only 5.4% of those in need. While lack of treatment availability is an indicated issue, another consideration is the population’s ‘perceived need’ for treatment; of the 38.4 million untreated people in need, only 948,000 perceived they needed treatment, or 97.5% of this population did not think they needed treatment. This statistic

<sup>7</sup> SAMHSA National Survey on Drug Use and Health, September 2020

is indicative of the need for raising treatment awareness and acceptance, as well as reducing stigmas associated with treatment.

The third behavior healthcare industry category is treatment for eating disorders, most notably anorexia nervosa, bulimia nervosa, binge eating disorder, and other specified feeding or eating disorders. There are roughly 30 million Americans who suffer from an eating disorder but there are currently less than 1,000 eating disorder beds in the U.S. Treatment for eating disorders overwhelming involves receiving care from a therapist but can also require intensive outpatient treatment, partial hospitalization, or residence at a treatment center. As a whole, the behavior healthcare industry is a largely underserved market that is poised to benefit from a number of demographic and legislative changes going forward.

In consideration of the subject's location in Wisconsin, the following table shows the percentage and count of the population in need of SUD treatment as well as those in need of SUD treatment but are not receiving treatment at a specialty facility.

| <b>WISCONSIN SUBSTANCE ABUSE DISORDERS (SUD) TREATMENT</b> |                      |                     |                       |         |                     |         |
|--|----------------------|---------------------|-----------------------|---------|---------------------|---------|
|  | National Population: |                     | Wisconsin Population: |         |                     |         |
|  | SUD Treatment<br>%   | Untreated Need<br>% | SUD Treatment<br>%    | Count   | Untreated Need<br>% | Count   |
| Total (12 & Older)   | 7.41%                | 6.88%               | 7.66%                 | 377,000 | 7.13%               | 351,000 |
| Aged 12 to 17  | 4.08%                | 3.89%               | 4.34%                 | 19,000  | 4.14%               | 18,000  |
| Aged 18 to 25  | 14.59%               | 13.83%              | 15.73%                | 97,000  | 15.05%              | 93,000  |
| Aged 26 or Older   | 6.66%                | 6.14%               | 7.98%                 | 261,000 | 6.22%               | 240,000 |

Source: SAMHSA, Center for Behavioral Health Statistics and Quality, National Survey on Drug Use and Health, 2018 and 2019.

The Wisconsin population generally reflects the national levels of those in need of treatment for a SUD as well as the percent of the population in need that is not receiving treatment at a specialty facility. Overall, the market shows a significant unmet need, or demand, for SUD treatment services.

### Wisconsin Behavior Healthcare Facilities

In consideration of the subject's location in Wisconsin, CBRE has included the following behavioral healthcare operation profiles. The following chart reflects the number of facilities and type of operator:

| FACILITY OPERATIONS               |            |               |
|-----------------------------------|------------|---------------|
| 2020                              | Facilities |               |
| Wisconsin                         | No.        | %             |
| Private Non-Profit                | 111        | 37.6%         |
| Private For-Profit                | 130        | 44.1%         |
| Local, County, or Community Govt. | 44         | 14.9%         |
| State Government                  | 1          | 0.3%          |
| Federal Government                | 4          | 1.4%          |
| Tribal Govt.                      | 5          | 1.7%          |
| <b>Total</b>                      | <b>295</b> | <b>100.0%</b> |

Source: Center for Behavioral Health Statistics and Quality, Substance Abuse and Mental Health Services Administration, National Survey of Substance Abuse Treatment Services (N-SSATS), 2020.

The following chart reflects the type of care and number of facilities for each category:

| TYPE OF CARE                             |            |       |
|--|------------|-------|
| 2020                                     | Facilities |       |
| Wisconsin                                | No.        | %     |
| Any Outpatient                           | 258        | 87.5% |
| Outpatient - Regular                     | 234        | 79.3% |
| Outpatient - Intensive                   | 98         | 33.2% |
| Day Treatment or Partial Hospitalization | 37         | 12.5% |
| Outpatient - Detox                       | 23         | 7.8%  |
| Methadone                                | 104        | 35.3% |
| Any Residential                          | 45         | 15.3% |
| Short Term                               | 28         | 9.5%  |
| Long Term                                | 34         | 11.5% |
| Residential - Detox                      | 8          | 2.7%  |
| Any Hospital Inpatient                   | 30         | 10.2% |
| Inpatient - Treatment                    | 21         | 7.1%  |
| Inpatient - detox                        | 28         | 9.5%  |
| <b>Total</b>                             | <b>295</b> |       |

Source: Center for Behavioral Health Statistics and Quality, Substance Abuse and Mental Health Services Administration, National Survey of Substance Abuse Treatment Services (N-SSATS), 2020.

The following chart reflects the disbursement of licensing, accreditation and certification among substance abuse rehabilitation facilities. Some facilities are reflected in more than one category due to multiple licenses, accreditations, or certifications.

| <b>FACILITY LICENSING, CERTIFICATION, OR ACCREDITATION</b> |            |       |
|--|------------|-------|
| 2020   | Facilities |       |
| <b>Wisconsin</b>   | No.        | %     |
| Any listed agency/organization                             | 294        | 99.7% |
| State substance abuse agency                               | 222        | 75.3% |
| State mental health department                             | 193        | 65.4% |
| State department of health                                 | 146        | 49.5% |
| Hospital licensing authority                               | 26         | 8.8%  |
| The Joint Commission                                       | 63         | 21.4% |
| Commission on Accreditation of Rehabilitation Facilities   | 26         | 8.8%  |
| National Committee for Quality Assurance                   | 19         | 6.4%  |
| Council on Accreditation                                   | 10         | 3.4%  |
| Healthcare Facilities Accreditation Program                | 1          | 0.3%  |
| Other state/local agency/organization                      | 8          | 2.7%  |
| <b>Total</b>   | <b>295</b> |       |

Source: Center for Behavioral Health Statistics and Quality, Substance Abuse and Mental Health Services Administration, National Survey of Substance Abuse Treatment Services (N-SSATS), 2020.

The following chart reflects the accepted payer sources by facility count; note most facilities accept several payer sources:

| <b>ACCEPTED PAYER SOURCES BY FACILITY COUNT</b>       |            |       |
|---|------------|-------|
| 2020  | Facilities |       |
| <b>Wisconsin</b>                                      | No.        | %     |
| Cash or self-payment                                  | 282        | 95.6% |
| Private health insurance                              | 276        | 93.6% |
| Medicare  | 186        | 63.1% |
| Medicaid  | 255        | 86.4% |
| State-financed health insurance                       | 172        | 58.3% |
| Federal military insurance                            | 181        | 61.4% |
| No payment accepted                                   | 3          | 1.0%  |
| IHS/Tribal/Urban Funds                                | 53         | 18.0% |
| Other Payments  | 1          | 0.3%  |
| Sliding fee scale                                     | 123        | 41.7% |
| Treatment at no charge for the clients who cannot pay | 91         | 30.8% |
| <b>Total</b>  | <b>295</b> |       |

Source: Center for Behavioral Health Statistics and Quality, Substance Abuse and Mental Health Services Administration, National Survey of Substance Abuse Treatment Services (N-SSATS), 2020.

Note that the prior payer source data is based on Mental Health and SUD treatment, when considering behavior healthcare as a whole, revenue is comprised of several funding sources, depending on provided services. However, notably, on the individual asset basis, the reimbursement model can range to include all or one of the payment sources.



## Behavior Healthcare Summary

Behavior healthcare is a growing industry in nearly all sectors. Additionally, the market shows unmet need for treatment on both a national and more localized level. The subject will be operated as a for-profit, licensed and accredited behavior healthcare facility offering both inpatient and outpatient services.

## SUBJECT MARKET POSITION

### Subject Operator

The subject represents a private not-for-profit, behavior healthcare facility operated by Lutheran Social Services of Wisconsin & Upper Michigan, Inc. (LSS). LSS has provided successful addiction treatment throughout the state for more than 40 years, and recently, identified a gap in affordable Medically Monitored Treatment services for the community. The subject facility is identified as a Youth Shelter Facility, which provides short-term, non-secure residential care of children pending court action, children placed under voluntary placement agreement, and/or children in need of respite services. The subject is the only facility in the county providing youth behavioral care.

### Subject Licensure & Accreditations

According to the State of Wisconsin Department of Children and Families, the subject is licensed for eight beds and is in good standing. Below is a snapshot of the subject’s profile from the state website.

Wisconsin Department of Children and Families  
 Division of Safety and Permanence  
 Bureau of Permanence and Out of Home Care

Run Date: 01/01/2022  
 Print Date: 01/13/2022  
 Page 5 of 5

### Shelter Care

Sort Order by Facility Name

| Facility Name and Address<br>Phone Number/Contact Person   | Licensee Name, Phone Number<br>and Mailing Address   | Provider Type:<br>Class:   | Capacity:<br>Gender:  |
|--|--|--|---|
| Winnebago County Shelter Care<br>2831 Harrison<br>Oshkosh, WI 54901<br>(920) 479-0532 Mitchell Mcparlon<br>County: Winnebago | Lutheran Social Services WI UP Inc<br>(414) 246-2300<br>C/O Héctor Colón<br>Box 88730<br>Milwaukee, WI 53288 | Shelter Care<br>Small<br>License Status: Closed<br>Licensor: Smith, Clint<br>Profit/Non: NonProfit | 8<br>M/F<br>Age: 10Y-17Y<br>Provider ID: 8049288<br>Initial License: 02/24/2014 |

**Target Groups:** Children in Need of Protection (CHIPS)  
 Delinquent/Corrections  
 Juvenile in Need of Protection (JIPS)  
 Voluntary Placements

### Subject Alternative Uses

In consideration of the subject’s current residential style healthcare layout, it is highly likely that alternative users for the improvements would include office, medical office, and other residential style healthcare uses.

## Conclusion

The subject is a behavior healthcare facility serving the youth age cohort. It is situated within a n adequate market for healthcare services with modest population and household growth. The facility has an experienced operator and is expected to achieve and maintain sustained demand for provided behavior healthcare services.

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## Highest and Best Use

In appraisal practice, the concept of highest and best use represents the premise upon which value is based. The four criteria the highest and best use must meet are:

- legally permissible;
- physically possible;
- financially feasible; and
- maximally productive.

The highest and best use analysis of the subject is discussed below.

### AS VACANT

#### Legal Permissibility

The legally permissible uses were discussed in the Site Analysis and Zoning Sections.

#### Physical Possibility

The subject is adequately served by utilities, and has an adequate shape and size, sufficient access, etc., to be a separately developable site. There are no known physical reasons why the subject site would not support any legally probable development (i.e. it appears adequate for development).

#### Financial Feasibility

The determination of financial feasibility is dependent primarily on the relationship of supply and demand for the legally probable land uses versus the cost to create the uses. When considering the permitted and physically possible uses as well as the current market conditions within the subject's local market, the subject site would most likely be feasible for development with residential use, including a residential healthcare use. Additionally, development of a build-to-suit structure for a specific tenant/owner is also considered financially feasible.

#### Maximum Productivity - Conclusion

The final test of highest and best use of the site as if vacant is that the use be maximally productive, yielding the highest return to the land.

Based on the information presented above and upon information contained in the market and neighborhood analysis, we conclude that the highest and best use of the primary subject site as if vacant would be the development of a residential use, including a residential healthcare use. Our analysis of the subject and its respective market characteristics indicate the most likely buyer, as if vacant, would be an investor (land speculation) or a developer.

## **AS IMPROVED**

### **Legal Permissibility**

The site has been improved with an eight unit residential healthcare use, which is a legal, conforming use.

### **Physical Possibility**

The layout and positioning of the improvements are considered functional for residential healthcare use. While it would be physically possible for a wide variety of uses, based on the legal restrictions and the design of the improvements, the continued use of the property for healthcare users would be the most functional use.

### **Financial Feasibility**

The financial feasibility of a healthcare property is based on the amount of rent which can be generated, less operating expenses required to generate that income; if a residual amount exists, then the land is being put to a productive use. Based upon the income capitalization approach conclusion, as well as an analysis of rental value from similar behavioral health facilities, the subject is highly marketable for its behavior health use with positive net cash flow producing capability, and continued utilization of the improvements for residential healthcare services is considered financially feasible. Further, the value of the improvements detailed clearly exceeds the underlying land value.

### **Maximum Productivity - Conclusion**

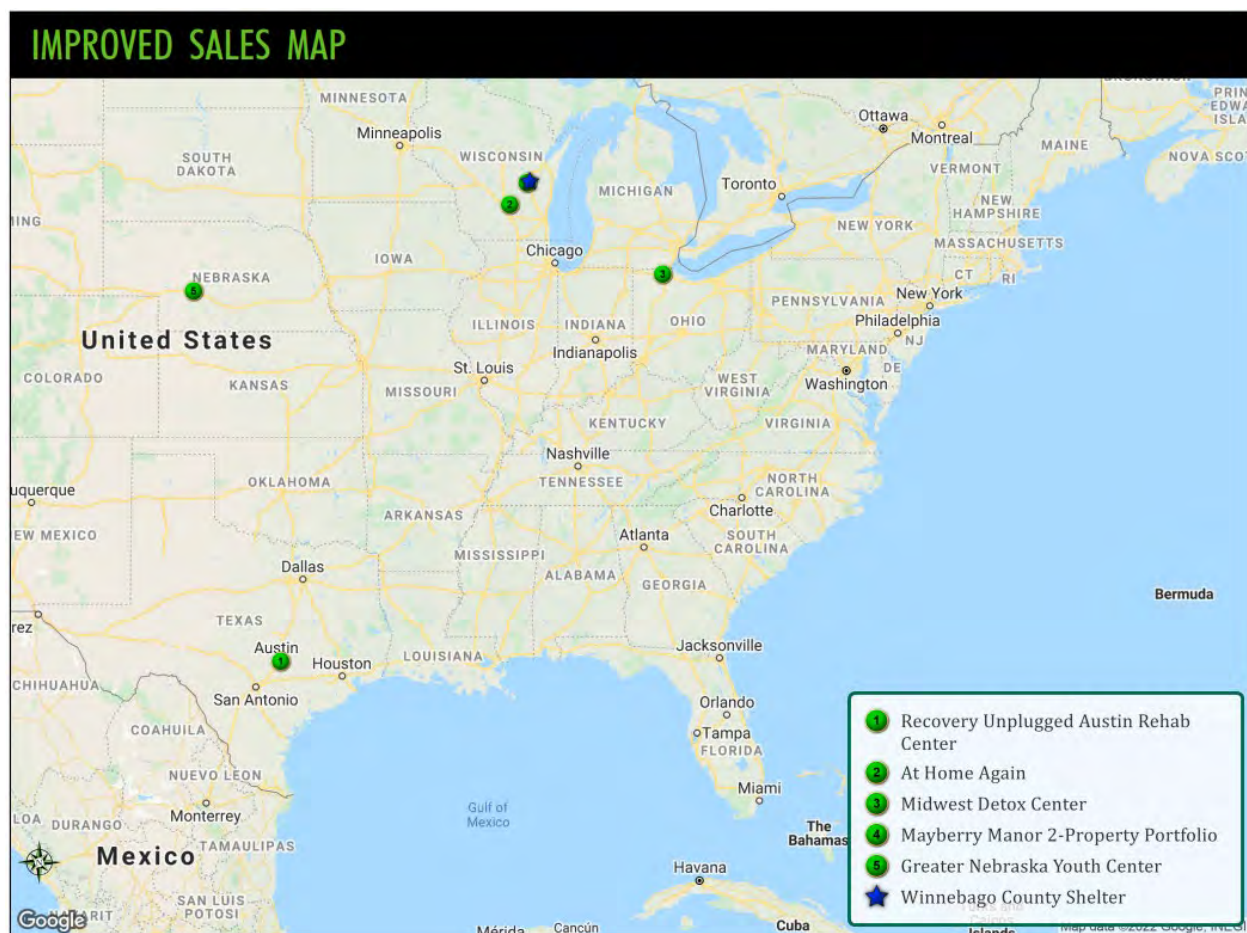
As shown in the applicable valuation sections, buildings that are similar to the subject have been acquired or continue to be used by healthcare owners/tenants. Based on the foregoing, the highest and best use of the property, as improved, is consistent with the continued use as a residential healthcare development. The most likely buyer for the subject property is a regional or national investor or healthcare system.

## Sales Comparison Approach

In analyzing value for the subject, we have included both leased fee and fee simple transactions. Our analysis includes consideration for occupancy as well as, for leased-fee transactions, any in-place lease rates in comparison to our conclusions as presented in the Income Capitalization Approach section. When considering the available dataset and market activity, this methodology is considered appropriate in providing an estimate of value for the subject's real estate. The sales utilized represent the best data available for comparison with the subject.

Our search for comparable sales included a search of the subject's local market. Additionally, consistent with the most probable purchaser and given the specialty healthcare property type, we expanded our search to consider a greater regional dataset. Note that our search for comparable data was expanded to include an assortment of specialty healthcare and medical office properties. The sales utilized represent the best data available for comparison with the subject.

The following map and table summarize the comparable data used in the valuation of the subject. A detailed description of each transaction is included in the addenda.



| SUMMARY OF COMPARABLE SALES |  |                  |                  |              |          |                                  |                           |      |            |        |
|-----------------------------|--|------------------|------------------|--------------|----------|----------------------------------|---------------------------|------|------------|--------|
| No.                         | Property Name  | Transaction Type | Transaction Date | YOC / Reno'd | NRA (SF) | Adjusted Sale Price <sup>1</sup> | Price Per SF <sup>1</sup> | Occ. | NOI Per SF | OAR    |
| 1                           | Recovery Unplugged Austin Rehab Center,<br>14109 FM 969<br>Austin, TX 78724      | Sale             | Apr-19           | 1962 / 2017  | 8,775    | \$1,635,000                      | \$186.32                  | 100% | \$14.75    | 7.92%  |
| 2                           | At Home Again,<br>403 Lowville Rd<br>Rio, WI 53960                               | Sale             | Jun-20           | 2000         | 12,379   | \$1,500,000                      | \$121.17                  | 100% | \$7.27     | 6.00%  |
| 3                           | Midwest Detox Center,<br>1757 Indian Wood Circle<br>Maumee, OH 43537             | Sale             | Jun-21           | 1996 / 2020  | 10,431   | \$1,842,418                      | \$176.63                  | 100% | \$14.44    | 8.17%  |
| 4                           | Mayberry Manor 2-Property Portfolio,<br>3539 Witzel Ave<br>Oshkosh, WI 54904     | Sale             | Jul-21           | 2015         | 10,462   | \$1,850,000                      | \$176.83                  | 81%  | \$21.93    | 12.40% |
| 5                           | Greater Nebraska Youth Center,<br>2300 East 2nd Street<br>North Platte, NE 69101 | Under Contract   | Oct-21           | 1997         | 11,244   | \$760,000                        | \$67.59                   | 100% | n/a        | n/a    |
| Subj. Pro Forma             | Winnebago County Shelter,<br>2831 Harrison Street<br>Oshkosh, WI 54901           | ---              | ---              | 1988         | 9,320    | ---                              | ---                       | 100% | ---        | ---    |

<sup>1</sup> Adjusted sale price for cash equivalency, lease-up and/or deferred maintenance (where applicable)  
Compiled by CBRE

## DISCUSSION/ANALYSIS OF IMPROVED SALES

### Improved Sale One

This comparable represents an 8,775-square foot, 18-bed, single-tenant behavior healthcare facility in Austin, TX. The two-building, single-story improvements were built in 1962, renovated in 2017, and are situated on a 2.04-acre site. The facility is 100% occupied by Recovery Unplugged, an operator of drug and alcohol rehabilitation facilities with 9 locations across the United States. Recovery Unplugged facilities offer inpatient, outpatient, intensive outpatient (IOP), partial hospitalization (PHP), dual diagnosis, and long-term treatment services to individuals with drug and alcohol addictions. The company operates three facilities in Austin including a Detox Center, Treatment Center, and Rehab Center. This comparable's operation, Recovery Unplugged Austin Rehab Center, offers inpatient and PHP treatment services. In April 2019 the property sold as part of a sale/leaseback transaction for a reported \$1,635,000 or \$186.32 per square foot. The seller, Recovery Unplugged, leased back the facility for 10 years at \$129,431 annually on an absolute net basis (\$14.75 per square foot). The lease began at closing and includes four, five-year extension options and 2.5% annual escalations beginning in Year 4 of the lease. The in-place lease rate corresponds to a cap rate of 7.92%.

The upward market conditions (time) adjustment reflects the improved market conditions since the date of sale. The downward adjustment for location reflects this comparable's superior feature with respect to employment center proximity. In terms of age/condition, this comparable was judged superior due to its more recent year of construction and received a downward adjustment for this characteristic. Overall, this comparable was deemed superior in comparison to the subject and a downward net adjustment was warranted to the sales price indicator.



### Improved Sale Two

This comparable represents the leased sale of a 24-bed assisted living and memory care community. The property was built in 2000 and is in average condition. The reported capitalization rate was 6.00% indicated an NOI of \$90,000. The property sold for \$1,500,000 or \$62,500 per revenue unit.

The upward market conditions (time) adjustment reflects the improved market conditions since the date of sale. In terms of age/condition, this comparable was judged superior due to its more recent year of construction and received a downward adjustment for this characteristic. Overall, this comparable was deemed superior in comparison to the subject and a downward net adjustment was warranted to the sales price indicator.

### Improved Sale Three

This comparable represents the sale of a 10,431-square foot medical office building located at 1757 Indian Wood Circle in Maumee, Lucas County, Ohio. Built in 1996 with a renovation in 2020, the comparable was considered to be in average condition at the time of sale. The 1.996-acre site includes a surface parking ratio of 6.71 spaces per 1,000 square feet of net rentable area. Occupancy was 100% by a single tenant who had 5.5 years of lease term left at the time of sale. In June 2021, the comparable was sold for the total consideration of \$1,825,418, or \$175.00 per square foot. Both the buyer and the selling broker confirmed details on the transaction. A \$17,000 credit for gutters was made; the adjusted sale price is \$1,842,418, or \$176.63 per square foot. The transaction equates to an 8.17% overall capitalization rate. Marketing time totaled 1-2 months according to the selling broker. The original asking price was \$1,943,195, or a 5% discount from listing price (adjusted sale price).

The downward adjustment for location reflects this comparable's superior feature with respect to employment center proximity. In terms of age/condition, this comparable was judged superior due to its more recent year of construction and received a downward adjustment for this characteristic. A downward adjustment was applied to this comparable for its superior quality of construction attribute when compared to the subject, based upon the differences in construction class. Overall, this comparable was deemed superior in comparison to the subject and a downward net adjustment was warranted to the sales price indicator.

### Improved Sale Four

Mayberry Manor of Oshkosh and Fond Du Lac are two residential-style assisted living communities, situated in rural locations. The improvements of both properties were built in 2015 and are in good condition. Amenities and services offered are consistent to the local market. The communities had a combined occupancy of 81% at the time of sale. The buyer purchased the communities as an operator-owner.

In terms of age/condition, this comparable was judged superior due to its older year of construction and inferior condition and received a downward adjustment for this characteristic. A

downward adjustment was applied to this comparable for its superior quality of construction attribute when compared to the subject, based upon the differences in construction class. The adjustment for tenancy was warranted due to its assisted living occupancy including FF&E and intangible value. Therefore, a downward adjustment was judged proper for this comparable. Overall, this comparable was deemed superior in comparison to the subject and a downward net adjustment was warranted to the sales price indicator.

#### **Improved Sale Five**

The subject is an 11,244-square foot, one-story, office and group home building located at 2300 East 2nd Street in North Platte, Nebraska. The improvements were constructed in 1997 and are situated on a 2.55-acre site. The property is under contract to be purchased by Andy and Sarah Johnson for \$760,000 or \$67.59 per square foot. The property is 100% occupied by Greater Nebraska Youth Center who will continue operations after the sale.

The upward adjustment for location reflects this comparable's inferior feature with respect to this property's rural location. An upward adjustment was applied to this comparable for its inferior quality of construction attribute when compared to the subject, based upon the differences in construction class. Overall, this comparable was deemed inferior in comparison to the subject and an upward net adjustment was warranted to the sales price indicator.

## SUMMARY OF ADJUSTMENTS

Based on our comparative analysis, the following chart summarizes the adjustments warranted to each comparable.

| COMPARABLE SALES ADJUSTMENT GRID |                 |                 |                 |                 |                |                    |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|----------------|--------------------|
| Comparable Number                | 1               | 2               | 3               | 4               | 5              | Subj. Pro<br>Forma |
| Transaction Type                 | Sale            | Sale            | Sale            | Sale            | Under Contract | ---                |
| Transaction Date                 | Apr-19          | Jun-20          | Jun-21          | Jul-21          | Oct-21         | ---                |
| Year Built/Renovated             | 1962 / 2017     | 2000            | 1996 / 2020     | 2015            | 1997           | 1988               |
| NRA (SF)                         | 8,775           | 12,379          | 10,431          | 10,462          | 11,244         | 9,320              |
| Adjusted Sale Price <sup>1</sup> | \$1,635,000     | \$1,500,000     | \$1,842,418     | \$1,850,000     | \$760,000      | ---                |
| Occupancy                        | 100%            | 100%            | 100%            | 81%             | 100%           | 100%               |
| NOI Per SF                       | \$14.75         | \$7.27          | \$14.44         | \$21.93         | n/a            | \$8.00             |
| OAR                              | 7.92%           | 6.00%           | 8.17%           | 12.40%          | n/a            | ---                |
| Adj. Price Per SF                | \$186.32        | \$121.17        | \$176.63        | \$176.83        | \$67.59        |                    |
| Property Rights Conveyed         | 0%              | 0%              | 0%              | 0%              | 0%             |                    |
| Financing Terms <sup>1</sup>     | 0%              | 0%              | 0%              | 0%              | 0%             |                    |
| Conditions of Sale               | 0%              | 0%              | 0%              | 0%              | 0%             |                    |
| Market Conditions (Time)         | 5%              | 5%              | 0%              | 0%              | 0%             |                    |
| Subtotal - Price Per SF          | \$195.64        | \$127.23        | \$176.63        | \$176.83        | \$67.59        |                    |
| Location                         | -20%            | 0%              | -10%            | 0%              | 10%            |                    |
| Size                             | 0%              | 0%              | 0%              | 0%              | 0%             |                    |
| Age/Condition                    | -15%            | -10%            | -15%            | -15%            | 0%             |                    |
| Quality of Construction          | 0%              | 0%              | -10%            | -10%            | 10%            |                    |
| Parking                          | 0%              | 0%              | 0%              | 0%              | 0%             |                    |
| Tenancy                          | 0%              | 0%              | 0%              | -15%            | 0%             |                    |
| Amenities                        | 0%              | 0%              | 0%              | 0%              | 0%             |                    |
| Other                            | 0%              | 0%              | 0%              | 0%              | 0%             |                    |
| Total Other Adjustments          | -35%            | -10%            | -35%            | -40%            | 20%            |                    |
| <b>Indicated Value Per SF</b>    | <b>\$127.16</b> | <b>\$114.51</b> | <b>\$114.81</b> | <b>\$106.10</b> | <b>\$81.11</b> |                    |
| <i>Absolute Adjustment</i>       | 40%             | 15%             | 35%             | 40%             | 20%            |                    |

<sup>1</sup> Adjusted for cash equivalency, lease-up and/or deferred maintenance (where applicable)

Compiled by CBRE

**SALE PRICE PER SQUARE FOOT CONCLUSION**

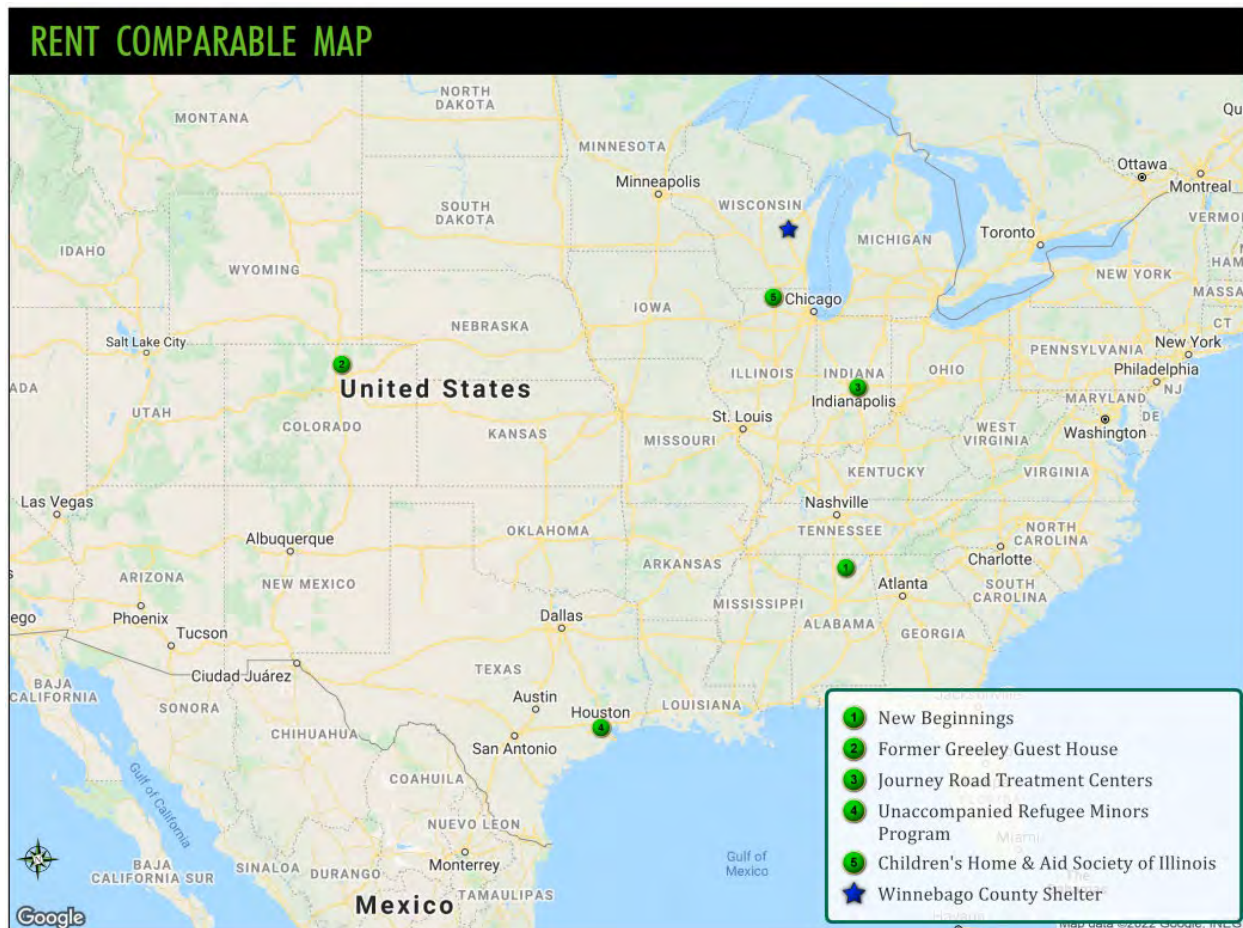
The comparables have an unadjusted range of between \$67.59 and \$186.32 per square foot. After applying adjustments, the comparable range narrows to a price-indication of \$81.11 to \$127.16 per square foot, with a mean of \$108.74 per square foot. Comparables 2 and 5 were given primary consideration as they represented the least level of overall adjustments. The following chart presents the valuation conclusion:

| <b>SALES COMPARISON APPROACH</b>  |          |                     |          |                  |
|-----------------------------------|----------|---------------------|----------|------------------|
| <b>NRA (SF)</b>                   | <b>X</b> | <b>Value Per SF</b> | <b>=</b> | <b>Value</b>     |
| 9,320                             | X        | \$90.00             | =        | \$838,800        |
| 9,320                             | X        | \$100.00            | =        | \$932,000        |
| <b>VALUE CONCLUSION</b>           |          |                     |          |                  |
| <b>Indicated Stabilized Value</b> |          |                     |          | \$885,400        |
| <b>Rounded</b>                    |          |                     |          | <b>\$900,000</b> |
| <b>Value Per SF</b>               |          |                     |          | \$96.57          |
| Compiled by CBRE                  |          |                     |          |                  |

## Income Capitalization Approach

Comparable properties have been surveyed in order to identify the lease trends within the subject's local and regional market area. These comps were chosen based upon the type of space offered, size of the space and location, among other considerations. Few institutional behavior healthcare facility lease rates were available within the subject's greater market area, thus we expanded our search throughout the United States.

The following map and table summarize the primary comparable data used in the valuation of the subject. A detailed description of each transaction is included in the addenda.



| <b>SUMMARY OF COMPARABLE RENTALS</b> |  |                     |             |                 |                      |                  |
|--------------------------------------|--|---------------------|-------------|-----------------|----------------------|------------------|
| <b>No.</b>                           | <b>Property Name and Location</b>  | <b>YOC / Reno'd</b> | <b>Occ.</b> | <b>NRA (SF)</b> | <b>Expense Basis</b> | <b>Base Rent</b> |
| 1                                    | New Beginnings<br>318 Hamer Road,<br>Owens Cross Roads, AL                           | 1965                | 100%        | 21,537          | NNN                  | \$7.29 PSF       |
| 2                                    | Former Greeley Guest House<br>5401 West 9th Street,<br>Greeley, CO                   | 1995                | 100%        | 16,012          | NNN                  | \$13.80 PSF      |
| 3                                    | Journey Road Treatment Centers<br>1201 North Post Road, Suite 4,<br>Indianapolis, IN | 1986                | 100%        | 5,077           | Modified Gross       | \$14.18 PSF      |
| 4                                    | Unaccompanied Refugee Minors<br>Program<br>7441 Coffee Street,<br>Houston, TX        | 1970                | 100%        | 33,838          | Absolute Net         | \$12.00 PSF      |
| 5                                    | Children's Home & Aid Society of<br>Illinois<br>424 7th Street,<br>Rockford, IL      | 1920                | 100%        | 23,823          | NNN                  | \$10.13 PSF      |
| Subj.                                | Winnebago County Shelter<br>2831 Harrison Street,<br>Oshkosh, Wisconsin              | 1988                | 0%          | 9,320           | ---                  | ---              |

Compiled by CBRE

## RENT COMPARABLE DISCUSSION

### Rent Comparable One

This comparable represents a special purpose, medical treatment facility. The improvements are currently operating as New Beginnings, Sequel Youth and Family Services which serves adolescent girls aged 12-18 with behavioral and emotional issues. The facility is currently licensed for 40 beds. The property includes 21,537 square feet and is located on a 28.50-acre site served by all public utilities including water, sewer, natural gas and electric. There is a triple net lease in place with the base term expiring in 2022. The lease also includes two, five-year options. Per the marketing materials, the in-place NOI is \$156,917 which equates to a \$7.28 per square foot rental rate.

### Rent Comparable Two

This comparable represents the 2018 leasing of the former Greeley Guesthouse in central-western Greeley, Colorado. The property is situated at the northwest corner of 9th Street's four-way, non-signalized intersection with 54th Avenue. The property, which had previously served as a boutique hotel and events center, had recently (August 2018) been acquired by the current owners, who are developers out of Salt Lake City, UT, for \$1,850,000 considering the fee simple estate, and was subsequently rezoned the property from PUD to CL, then leased and renovated for occupancy by Family Help & Wellness. Per marketing material, Family Help & Wellness is the leading provider of private pay behavioral health for adolescents and young adults with 17 locations and over 600 employees. Family Help & Wellness signed a new 10 year



lease, with 10% escalations every 5 years, with a corporate guarantee. As part of the lease, the landlord paid for \$359,038 worth of renovations to the property (i.e. \$22.42/sf), in converting it from the hotel use into the wellness center.

### Rent Comparable Three

This comparable represents the lease of space within the Post Road Medical Center development, a 13,681-square foot multi-tenant medical office condominium located at the northeast corner of Post Road and 12th Street on the southeast side of Indianapolis, Indiana. The property consists of a mix of various medical office occupancies, including a medical lab, addiction treatment center, and dental practice. The comparable building was constructed in 1986 and is in average overall condition. In January 2020, Acorn Addiction Centers, LLC, d/b/a Journey Road Treatment Centers leased Unit 4 at a base rental rate of \$14.18 per square foot on a modified gross basis with the tenant responsible for utilities, interior maintenance, and janitorial expenses. The lease is flat in Year 1-5 but increases by 25% to \$17.73 per square foot in Years 6-10. The lease includes one 5-year option at a rental rate of \$21.27 per square foot, a 20% increase in rent from Years 6-10.

### Rent Comparable Four

This comparable represents a 33,838-square foot, former assisted living facility located in the Sunnyside neighborhood of Houston, Texas. The single-story improvements were built in 1970 and are located on a 1.77-acre site. In September 2019 the U.S. Government's Unaccompanied Refugee Minors Program leased the property for use as a residential living facility for children. The children in the program received housing, care, and educational services at the facility. The three year lease was signed at \$12.00 per square foot on an absolute net basis. The lease also included one 10-year extension option. The tenant completed significant renovations prior to occupying the property including a new HVAC system, adding a classroom area, and renovating the bedrooms and bathrooms. The former assisted living operation included 50 units and 100 beds.

### Rent Comparable Five

This comparable is located at 424 7th Street in Rockford, Winnebago County, Illinois. The building is a 23,823 SF masonry constructed professional office building on 0.45-acres of land. The building was constructed in 1920 and is in overall fair condition. The Children's Home & Aid Society of Illinois signed a 10-year lease in March 2017 at \$9.00/SF NNN with 3.0% annual increases.

### Rent Comparable Summary & Analysis

The subject is 100% owner-occupied with no operating lease in place. As a result, we have concluded to a market-based lease rate.

The comparable lease rates provide a range of \$7.29 to \$13.80 per square foot (annually) on an NNN or Absolute Net Lease basis and one lease at \$14.18 per square foot on a modified gross

basis. All of the comparables represent residential-style, behavioral health or specialty medical facilities.

### **National Dataset**

For a secondary indication of a market-based lease rate, we have included the following national dataset inclusive behavioral healthcare facilities.

| BEHAVIOR HEALTHCARE LEASES  |                      |                    |                 |                |                 |
|---|----------------------|--------------------|-----------------|----------------|-----------------|
| Facility<br>Tenant Use<br>Location (State)  | Improvements:        |                    |                 | Lease Rate:    |                 |
|   | Age<br>Quality       | Beds<br>SF         | Avg SF /<br>Bed | Per SF         | Per Bed         |
| <b>Futures of Palm Beach</b><br>BHC Residential<br>Tequesta, Florida              | 2012<br>Good         | 105<br>116,944     | 1,114           | <b>\$13.06</b> | <b>\$14,545</b> |
| <b>Confidential</b><br>BHC Residential<br>Boca Raton, Florida                     | 1973<br>Average      | 48<br>11,574       | 241             | <b>\$17.21</b> | <b>\$4,149</b>  |
| <b>Serenity Oaks Wellness Center</b><br>BHC Residential<br>Dania Beach, FL        | 1962<br>Good         | 42<br>22,936       | 546             | <b>\$18.54</b> | <b>\$10,125</b> |
| <b>W. Mass. Correctional Alcohol Center</b><br>BHC Residential<br>Springfield, MA | 1950<br>Good         | 152<br>52,000      | 342             | <b>\$6.73</b>  | <b>\$2,303</b>  |
| <b>Fieldview at Holland</b><br>BHC Residential<br>Wichita, KS                     | 2010<br>Good         | 32<br>18,540       | 579             | <b>\$14.89</b> | <b>\$8,625</b>  |
| <b>Patio Island Resort</b><br>BHC Residential<br>West Palm Beach, FL              | 1971<br>Average      | 31 Units<br>24,222 | 781             | <b>\$14.55</b> | <b>\$11,371</b> |
| <b>Alternatives in Treatment</b><br>BHC Residential<br>West Palm Beach, FL        | 1991/2002<br>Good    | 170<br>79,830      | 470             | <b>\$18.00</b> | <b>\$8,453</b>  |
| <b>The Woods At Parkside</b><br>BHC Residential<br>Columbus, OH                   | 1982<br>Average      | 50<br>23,735       | 475             | <b>\$18.23</b> | <b>\$8,654</b>  |
| <b>Choices Behavior Health &amp; Wellness</b><br>BHC - PSYCH<br>New Orleans, LA   | 1968/2006<br>Average | 18<br>8,000        | 444             | <b>\$18.36</b> | <b>\$8,160</b>  |
| <b>Oceans Midland Behavior Health</b><br>BHC Residential<br>Midland, TX           | 1986<br>Average      | 62<br>52,905       | 853             | <b>\$7.94</b>  | <b>\$6,775</b>  |
| <b>Lake Pines Hospital</b><br>PSYCH<br>Kenner, LA                                 | 2003<br>Average      | 36<br>14,986       | 416             | <b>\$16.01</b> | <b>\$6,667</b>  |
| <b>Sovereign Health San Diego</b><br>Residential/Detox<br>San Diego, CA           | 1970<br>Average      | N/A<br>33,643      | N/A             | <b>\$11.57</b> | <b>N/A</b>      |
| <b>First Step Detox</b><br>BHC - Detox<br>Bridgeport, CT                          | 1957<br>Average      | 120<br>62,635      | 522             | <b>\$10.38</b> | <b>\$5,418</b>  |
| <b>Solutions Recovery (AAC)</b><br>BHC Residential<br>Las Vegas, NV               | 1990<br>Average      | N/A<br>69,173      | N/A             | <b>\$8.82</b>  | <b>N/A</b>      |
| <b>Best Care Treatment</b><br>BHF Detox/Residential<br>Klamath Falls, OR          | 1962<br>Average      | 56<br>24,000       | 429             | <b>\$6.97</b>  | <b>\$2,985</b>  |
| <b>Recovery Works Cambridge City</b><br>BHC Residential<br>Cambridge, IN          | 2016<br>Good         | 32<br>15,540       | 486             | <b>\$17.40</b> | <b>\$8,449</b>  |
| <b>Recovery Unplugged Austin Detox</b><br>BHC - Detox/Residential<br>Austin, TX   | 1958/2010<br>Good    | 18<br>8,390        | 466             | <b>\$21.00</b> | <b>\$9,788</b>  |
| <b>Recovery Unplugged Austin Rehab</b><br>BHC - Residential<br>Austin, TX         | 1962/2017<br>Good    | 18<br>8,775        | 488             | <b>\$14.75</b> | <b>\$7,191</b>  |
| <b>Resolutions Arlington</b><br>BHC - Residential<br>Arlington, TX                | 1985/2018<br>Good    | 133<br>64,256      | 483             | <b>\$12.94</b> | <b>\$6,250</b>  |
| <b>Resolutions Las Vegas</b><br>BHC - Residential<br>Las Vegas, NV                | 1985/2018<br>Average | 166<br>57,500      | 346             | <b>\$14.46</b> | <b>\$5,009</b>  |
| <b>A New Entry - Webberville</b><br>BHC Residential<br>Austin, TX                 | 1963<br>Average      | N/A<br>7,778       | N/A             | <b>\$7.71</b>  | <b>N/A</b>      |
| <b>Harmony Hills</b><br>BHC Residential<br>Altoona, FL                            | 1984/2016<br>Average | 46<br>33,582       | 730             | <b>\$12.36</b> | <b>\$9,022</b>  |
| Range Minimum:  |                      |                    |                 | \$6.73         | \$2,303         |
| <b>Lower Percentile of Range (25%):</b>   |                      |                    |                 | <b>\$10.68</b> | <b>\$5,834</b>  |
| <b>Mean:</b>  |                      |                    |                 | <b>\$13.72</b> | <b>\$7,576</b>  |
| <b>Upper Percentile of Range (75%):</b>   |                      |                    |                 | <b>\$17.35</b> | <b>\$8,838</b>  |
| Range Maximum:  |                      |                    |                 | \$21.00        | \$14,545        |

The dataset provides a range of \$6.73 to \$21.00 per square foot. This range is relatively broad as it incorporates variation in market locations, facility physical features, age, and average size per bed.

### **MARKET RENT CONCLUSION**

In consideration of available competitive alternatives in the market with consideration to the subject's age, condition and location, the subject's market rate is reasonably represented in the rounded amount of \$8.00 per square foot on a triple net basis. When compared to the national dataset, the indicated lease rate of \$8.00 per square foot for the subject is reasonable. In all, this national comparable dataset is considered to provide further support for the subject's reconciled market rent.

### **VACANCY & COLLECTION LOSS**

Market participants do not typically apply vacancy and collection loss when underwriting similar single-occupant assets. Thus, to reflect the market, perceived vacancy risk is considered in the overall capitalization rate selection.

### **OPERATING EXPENSE ANALYSIS**

Lease rates for similar single-occupant, net leased properties are on a NNN or absolute net lease basis in which operating expenses are passed-through to the tenant. The risk of a higher tax assessment is mitigated by the NNN expense structure incorporated in this analysis. Thus, we have not, therefore, forecasted any of these expenses. Additionally, during this assignment, we were not provided the subject's trailing operating expenses. Any out-of-pocket landlord expenses are incorporated within the capitalization rate selection.

### **NET OPERATING INCOME**

When incorporating the lease rate conclusion, and the vacancy & collection loss as well as operating expense assertions, the corresponding net operating income is \$74,560.

### **DIRECT CAPITALIZATION**

Direct capitalization is a method used to convert a single year's estimated stabilized net operating income into a value indication. The following subsections represent different techniques for deriving an overall capitalization rate.

#### **Comparable Sales**

The overall capitalization rates (OARs) confirmed for the comparable sales analyzed in the sales comparison approach are as follows:

| <b>COMPARABLE CAPITALIZATION RATES</b> |           |                  |           |                     |
|--|-----------|------------------|-----------|---------------------|
| Sale                                   | Sale Date | Sale Price \$/SF | Occupancy | OAR                 |
| 1                                      | Apr-19    | \$186.32         | 100%      | 7.92%               |
| 2                                      | Jun-20    | \$121.17         | 100%      | 6.00%               |
| 3                                      | Jun-21    | \$130.28         | 100%      | 9.23%               |
| 4                                      | Jul-21    | \$176.83         | 81%       | 12.40%              |
| <b>Indicated OAR:</b>                  |           |                  | 100%      | <b>6.00%-12.40%</b> |
| Compiled by: CBRE                      |           |                  |           |                     |

With consideration of the physical features and location of each property compared to the subject, weight is placed on the midpoint and more recent transactions of the above dataset.

### Published Investor Surveys

The results of the most recent investor surveys are summarized in the following chart.

| <b>OVERALL CAPITALIZATION RATES</b>              |                |                    |
|--|----------------|--------------------|
| Investment Type                                  | OAR Range      | Average            |
| <i>The Boulder Group - Q3 2021</i>               |                |                    |
| Net Lease Medical                                |                | 5.95%              |
| Other Medical                                    |                | 6.55%              |
| <i>PwC Real Estate Investor Survey - Q4 2021</i> |                |                    |
| Medical Office Buildings - National              | 4.00% - 10.00% | 6.36%              |
| Net Lease Market - National                      | 5.00% - 7.50%  | 6.22%              |
| <i>RealtyRates Investor Survey - Q4 2021</i>     |                |                    |
| Senior Housing - Assisted Living Facilities      | 4.64% - 12.09% | 7.36%              |
| Medical Office Buildings                         | 5.91% - 12.97% | 8.89%              |
| Suburban Office                                  | 4.75% - 12.00% | 7.59%              |
| <b>Indicated OAR:</b>                            |                | <b>6.50%-8.00%</b> |

In addition to the above data, CBRE U.S. Healthcare Capital Markets Group recently published a 2021 Healthcare Real Estate Investor & Developer Survey that shows capitalization rates separated by use category, as included in the following chart. As shown below, regarding behavioral hospitals, 70% of respondents reported capitalization rates between 6.50% to 8.50%; notably, these capitalization rates are mostly for institutional assets with strong credit/quality tenants.

| CAP RATE                          | Above<br>9.00% | 8.50%<br>- 8.99% | 8.00%<br>- 8.49% | 7.50%<br>- 7.99% | 7.00%<br>- 7.49% | 6.50%<br>- 6.99% | 6.00%<br>- 6.49% | 5.50%<br>- 5.99% | 5.00%<br>- 5.49% | 4.50%<br>- 5.00% | 4.00%<br>- 4.49% |
|-----------------------------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Medical Office Building           | 1%             | 0%               | 0%               | 3%               | 1%               | 8%               | 10%              | 23%              | 32%              | 17%              | 5%               |
| Freestanding Emergency Department | 2%             | 3%               | 3%               | 7%               | 19%              | 17%              | 24%              | 14%              | 2%               | 9%               | 0%               |
| Ambulatory Surgery Center         | 1%             | 1%               | 0%               | 1%               | 7%               | 9%               | 26%              | 28%              | 15%              | 10%              | 0%               |
| Wellness Center                   | 2%             | 2%               | 8%               | 8%               | 10%              | 20%              | 27%              | 7%               | 8%               | 5%               | 2%               |
| Acute Care Hospital               | 0%             | 6%               | 6%               | 11%              | 17%              | 23%              | 11%              | 8%               | 6%               | 11%              | 2%               |
| Long Term Acute Care Hospital     | 10%            | 10%              | 10%              | 24%              | 12%              | 8%               | 6%               | 2%               | 12%              | 8%               | 0%               |
| Rehabilitation Hospital           | 0%             | 4%               | 4%               | 15%              | 16%              | 20%              | 20%              | 9%               | 7%               | 5%               | 0%               |
| Behavioral Hospital               | 0%             | 4%               | 15%              | 15%              | 19%              | 21%              | 12%              | 6%               | 4%               | 4%               | 0%               |
| Skilled Nursing Facility          | 22%            | 10%              | 18%              | 12%              | 6%               | 10%              | 8%               | 6%               | 8%               | 2%               | 0%               |
| Life Sciences                     | 2%             | 0%               | 2%               | 4%               | 4%               | 5%               | 14%              | 20%              | 20%              | 16%              | 14%              |

### Band of Investment

The band of the investment technique has been utilized as a crosscheck to the foregoing techniques. The Mortgage Interest Rate and the Equity Dividend Rate (EDR) are based upon current market yields for similar investments. The analysis is shown in the following table:

| <b>BAND OF INVESTMENT</b>            |      |   |                   |
|--------------------------------------|------|---|-------------------|
| Mortgage Interest Rate               |      |   | 4.00%             |
| Mortgage Term (Amortization Period)  |      |   | 30 Years          |
| Mortgage Ratio (Loan-to-Value)       |      |   | 75%               |
| Mortgage Constant (monthly payments) |      |   | 0.05729           |
| Equity Dividend Rate (EDR)           |      |   | 15.00%            |
| Mortgage Requirement                 | 75%  | x | 0.05729 = 0.04297 |
| Equity Requirement                   | 25%  | x | 0.15000 = 0.03750 |
|                                      | 100% |   | 0.08047           |
| <b>Indicated OAR:</b>                |      |   | <b>8.00%</b>      |
| Compiled by: CBRE                    |      |   |                   |

### Capitalization Rate Conclusion

The following chart summarizes the OAR conclusions.

| <b>OVERALL CAPITALIZATION RATE - CONCLUSION</b> |               |
|---|---------------|
| Source  | Indicated OAR |
| Comparable Sales                                | 6.00%-12.40%  |
| Published Surveys                               | 7.59%         |
| Band of Investment                              | 8.00%         |
| <b>CBRE Estimate</b>                            | <b>9.00%</b>  |
| Compiled by: CBRE                               |               |

Overall, an OAR in the lower portion of the range indicated by the comparable data is considered appropriate for the following reasons:



## POSITIVE ATTRIBUTES

- Lutheran Social Services of Wisconsin & Upper Michigan, Inc. is considered an experienced provider of behavior healthcare services
- Recent operating data indicates market acceptance and stable operations generating a profit
- Proximity to several area hospitals

## NEGATIVE ATTRIBUTES

- Oshkosh is a tertiary market
- Aging building

## Direct Capitalization Summary

A summary of the direct capitalization is illustrated in the following chart.

| <b>DIRECT CAPITALIZATION SUMMARY</b> |       |                 |                  |
|--------------------------------------|-------|-----------------|------------------|
| <b>Income</b>                        |       | <b>\$/SF/Yr</b> | <b>Total</b>     |
| Potential Rental Income              |       | \$8.00          | \$74,560         |
| Vacancy                              | 0.00% | 0.00            | -                |
| <b>Effective Gross Income</b>        |       | <b>\$8.00</b>   | <b>\$74,560</b>  |
| <b>Operating Expenses</b>            |       | <b>\$0.00</b>   | <b>\$0</b>       |
| <b>Net Operating Income</b>          |       | <b>\$8.00</b>   | <b>\$74,560</b>  |
| <b>OAR</b>                           |       | ÷               | <b>9.00%</b>     |
| <b>Indicated Stabilized Value</b>    |       |                 | <b>\$828,444</b> |
| <b>Rounded</b>                       |       |                 | <b>\$850,000</b> |
| <b>Value Per SF</b>                  |       |                 | <b>\$91.20</b>   |
| Compiled by CBRE                     |       |                 |                  |

## Reconciliation of Value

The value indications from the approaches to value are summarized as follows:

| <b>SUMMARY OF VALUE CONCLUSIONS</b> |                  |
|-------------------------------------|------------------|
|                                     | As Is            |
|                                     | February 1, 2022 |
| Sales Comparison Approach           | \$900,000        |
| Income Capitalization Approach      | \$850,000        |
| <b>Reconciled Value</b>             | <b>\$850,000</b> |
| Compiled by CBRE                    |                  |

### Sales Comparison Approach

In the sales comparison approach, the subject is compared to similar properties that have been sold recently or for which listing prices or offers are known. The sales used in this analysis are considered highly comparable to the subject, and the required adjustments were based on reasonable and well-supported rationale. With only 2% of market participants reporting a reliance on price per square foot, a metric utilized in the sales comparison approach, this approach is considered to provide a reliable value indication but has been given secondary consideration in the final value reconciliation.

### Income Capitalization Approach

The income capitalization approach is applicable to the subject since it is an income producing property, and similar properties are regularly leased in the open market. Market participants are primarily analyzing properties based on their income generating capability. Therefore, the income capitalization approach is considered a reasonable and substantiated value indicator and has been given primary emphasis in the final value estimate.

### Conclusion

Based on the foregoing, the market value of the subject has been concluded as follows:

| <b>MARKET VALUE CONCLUSION</b> |                    |                  |                  |
|--------------------------------|--------------------|------------------|------------------|
| Appraisal Premise              | Interest Appraised | Date of Value    | Value Conclusion |
| As Is                          | Fee Simple Estate  | February 1, 2022 | \$850,000        |
| Compiled by CBRE               |                    |                  |                  |

---

## Assumptions and Limiting Conditions

1. CBRE, Inc. through its appraiser (collectively, "CBRE") has inspected through reasonable observation the subject property. However, it is not possible or reasonably practicable to personally inspect conditions beneath the soil and the entire interior and exterior of the improvements on the subject property. Therefore, no representation is made as to such matters.
2. The report, including its conclusions and any portion of such report (the "Report"), is as of the date set forth in the letter of transmittal and based upon the information, market, economic, and property conditions and projected levels of operation existing as of such date. The dollar amount of any conclusion as to value in the Report is based upon the purchasing power of the U.S. Dollar on such date. The Report is subject to change as a result of fluctuations in any of the foregoing. CBRE has no obligation to revise the Report to reflect any such fluctuations or other events or conditions which occur subsequent to such date.
3. Unless otherwise expressly noted in the Report, CBRE has assumed that:
  - (i) Title to the subject property is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. CBRE has not examined title records (including without limitation liens, encumbrances, easements, deed restrictions, and other conditions that may affect the title or use of the subject property) and makes no representations regarding title or its limitations on the use of the subject property. Insurance against financial loss that may arise out of defects in title should be sought from a qualified title insurance company.
  - (ii) Existing improvements on the subject property conform to applicable local, state, and federal building codes and ordinances, are structurally sound and seismically safe, and have been built and repaired in a workmanlike manner according to standard practices; all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; and the roof and exterior are in good condition and free from intrusion by the elements. CBRE has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. CBRE appraisers are not engineers and are not qualified to judge matters of an engineering nature, and furthermore structural problems or building system problems may not be visible. It is expressly assumed that any purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems.
  - (iii) Any proposed improvements, on or off-site, as well as any alterations or repairs considered will be completed in a workmanlike manner according to standard practices.
  - (iv) Hazardous materials are not present on the subject property. CBRE is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater, mold, or other potentially hazardous materials may affect the value of the property.
  - (v) No mineral deposit or subsurface rights of value exist with respect to the subject property, whether gas, liquid, or solid, and no air or development rights of value may be transferred. CBRE has not considered any rights associated with extraction or exploration of any resources, unless otherwise expressly noted in the Report.
  - (vi) There are no contemplated public initiatives, governmental development controls, rent controls, or changes in the present zoning ordinances or regulations governing use, density, or shape that would significantly affect the value of the subject property.
  - (vii) All required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, nor national government or private entity or organization have been or can be readily obtained or renewed for any use on which the Report is based.
  - (viii) The subject property is managed and operated in a prudent and competent manner, neither inefficiently or super-efficiently.
  - (ix) The subject property and its use, management, and operation are in full compliance with all applicable federal, state, and local regulations, laws, and restrictions, including without limitation environmental laws, seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, and licenses.
  - (x) The subject property is in full compliance with the Americans with Disabilities Act (ADA). CBRE is not qualified to assess the subject property's compliance with the ADA, notwithstanding any discussion of possible readily achievable barrier removal construction items in the Report.

- (xi) All information regarding the areas and dimensions of the subject property furnished to CBRE are correct, and no encroachments exist. CBRE has neither undertaken any survey of the boundaries of the subject property nor reviewed or confirmed the accuracy of any legal description of the subject property.

Unless otherwise expressly noted in the Report, no issues regarding the foregoing were brought to CBRE's attention, and CBRE has no knowledge of any such facts affecting the subject property. If any information inconsistent with any of the foregoing assumptions is discovered, such information could have a substantial negative impact on the Report. Accordingly, if any such information is subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. CBRE assumes no responsibility for any conditions regarding the foregoing, or for any expertise or knowledge required to discover them. Any user of the Report is urged to retain an expert in the applicable field(s) for information regarding such conditions.

4. CBRE has assumed that all documents, data and information furnished by or behalf of the client, property owner, or owner's representative are accurate and correct, unless otherwise expressly noted in the Report. Such data and information include, without limitation, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any error in any of the above could have a substantial impact on the Report. Accordingly, if any such errors are subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. The client and intended user should carefully review all assumptions, data, relevant calculations, and conclusions of the Report and should immediately notify CBRE of any questions or errors within 30 days after the date of delivery of the Report.
5. CBRE assumes no responsibility (including any obligation to procure the same) for any documents, data or information not provided to CBRE, including without limitation any termite inspection, survey or occupancy permit.
6. All furnishings, equipment and business operations have been disregarded with only real property being considered in the Report, except as otherwise expressly stated and typically considered part of real property.
7. Any cash flows included in the analysis are forecasts of estimated future operating characteristics based upon the information and assumptions contained within the Report. Any projections of income, expenses and economic conditions utilized in the Report, including such cash flows, should be considered as only estimates of the expectations of future income and expenses as of the date of the Report and not predictions of the future. Actual results are affected by a number of factors outside the control of CBRE, including without limitation fluctuating economic, market, and property conditions. Actual results may ultimately differ from these projections, and CBRE does not warrant any such projections.
8. The Report contains professional opinions and is expressly not intended to serve as any warranty, assurance or guarantee of any particular value of the subject property. Other appraisers may reach different conclusions as to the value of the subject property. Furthermore, market value is highly related to exposure time, promotion effort, terms, motivation, and conclusions surrounding the offering of the subject property. The Report is for the sole purpose of providing the intended user with CBRE's independent professional opinion of the value of the subject property as of the date of the Report. Accordingly, CBRE shall not be liable for any losses that arise from any investment or lending decisions based upon the Report that the client, intended user, or any buyer, seller, investor, or lending institution may undertake related to the subject property, and CBRE has not been compensated to assume any of these risks. Nothing contained in the Report shall be construed as any direct or indirect recommendation of CBRE to buy, sell, hold, or finance the subject property.
9. No opinion is expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Any user of the Report is advised to retain experts in areas that fall outside the scope of the real estate appraisal profession for such matters.
10. CBRE assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.
11. Acceptance or use of the Report constitutes full acceptance of these Assumptions and Limiting Conditions and any special assumptions set forth in the Report. It is the responsibility of the user of the Report to read in full, comprehend and thus become aware of all such assumptions and limiting conditions. CBRE assumes no responsibility for any situation arising out of the user's failure to become familiar with and understand the same.
12. The Report applies to the property as a whole only, and any pro ration or division of the title into fractional interests will invalidate such conclusions, unless the Report expressly assumes such pro ration or division of interests.

13. The allocations of the total value estimate in the Report between land and improvements apply only to the existing use of the subject property. The allocations of values for each of the land and improvements are not intended to be used with any other property or appraisal and are not valid for any such use.
14. The maps, plats, sketches, graphs, photographs, and exhibits included in this Report are for illustration purposes only and shall be utilized only to assist in visualizing matters discussed in the Report. No such items shall be removed, reproduced, or used apart from the Report.
15. The Report shall not be duplicated or provided to any unintended users in whole or in part without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Exempt from this restriction is duplication for the internal use of the intended user and its attorneys, accountants, or advisors for the sole benefit of the intended user. Also exempt from this restriction is transmission of the Report pursuant to any requirement of any court, governmental authority, or regulatory agency having jurisdiction over the intended user, provided that the Report and its contents shall not be published, in whole or in part, in any public document without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Finally, the Report shall not be made available to the public or otherwise used in any offering of the property or any security, as defined by applicable law. Any unintended user who may possess the Report is advised that it shall not rely upon the Report or its conclusions and that it should rely on its own appraisers, advisors and other consultants for any decision in connection with the subject property. CBRE shall have no liability or responsibility to any such unintended user.

**ADDENDA**



Addendum A

**COMPARABLE DATA SHEETS**

|                          |  |
|--------------------------|--|
| Property Name            | Recovery Unplugged Austin Rehab Center |
| Address                  | 14109 FM 969<br>Austin, TX 78724       |
| County                   | Travis                                 |
| Govt./Tax ID             | 02025003070000                         |
| Net Rentable Area (NRA)  | 8,775 sf                               |
| Condition                | Good                                   |
| Number of Buildings      | 2                                      |
| Parking Type/Ratio       | Surface/ 2.28:1,000 sf                 |
| Year Built/Renovated     | 1962/ 2017                             |
| Floor Count              | 1                                      |
| Occupancy Type           | Single Tenant                          |
| Land Area Net            | 2.040 ac/ 88,862 sf                    |
| Actual FAR               | 0.10                                   |
| Zoning                   | ETJ                                    |
| Construction Class/ Type | D/ Average                             |
| External Finish          | Stucco                                 |
| Amenities                | N/A                                    |



### Transaction Details

|                          |                                |                            |                                       |
|--------------------------|--------------------------------|----------------------------|---------------------------------------|
| Type                     | Sale                           | Primary Verification       | Broker, Adam Fike (512) 458-8153 X210 |
| Interest Transferred     | Leased Fee                     | Transaction Date           | 04/12/2019                            |
| Condition of Sale        | Sale leaseback                 | Recording Date             | 04/12/2019                            |
| Remaining Lease Term     | 120mos. weighted byN/A         | Avg. Credit Rating         | N/A                                   |
| Recorded Buyer           | Silva 2002 Trust               | Sale Price                 | \$1,635,000                           |
| Buyer Type               | Private Investor               | Financing                  | N/A                                   |
| Recorded Seller          | Y5 Real Estate Group LLC       | Cash Equivalent            | \$1,635,000                           |
| Marketing Time           | N/A                            | Capital Adjustment         | \$0                                   |
| Listing Broker           | Adam Fike (512) 458-8153 X210  | Adjusted Price             | \$1,635,000                           |
| Doc #                    | 2019053051                     | <b>Adjusted Price / sf</b> | <b>\$186.32</b>                       |
| Buyer's Primary Analysis | Static Capitalization Analysis | Occupancy at Sale          | 100%                                  |
| Static Analysis Method   | Trailing Actuals               | Underwritten Occupancy     | 100%                                  |
| Source                   | Broker                         | Potential Gross Income     | \$129,431                             |
| NOI / sf                 | \$14.75                        | Vacancy/Collection Loss    | \$0                                   |
| IRR                      | N/A                            | Effective Gross Income     | \$129,431                             |
| OER                      | 0.00%                          | Expenses                   | \$0                                   |
| Expenses /sf             | \$0.00                         | Net Operating Income       | \$129,431                             |
| Cap Rate                 | 7.92%                          |                            |                                       |

### Comments

This comparable represents an 8,775-square foot, 18-bed, single-tenant behavior healthcare facility in Austin, TX. The two-building, single-story improvements were built in 1962, renovated in 2017, and are situated on a 2.04-acre site. The facility is 100% occupied by Recovery Unplugged, an operator of drug and alcohol rehabilitation facilities with 9 locations across the United States. Recovery Unplugged facilities offer inpatient, outpatient, intensive outpatient (IOP), partial hospitalization (PHP), dual diagnosis, and long-term treatment services to individuals with drug and alcohol addictions. The company operates three facilities in Austin including a Detox Center, Treatment Center, and Rehab Center. This comparable's operation, Recovery Unplugged Austin Rehab Center, offers inpatient and PHP treatment services. In April 2019 the property sold as part of a sale/leaseback transaction for a reported \$1,635,000 or \$186.32 per square foot. The seller, Recovery Unplugged, leased back the facility for 10 years at \$129,431 annually on an absolute net basis (\$14.75 per square foot). The lease began at closing and includes four, five-year extension options and 2.5% annual escalations beginning in Year 4 of the lease. The in-place lease rate corresponds to a cap rate of 7.92%.

|                          |   |
|--------------------------|---|
| Property Name            | Midwest Detox Center                        |
| Address                  | 1757 Indian Wood Circle<br>Maumee, OH 43537 |
| County                   | Lucas                                       |
| Govt./Tax ID             | 3700742                                     |
| Net Rentable Area (NRA)  | 10,431 sf                                   |
| Condition                | Average                                     |
| Number of Buildings      | 1   |
| Parking Type/Ratio       | Surface/ 6.71:1,000 sf                      |
| Year Built/Renovated     | 1996/ 2020                                  |
| Floor Count              | 1   |
| Occupancy Type           | Single Tenant                               |
| Land Area Net            | 1.996 ac/ 86,928 sf                         |
| Actual FAR               | 0.12  |
| Zoning                   | C-M   |
| Construction Class/ Type | C/ Average                                  |
| External Finish          | Brick Veneer                                |
| Amenities                | Surface Parking                             |



### Transaction Details

|                          |                                  |                            |                               |
|--------------------------|----------------------------------|----------------------------|-------------------------------|
| Type                     | Sale                             | Primary Verification       | Buyer, Broker, Public Records |
| Interest Transferred     | Leased Fee                       | Transaction Date           | 06/21/2021                    |
| Condition of Sale        | None                             | Recording Date             | 07/02/2021                    |
| Remaining Lease Term     | 66mos. weighted byArea           | Avg. Credit Rating         | N/A                           |
| Recorded Buyer           | Rodicas Edenberry Properties LLC | Sale Price                 | \$1,825,418                   |
| Buyer Type               | Private Investor                 | Financing                  | Market Rate Financing         |
| Recorded Seller          | The Drummer Boy Inc.             | Cash Equivalent            | \$1,825,418                   |
| Marketing Time           | 2 Month(s)                       | Capital Adjustment         | \$17,000                      |
| Listing Broker           | Kyle Mackulak - Matthews         | Adjusted Price             | \$1,842,418                   |
| Doc #                    | 20210702-0033550                 | <b>Adjusted Price / sf</b> | <b>\$176.63</b>               |
| Buyer's Primary Analysis | Static Capitalization Analysis   | Occupancy at Sale          | 100%                          |
| Static Analysis Method   | Pro Forma (Stabilized)           | Underwritten Occupancy     | 100%                          |
| Source                   | Buyer                            | Potential Gross Income     | \$150,597                     |
| NOI / sf                 | \$14.44                          | Vacancy/Collection Loss    | \$0                           |
| IRR                      | N/A                              | Effective Gross Income     | \$150,597                     |
| OER                      | 0.00%                            | Expenses                   | \$0                           |
| Expenses /sf             | \$0.00                           | Net Operating Income       | \$150,597                     |
| Cap Rate                 | 8.17%                            |                            |                               |

### Comments

This comparable represents the sale of a 10,431-square foot medical office building located at 1757 Indian Wood Circle in Maumee, Lucas County, Ohio. Built in 1996 with a renovation in 2020, the comparable was considered to be in average condition at the time of sale. The 1.996-acre site includes a surface parking ratio of 6.71 spaces per 1,000 square feet of net rentable area. Occupancy was 100% by a single tenant who had 5.5 years of lease term left at the time of sale. In June 2021, the comparable was sold for the total consideration of \$1,825,418, or \$175.00 per square foot. Both the buyer and the selling broker confirmed details on the transaction. A \$17,000 credit for gutters was made; the adjusted sale price is \$1,842,418, or \$176.63 per square foot. The transaction equates to an 8.17% overall capitalization rate. Marketing time totaled 1-2 months according to the selling broker. The original asking price was \$1,943,195, or a 5% discount from listing price (adjusted sale price).

|                          |  |
|--------------------------|--|
| Property Name            | Greater Nebraska Youth Center                  |
| Address                  | 2300 East 2nd Street<br>North Platte, NE 69101 |
| County                   | Lincoln  |
| Govt./Tax ID             | 0032440.00                                     |
| Net Rentable Area (NRA)  | 11,244 sf                                      |
| Condition                | Average  |
| Number of Buildings      | 1  |
| Parking Type/Ratio       | Surface/ 3.38:1,000 sf                         |
| Year Built/Renovated     | 1997/ N/A                                      |
| Floor Count              | 1  |
| Occupancy Type           | Owner/User                                     |
| Land Area Net            | 2.550 ac/ 111,078 sf                           |
| Actual FAR               | 0.10   |
| Zoning                   | R4 Dwelling District                           |
| Construction Class/ Type | S/ Average                                     |
| External Finish          | Vinyl Siding                                   |
| Amenities                | Surface Parking                                |



### Transaction Details

|                          |                     |                            |                           |
|--------------------------|---------------------|----------------------------|---------------------------|
| Type                     | Under Contract      | Primary Verification       | Purchase Agreement, Buyer |
| Interest Transferred     | Fee Simple          | Transaction Date           | 10/01/2021                |
| Condition of Sale        | Arm's Length        | Recording Date             | N/A                       |
| Recorded Buyer           | Andy & Sara Johnson | Sale Price                 | \$760,000                 |
| Buyer Type               | Private Investor    | Financing                  | Market Rate Financing     |
| Recorded Seller          | JAK Properties, LLC | Cash Equivalent            | \$760,000                 |
| Marketing Time           | N/A                 | Capital Adjustment         | \$0                       |
| Listing Broker           | N/A                 | Adjusted Price             | \$760,000                 |
| Doc #                    | TBD                 | <b>Adjusted Price / sf</b> | <b>\$67.59</b>            |
| Buyer's Primary Analysis | N/A                 | Occupancy at Sale          | 100%                      |
| Static Analysis Method   | N/A                 | Underwritten Occupancy     | Static Analysis-N/A       |
| Source                   | Static Analysis-N/A | Potential Gross Income     | Static Analysis-N/A       |
| NOI / sf                 | Static Analysis-N/A | Vacancy/Collection Loss    | Static Analysis-N/A       |
| IRR                      | N/A                 | Effective Gross Income     | Static Analysis-N/A       |
| OER                      | Static Analysis-N/A | Expenses                   | Static Analysis-N/A       |
| Expenses /sf             | Static Analysis-N/A | Net Operating Income       | Static Analysis-N/A       |
| Cap Rate                 | Static Analysis-N/A |                            |                           |

### Comments

The subject is an 11,244-square foot, one-story, office and group home building located at 2300 East 2nd Street in North Platte, Nebraska. The improvements were constructed in 1997 and are situated on a 2.55-acre site. The property is under contract to be purchased by Andy and Sarah Johnson for \$760,000 or \$67.59 per square foot. The property is 100% occupied by Greater Nebraska Youth Center who will continue operations after the sale.

|                          |   |
|--------------------------|---|
| Property Name            | New Beginnings                                |
| Address                  | 318 Hamer Road<br>Owens Cross Roads, AL 35763 |
| County                   | Madison                                       |
| Govt./Tax ID             | 22-09-0-001-003.000/004.000/005.000           |
| Net Rentable Area (NRA)  | 21,537 sf                                     |
| Condition                | Average                                       |
| Number of Buildings      | N/A   |
| Parking Type/Ratio       | Surface/ N/A                                  |
| Year Built/Renovated     | 1965/ N/A                                     |
| Floor Count              | 1   |
| Occupancy Type           | Multi-tenant                                  |
| Land Area Net            | 28.500 ac/ 1,241,460 sf                       |
| Actual FAR               | 0.02  |
| Zoning                   | N/A   |
| Construction Class/ Type | D/ Average                                    |
| External Finish          | Masonry                                       |
| Amenities                | N/A   |



**Quoted Terms**

|                |         |                          |               |
|----------------|---------|--------------------------|---------------|
| Reimbursements | NNN     | Rent Changes/Steps       | N/A           |
| Occupancy      | 100%    | Free Rent                | N/A           |
| Tenant Size    | N/A     | TI Allowance             | N/A           |
| Lease Term     | N/A     | Reimbursement Amount     | N/A           |
| Survey Date    | 07/2017 | Total Oper. & Fixed Exp. | N/A           |
| Verification   | N/A     | Annual Base Rent         | \$7.28 per sf |

**Actual Leases**

| Tenant Name    | Tenancy Use Type | Term Size (sf) | Term (Mo.) | Type of Lease | Start Date | Reimbs. | Rent Changes / Steps      | Free Rent (Mo.) | TI Allowance per sf | Annual Base Rate per sf |
|----------------|------------------|----------------|------------|---------------|------------|---------|---------------------------|-----------------|---------------------|-------------------------|
| New Beginnings | N/A              | 21,537         | N/A        | New           | Jul 2017   | NNN     | The property includes 21, | N/A             | N/A                 | \$7.29                  |

**Comments**

This comparable represents a special purpose, medical treatment facility. The improvements are currently operating as New Beginnings, Sequel Youth and Family Services which serves adolescent girls aged 12-18 with behavioral and emotional issues. The facility is currently licensed for 40 beds. The property includes 21,537 square feet and is located on a 28.50-acre site served by all public utilities including water, sewer, natural gas and electric. There is a triple net lease in place with the base term expiring in 2022. The lease also includes two, five-year options. Per the marketing materials, the in-place NOI is \$156,917 which equates to a \$7.28 per square foot rental rate.

|                          |   |
|--------------------------|---|
| Property Name            | Former Greeley Guest House                |
| Address                  | 5401 West 9th Street<br>Greeley, CO 80634 |
| County                   | Weld                                      |
| Govt./Tax ID             | 095903350001                              |
| Net Rentable Area (NRA)  | 16,012 sf                                 |
| Condition                | Good                                      |
| Number of Buildings      | 1   |
| Parking Type/Ratio       | Open Concrete/ 1.44:1,000 sf              |
| Year Built/Renovated     | 1995/ 2018                                |
| Floor Count              | 2   |
| Occupancy Type           | Single Tenant                             |
| Land Area Net            | 0.966 ac/ 42,078 sf                       |
| Actual FAR               | 0.38                                      |
| Zoning                   | C-L - Commercial Low Intensity            |
| Construction Class/ Type | D/ Good                                   |
| External Finish          | Brick                                     |
| Amenities                | N/A                                       |



**Quoted Terms**

|                |            |                          |                |
|----------------|------------|--------------------------|----------------|
| Reimbursements | NNN        | Rent Changes/Steps       | 10%/5 Yrs      |
| Occupancy      | 100%       | Free Rent                | N/A            |
| Tenant Size    | 16,012 sf  | TI Allowance             | N/A            |
| Lease Term     | 120 Mo(s). | Reimbursement Amount     | N/A            |
| Survey Date    | 04/2019    | Total Oper. & Fixed Exp. | N/A            |
| Verification   | N/A        | Annual Base Rent         | \$13.80 per sf |

**Actual Leases**

| Tenant Name              | Tenancy Use Type | Size (sf) | Term (Mo.) | Type of Lease | Start Date | Reimbs. | Rent Changes / Steps | Free Rent (Mo.) | TI Allowance per sf | Annual Base Rate per sf |
|--------------------------|------------------|-----------|------------|---------------|------------|---------|----------------------|-----------------|---------------------|-------------------------|
| Family Health & Wellness | Office           | 16,012    | 120        | New           | Apr 2019   | NNN     | 10%/5 Yrs            | N/A             | N/A                 | \$13.80                 |

**Comments**

This comparable represents the 2018 leasing of the former Greeley Guesthouse in central-western Greeley, Colorado. The property is situated at the northwest corner of 9th Street's four-way, non-signalized intersection with 54th Avenue. The property, which had previously served as a boutique hotel and events center, had recently (August 2018) been acquired by the current owners, who are developers out of Salt Lake City, UT, for \$1,850,000 considering the fee simple estate, and was subsequently rezoned the property from PUD to CL, then leased and renovated for occupancy by Family Help & Wellness. Per marketing material, Family Help & Wellness is the leading provider of private pay behavioral health for adolescents and young adults with 17 locations and over 600 employees. Family Help & Wellness signed a new 10 year lease, with 10% escalations every 5 years, with a corporate guarantee. As part of the lease, the landlord paid for \$359,038 worth of renovations to the property (i.e. \$22.42/sf), in converting it from the hotel use into the wellness center.



|                          |   |
|--------------------------|---|
| Property Name            | Journey Road Treatment Centers                          |
| Address                  | 1201 North Post Road, Suite 4<br>Indianapolis, IN 46219 |
| County                   | Marion  |
| Govt./Tax ID             | 49-08-32-115-020.000-700                                |
| Net Rentable Area (NRA)  | 5,077 sf  |
| Condition                | Average   |
| Number of Buildings      | 1   |
| Parking Type/Ratio       | Surface/ 11.82:1,000 sf                                 |
| Year Built/Renovated     | 1986/ N/A   |
| Floor Count              | 1   |
| Occupancy Type           | Single Tenant   |
| Land Area Net            | 1.180 ac/ 51,401 sf                                     |
| Actual FAR               | 0.10  |
| Zoning                   | C-1   |
| Construction Class/ Type | D/ Average  |
| External Finish          | Brick   |
| Amenities                | N/A   |



**Quoted Terms**

|                |                |                          |                    |
|----------------|----------------|--------------------------|--------------------|
| Reimbursements | Modified Gross | Rent Changes/Steps       | 25% Inc. Yrs. 6-10 |
| Occupancy      | 100%           | Free Rent                | 0 Mo(s).           |
| Tenant Size    | 5,077 sf       | TI Allowance             | \$0.00 per sf      |
| Lease Term     | 120 Mo(s).     | Reimbursement Amount     | N/A                |
| Survey Date    | 01/2020        | Total Oper. & Fixed Exp. | N/A                |
| Verification   | N/A            | Annual Base Rent         | \$14.18 per sf     |

**Actual Leases**

| Tenant Name             | Tenancy Use Type | Term Size (sf) | Term (Mo.) | Type of Lease | Start Date | Reimbs.        | Rent Changes / Steps  | Free Rent (Mo.) | TI Allowance per sf | Annual Base Rate per sf |
|-------------------------|------------------|----------------|------------|---------------|------------|----------------|-----------------------|-----------------|---------------------|-------------------------|
| Acorn Addiction Centers | Office           | 5,077          | 120        | New           | Jan 2020   | Modified Gross | 25% inc. in Yrs. 6-10 | 0.00            | \$0.00              | \$14.18                 |

**Comments**

This comparable represents the lease of space within the Post Road Medical Center development, a 13,681-square foot multi-tenant medical office condominium located at the northeast corner of Post Road and 12th Street on the southeast side of Indianapolis, Indiana. The property consists of a mix of various medical office occupancies, including a medical lab, addiction treatment center, and dental practice. The comparable building was constructed in 1986 and is in average overall condition. In January 2020, Acorn Addiction Centers, LLC, d/b/a Journey Road Treatment Centers leased Unit 4 at a base rental rate of \$14.18 per square foot on a modified gross basis with the tenant responsible for utilities, interior maintenance, and janitorial expenses. The lease is flat in Year 1-5 but increases by 25% to \$17.73 per square foot in Years 6-10. The lease includes one 5-year option at a rental rate of \$21.27 per square foot, a 20% increase in rent from Years 6-10.

|                          |   |
|--------------------------|---|
| Property Name            | Unaccompanied Refugee Minors Program    |
| Address                  | 7441 Coffee Street<br>Houston, TX 77033 |
| County                   | Harris                                  |
| Govt./Tax ID             | 0332140000094                           |
| Net Rentable Area (NRA)  | 33,838 sf                               |
| Condition                | Average                                 |
| Number of Buildings      | 1                                       |
| Parking Type/Ratio       | Surface/ N/A                            |
| Year Built/Renovated     | 1970/ N/A                               |
| Floor Count              | 1                                       |
| Occupancy Type           | Single Tenant                           |
| Land Area Net            | 1.768 ac/ 77,001 sf                     |
| Actual FAR               | 0.44                                    |
| Zoning                   | None                                    |
| Construction Class/ Type | C/ Average                              |
| External Finish          | Masonry                                 |
| Amenities                | N/A                                     |



**Quoted Terms**

|                |                                |                          |                |
|----------------|--------------------------------|--------------------------|----------------|
| Reimbursements | Absolute Net                   | Rent Changes/Steps       | N/A            |
| Occupancy      | 100%                           | Free Rent                | N/A            |
| Tenant Size    | 33,838 sf                      | TI Allowance             | N/A            |
| Lease Term     | 36 Mo(s).                      | Reimbursement Amount     | N/A            |
| Survey Date    | 04/2020                        | Total Oper. & Fixed Exp. | N/A            |
| Verification   | Ellen McClain / (713) 829-8121 | Annual Base Rent         | \$12.00 per sf |

**Actual Leases**

| Tenant Name  | Tenancy Use Type | Size (sf) | Term (Mo.) | Type of Lease | Start Date | Reimbs.      | Rent Changes / Steps | Free Rent (Mo.) | TI Allowance per sf | Annual Base Rate per sf |
|--|------------------|-----------|------------|---------------|------------|--------------|----------------------|-----------------|---------------------|-------------------------|
| US Govt.<br>Unaccompanied<br>Refugee Minors<br>Program | Office           | 33,838    | 36         | New           | Oct 2019   | Absolute Net | N/A                  | N/A             | N/A                 | \$12.00                 |

**Comments**

This comparable represents a 33,838-square foot, former assisted living facility located in the Sunnyside neighborhood of Houston, Texas. The single-story improvements were built in 1970 and are located on a 1.77-acre site. In September 2019 the U.S. Government's Unaccompanied Refugee Minors Program leased the property for use as a residential living facility for children. The children in the program received housing, care, and educational services at the facility. The three year lease was signed at \$12.00 per square foot on an absolute net basis. The lease also included one 10-year extension option. The tenant completed significant renovations prior to occupying the property including a new HVAC system, adding a classroom area, and renovating the bedrooms and bathrooms. The former assisted living operation included 50 units and 100 beds.

|                          |   |
|--------------------------|---|
| Property Name            | Children's Home & Aid Society of Illinois |
| Address                  | 424 7th Street<br>Rockford, IL 61104      |
| County                   | Winnebago                                 |
| Govt./Tax ID             | Multiple                                  |
| Net Rentable Area (NRA)  | 23,823 sf                                 |
| Condition                | Average                                   |
| Number of Buildings      | 1   |
| Parking Type/Ratio       | Surface/ 3.53:1,000 sf                    |
| Year Built/Renovated     | 1920/ N/A                                 |
| Floor Count              | 3   |
| Occupancy Type           | Single Tenant                             |
| Land Area Net            | 0.449 ac/ 19,537 sf                       |
| Actual FAR               | 1.22                                      |
| Zoning                   | N/A                                       |
| Construction Class/ Type | C/ Average                                |
| External Finish          | Brick                                     |
| Amenities                | N/A                                       |



**Quoted Terms**

|                |            |                          |                |
|----------------|------------|--------------------------|----------------|
| Reimbursements | NNN        | Rent Changes/Steps       | 3.0% annual    |
| Occupancy      | 100%       | Free Rent                | 2 Mo(s).       |
| Tenant Size    | 23,823 sf  | TI Allowance             | N/A            |
| Lease Term     | 120 Mo(s). | Reimbursement Amount     | N/A            |
| Survey Date    | 01/2022    | Total Oper. & Fixed Exp. | N/A            |
| Verification   | N/A        | Annual Base Rent         | \$10.13 per sf |

**Actual Leases**

| Tenant Name                              | Tenancy Use Type | Term Size (sf) | Term (Mo.) | Type of Lease | Start Date | Reimbs. | Rent Changes / Steps | Free Rent (Mo.) | TI Allowance per sf | Annual Base Rate per sf |
|--|------------------|----------------|------------|---------------|------------|---------|----------------------|-----------------|---------------------|-------------------------|
| Childrens Home & Aid Society of Illinois | Office           | 23,823         | 120        | New           | Mar 2017   | NNN     | 3.0% annual          | N/A             | N/A                 | \$10.13                 |

**Comments**

This comparable is located at 424 7th Street in Rockford, Winnebago County, Illinois. The building is a 23,823 SF masonry constructed professional office building on 0.45-acres of land. The building was constructed in 1920 and is in overall fair condition. The Children's Home & Aid Society of Illinois signed a 10-year lease in March 2017 at \$9.00/SF NNN with 3.0% annual increases.

**Addendum B**

**LEGAL DESCRIPTION**

# Winnebago County

Owner (s):

**LUTHERAN SOCIAL SERVICES OF WI**

Mailing Address:

**LUTHERAN SOCIAL SERVICES OF WI  
1320 W CLAIREMONT AVE STE 200  
EAU CLAIRE, WI 54701-6027**

Tax Parcel ID Number:Tax District:

**9152097**

**266-CITY OF OSHKOSH**

Status:

**Active**

Alternate Tax Parcel Number:Government Owned:Acres:

**0**

Description - Comments (Please see Documents tab below for related documents. For a complete legal description, see recorded document.):

**LOT 14 APPLE HILL ADDN EXC N 4 3.65 FT**

Site Address (es): (Site address may not be verified and could be incorrect. DO NOT use the site address in lieu of legal description.)

**2831 HARRISON**

## Assessments

## Districts

## Documents

## Notes

## Parcel History

## Sales History

## Survey History

## Taxes

0 Lottery credits claimed

### Tax History

\* Click on a Tax Year for detailed payment information.

| Tax Year*    | Omitted Tax              | Bill Taxes Paid | Taxes Due | Interest | Penalty | Total Payoff  |
|--------------|--------------------------|-----------------|-----------|----------|---------|---------------|
| 2013         | <input type="checkbox"/> | \$20.00         | \$20.00   | \$0.00   | \$0.00  | \$0.00        |
| <b>Total</b> |                          |                 |           |          |         | <b>\$0.00</b> |

Addendum C

**CLIENT CONTRACT INFORMATION**

# Proposal and Contract for Services

January 20, 2022

Dennis Hanson  
Vice President

**LUTHERAN SOCIAL SERVICES OF WISCONSIN & UPPER MICHIGAN, INC.**

6737 W. Washington Street, Suite 2275  
West Allis, WI 53214  
Phone: 414.246.2711  
Email: dennis.hanson@lsswis.org

RE: Assignment Agreement  
Youth Shelter Care Facility  
Winnebago County Shelter  
2831 Harrison Street  
Oshkosh, WI 54901

Dear Mr. Hanson:

We are pleased to submit this proposal and our Terms and Conditions for this assignment.

## PROPOSAL SPECIFICATIONS

|                          |   |
|--------------------------|---|
| <b>Purpose:</b>          | To estimate the Market Value of the referenced real estate  |
| <b>Premise:</b>          | As Is   |
| <b>Rights Appraised:</b> | Fee Simple  |
| <b>Intended Use:</b>     | Internal Decision Making purposes and to establish a purchase price for the sale of the property  |
| <b>Intended User:</b>    | The intended user is Lutheran Social Services of Wisconsin & Upper Michigan, Inc. ("Client"), and such other parties and entities (if any) expressly recognized by CBRE as "Intended Users" (as further defined herein).  |
| <b>Reliance:</b>         | Reliance on any reports produced by CBRE under this Agreement is extended solely to parties and entities expressly acknowledged in a signed writing by CBRE as Intended Users of the respective reports, provided that any conditions to such acknowledgement required by CBRE or hereunder have been satisfied. Parties or entities other than Intended Users who obtain a copy of the report or any portion thereof (including Client if it is not named as an Intended User), whether as a result of its direct dissemination or by any other means, may not rely upon any opinions or conclusions contained in the report or such portions thereof, and CBRE will not be responsible for any unpermitted use of the |

CBRE, Inc.  
777 E. Wisconsin Street, Suite 3150  
Milwaukee, WI 53202  
[www.cbre.us/valuation](http://www.cbre.us/valuation)

**Kristin Johnson**  
Vice President



report, its conclusions or contents or have any liability in connection therewith.

|                               |   |
|-------------------------------|---|
| <b>Scope of Inspection:</b>   | The scope of the inspection will include:<br><br>A full interior and exterior inspection of the property will be conducted and arranged with the property contact and performed by CBRE Valuations.   |
| <b>Valuation Approaches:</b>  | All three traditional approaches to value will be considered.   |
| <b>Report Type:</b>           | Standard Appraisal Report   |
| <b>Appraisal Standards:</b>   | USPAP   |
| <b>Appraisal Fee:</b>         | \$5,500. If cancelled by either party before completion, the fee will be based on CBRE's hourly rates for time expended; plus actual expenses.  |
| <b>Expenses:</b>              | Fee includes all associated expenses  |
| <b>Retainer:</b>              | A retainer is not required for this assignment  |
| <b>Payment Terms:</b>         | Final payment is due upon delivery of the final report or within thirty (30) days of your receipt of the draft report, whichever is sooner. The full appraisal fee is considered earned upon delivery of the draft report.  |
| <b>Delivery Instructions:</b> | We will invoice you for the assignment in its entirety at the completion of the assignment.<br>CBRE encourages our clients to join in our environmental sustainability efforts by accepting an electronic copy of the report.<br><br>An Adobe PDF file via email will be delivered to dennis.hanson@lsswis.org. |
| <b>Delivery Schedule:</b>     |   |
| <b>Preliminary Value:</b>     | Not Required  |
| <b>Draft Report:</b>          | On or before February 11, 2022  |
| <b>Final Report:</b>          | Upon Client's request   |
| <b>Start Date:</b>            | The appraisal process will start upon receipt of your signed agreement and assumes timely delivery of the property specific data.   |
| <b>Acceptance Date:</b>       | These specifications are subject to modification if this proposal is not accepted within three business days from the date of this letter.  |

When executed and delivered by all parties, this letter, together with the Terms and Conditions and the Specific Property Data Request attached hereto and incorporated herein, will serve as the Agreement for appraisal services by and between CBRE and Client. Each person signing below represents that it is authorized to enter into this Agreement and to bind the respective parties hereto.

We appreciate this opportunity to be of service to you on this assignment. If you have additional questions, please contact us.

Sincerely,


**CBRE, Inc.**  
**Valuation & Advisory Services**



Kristin Johnson  
Vice President  
As Agent for CBRE, Inc.  
T 414.274.1361  
kristin.johnson@cbre.com

## AGREED AND ACCEPTED

**FOR LUTHERAN SOCIAL SERVICES OF WISCONSIN & UPPER MICHIGAN, INC.**  
**("CLIENT"):**

|   |   |
|---|---|
| <br>_____<br>Signature | 1/20/2022<br>_____<br>Date                          |
| Dennis Hanson<br>_____<br>Name  | Vice President<br>_____<br>Title                    |
| 414.246.2711<br>_____<br>Phone Number   | dennis.hanson@lsswis.org<br>_____<br>E-Mail Address |

# Proposal and Contract for Services

## TERMS AND CONDITIONS

1. The Terms and Conditions herein are part of an agreement for appraisal services (the "Agreement" ) between CBRE, Inc. (the "Appraiser") and the client signing this Agreement, and for whom the appraisal services will be performed (the "Client"), and shall be deemed a part of such Agreement as though set forth in full therein. The Agreement shall be governed by the laws of the state where the appraisal office is located for the Appraiser executing this Agreement.
2. Client shall be responsible for the payment of all fees stipulated in the Agreement. Payment of the appraisal fee and preparation of an appraisal report (the "Appraisal Report, or the "report") are not contingent upon any predetermined value or on an action or event resulting from the analyses, opinions, conclusions, or use of the Appraisal Report. Final payment is due as provided in the Proposal Specifications Section of this Agreement. If a draft report is requested, the fee is considered earned upon delivery of the draft report. It is understood that the Client may cancel this assignment in writing at any time prior to delivery of the completed report. In such event, the Client is obligated only for the prorated share of the fee based upon the work completed and expenses incurred (including travel expenses to and from the job site), with a minimum charge of \$500. Additional copies of the Appraisal Reports are available at a cost of \$250 per original color copy and \$100 per photocopy (black and white), plus shipping fees of \$30 per report.
3. If Appraiser is subpoenaed or ordered to give testimony, produce documents or information, or otherwise required or requested by Client or a third party to participate in meetings, phone calls, conferences, litigation or other legal proceedings (including preparation for such proceedings) because of, connected with or in any way pertaining to this engagement, the Appraisal Report, the Appraiser's expertise, or the Property, Client shall pay Appraiser's additional costs and expenses, including but not limited to Appraiser's attorneys' fees, and additional time incurred by Appraiser based on Appraiser's then-prevailing hourly rates and related fees. Such charges include and pertain to, but are not limited to, time spent in preparing for and providing court room testimony, depositions, travel time, mileage and related travel expenses, waiting time, document review and production, and preparation time (excluding preparation of the Appraisal Report), meeting participation, and Appraiser's other related commitment of time and expertise. Hourly charges and other fees for such participation will be provided upon request. In the event Client requests additional appraisal services beyond the scope and purpose stated in the Agreement, Client agrees to pay additional fees for such services and to reimburse related expenses, whether or not the completed report has been delivered to Client at the time of such request.
4. Appraiser shall have the right to terminate this Agreement at any time for cause effective immediately upon written notice to Client on the occurrence of fraud or the willful misconduct of Client, its employees or agents, or without cause upon 5 days written notice.
5. In the event Client fails to make payments when due then, from the date due until paid, the amount due and payable shall bear interest at the maximum rate permitted in the state where the office is located for the Appraiser executing the Agreement. In the event either party institutes legal action against the other to enforce its rights under this Agreement, the prevailing party shall be entitled to recover its reasonable attorney's fees and expenses. Each party waives the right to a trial by jury in any action arising under this Agreement.
6. Appraiser assumes there are no major or significant items or issues affecting the Property that would require the expertise of a professional building contractor, engineer, or environmental consultant for Appraiser to prepare a valid report. Client acknowledges that such additional expertise is not covered in the Appraisal fee and agrees that, if such additional expertise is required, it shall be provided by others at the discretion and direction of the Client, and solely at Client's additional cost and expense.
7. In the event of any dispute between Client and Appraiser relating to this Agreement, or Appraiser's or Client's performance hereunder, Appraiser and Client agree that such dispute shall be resolved by means of binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association, and judgment upon the award rendered by an arbitrator may be entered in any court of competent jurisdiction. Depositions may be taken and other discovery obtained during such arbitration proceedings to the same extent as authorized in civil judicial proceedings in the state where the office of the Appraiser executing this Agreement is located. The arbitrator shall be limited to awarding compensatory damages and shall have no authority to award punitive, exemplary or similar damages. The prevailing party in the arbitration proceeding shall be entitled to recover its expenses from the losing party, including costs of the arbitration proceeding, and reasonable attorney's fees. Client acknowledges that Appraiser is being retained hereunder as an independent contractor to perform the services described herein and nothing in this Agreement shall be deemed to create any other relationship between

Client and Appraiser. This engagement shall be deemed concluded and the services hereunder completed upon delivery to Client of the Appraisal Report discussed herein.

8. All statements of fact in the report which are used as the basis of the Appraiser's analyses, opinions, and conclusions will be true and correct to Appraiser's actual knowledge and belief. Appraiser does not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the condition of the Property furnished to Appraiser by Client or others. TO THE FULLEST EXTENT PERMITTED BY LAW, APPRAISER DISCLAIMS ANY GUARANTEE OR WARRANTY AS TO THE OPINIONS AND CONCLUSIONS PRESENTED ORALLY OR IN ANY APPRAISAL REPORT, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF FITNESS FOR ANY PARTICULAR PURPOSE EVEN IF KNOWN TO APPRAISER. Furthermore, the conclusions and any permitted reliance on and use of the Appraisal Report shall be subject to the assumptions, limitations, and qualifying statements contained in the report.
9. Appraiser shall have no responsibility for legal matters, including zoning, or questions of survey or title, soil or subsoil conditions, engineering, or other similar technical matters. The report will not constitute a survey of the Property analyzed.
10. Client shall provide Appraiser with such materials with respect to the assignment as are requested by Appraiser and in the possession or under the control of Client. Client shall provide Appraiser with sufficient access to the Property to be analyzed, and hereby grants permission for entry unless discussed in advance to the contrary.
11. The data gathered in the course of the assignment (except data furnished by Client) and the report prepared pursuant to the Agreement are, and will remain, the property of Appraiser. With respect to data provided by Client, Appraiser shall not violate the confidential nature of the Appraiser-Client relationship by improperly disclosing any proprietary information furnished to Appraiser. Notwithstanding the foregoing, Appraiser is authorized by Client to disclose all or any portion of the report and related data as may be required by statute, government regulation, legal process, or judicial decree, including to appropriate representatives of the Appraisal Institute if such disclosure is required to enable Appraiser to comply with the Bylaws and Regulations of such Institute as now or hereafter in effect.
12. Unless specifically noted, in preparing the Appraisal Report the Appraiser will not be considering the possible existence of asbestos, PCB transformers, or other toxic, hazardous, or contaminated substances and/or underground storage tanks (collectively, "Hazardous Material") on or affecting the Property, or the cost of encapsulation or removal thereof. Further, Client represents that there is no major or significant deferred maintenance of the Property that would require the expertise of a professional cost estimator or contractor. If such repairs are needed, the estimates are to be prepared by others, at Client's discretion and direction, and are not covered as part of the Appraisal fee.
13. In the event Client intends to use the Appraisal Report in connection with a tax matter, Client acknowledges that Appraiser provides no warranty, representation or prediction as to the outcome of such tax matter. Client understands and acknowledges that any relevant taxing authority (whether the Internal Revenue Service or any other federal, state or local taxing authority) may disagree with or reject the Appraisal Report or otherwise disagree with Client's tax position, and further understands and acknowledges that the taxing authority may seek to collect additional taxes, interest, penalties or fees from Client beyond what may be suggested by the Appraisal Report. Client agrees that Appraiser shall have no responsibility or liability to Client or any other party for any such taxes, interest, penalties or fees and that Client will not seek damages or other compensation from Appraiser relating to any such taxes, interest, penalties or fees imposed on Client, or for any attorneys' fees, costs or other expenses relating to Client's tax matters.
14. Appraiser shall have no liability with respect to any loss, damage, claim or expense incurred by or asserted against Client arising out of, based upon or resulting from Client's failure to provide accurate or complete information or documentation pertaining to an assignment ordered under or in connection with this Agreement, including Client's failure, or the failure of any of Client's agents, to provide a complete copy of the Appraisal Report to any third party.
15. LIMITATION OF LIABILITY. EXCEPT TO THE EXTENT ARISING FROM SECTION 16 BELOW, OR SECTION 17 IF APPLICABLE, IN NO EVENT SHALL EITHER PARTY OR ANY OF ITS AFFILIATE, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, OR CONTRACTORS BE LIABLE TO THE OTHER, WHETHER BASED IN CONTRACT, WARRANTY, INDEMNITY, NEGLIGENCE, STRICT LIABILITY OR OTHER TORT OR OTHERWISE, FOR ANY SPECIAL, CONSEQUENTIAL, PUNITIVE, INCIDENTAL OR INDIRECT DAMAGES, AND AGGREGATE DAMAGES IN CONNECTION WITH THIS AGREEMENT FOR EITHER PARTY (EXCLUDING THE OBLIGATION TO PAY THE FEES REQUIRED HEREUNDER) SHALL NOT EXCEED THE GREATER OF THE TOTAL FEES PAYABLE TO APPRAISER UNDER THIS AGREEMENT OR TEN THOUSAND DOLLARS (\$10,000). THIS LIABILITY LIMITATION SHALL NOT

APPLY IN THE EVENT OF A FINAL FINDING BY AN ARBITRATOR OR A COURT OF COMPETENT JURISDICTION THAT SUCH LIABILITY IS THE RESULT OF A PARTY'S FRAUD OR WILLFUL MISCONDUCT.

16. Client shall not disseminate, distribute, make available or otherwise provide any Appraisal Report prepared hereunder to any third party (including without limitation, incorporating or referencing the Appraisal Report, in whole or in part, in any offering or other material intended for review by other parties) except to (i) any third party expressly acknowledged in a signed writing by Appraiser as an "Intended User" of the Appraisal Report provided that either Appraiser has received an acceptable release from such third party with respect to such Appraisal Report or Client provides acceptable indemnity protections to Appraiser against any claims resulting from the distribution of the Appraisal Report to such third party, (ii) any third party service provider (including rating agencies and auditors) using the Appraisal Report in the course of providing services for the sole benefit of an Intended User, or (iii) as required by statute, government regulation, legal process, or judicial decree. In the event Appraiser consents, in writing, to Client incorporating or referencing the Appraisal Report in any offering or other materials intended for review by other parties, Client shall not distribute, file, or otherwise make such materials available to any such parties unless and until Client has provided Appraiser with complete copies of such materials and Appraiser has approved all such materials in writing. Client shall not modify any such materials once approved by Appraiser. In the absence of satisfying the conditions of this paragraph with respect to a party who is not designated as an Intended User, in no event shall the receipt of an Appraisal Report by such party extend any right to the party to use and rely on such report, and Appraiser shall have no liability for such unauthorized use and reliance on any Appraisal Report. In the event Client breaches the provisions of this paragraph, Client shall indemnify, defend and hold Appraiser, and its affiliates and their officers, directors, employees, contractors, agents and other representatives (Appraiser and each of the foregoing an "Indemnified Party" and collectively the "Indemnified Parties"), fully harmless from and against all losses, liabilities, damages and expenses (collectively, "Damages") claimed against, sustained or incurred by any Indemnified Party arising out of or in connection with such breach, regardless of any negligence on the part of any Indemnified Party in preparing the Appraisal Report.
17. Furthermore, Client shall indemnify, defend and hold each of the Indemnified Parties harmless from and against any Damages in connection with (i) any transaction contemplated by this Agreement or in connection with the appraisal or the engagement of or performance of services by any Indemnified Party hereunder, (ii) any Damages claimed by any user or recipient of the Appraisal Report, whether or not an Intended User, (iii) any actual or alleged untrue statement of a material fact, or the actual or alleged failure to state a material fact necessary to make a statement not misleading in light of the circumstances under which it was made with respect to all information furnished to any Indemnified Party or made available to a prospective party to a transaction, or (iv) an actual or alleged violation of applicable law by an Intended User (including, without limitation, securities laws) or the negligent or intentional acts or omissions of an Intended User (including the failure to perform any duty imposed by law); and will reimburse each Indemnified Party for all reasonable fees and expenses (including fees and expenses of counsel) (collectively, "Expenses") as incurred in connection with investigating, preparing, pursuing or defending any threatened or pending claim, action, proceeding or investigation (collectively, "Proceedings") arising therefrom, and regardless of whether such Indemnified Party is a formal party to such Proceeding. Client agrees not to enter into any waiver, release or settlement of any Proceeding (whether or not any Indemnified Party is a formal party to such Proceeding) without the prior written consent of Appraiser (which consent will not be unreasonably withheld or delayed) unless such waiver, release or settlement includes an unconditional release of each Indemnified Party from all liability arising out of such Proceeding.
18. Time Period for Legal Action. Unless the time period is shorter under applicable law, except in connection with paragraphs 16 and 17 above, Appraiser and Client agree that any legal action or lawsuit by one party against the other party or its affiliates, officers, directors, employees, contractors, agents, or other representatives, whether based in contract, warranty, indemnity, negligence, strict liability or other tort or otherwise, relating to (a) this Agreement or the Appraisal Report, (b) any services or appraisals under this Agreement or (c) any acts or conduct relating to such services or appraisals, shall be filed within two (2) years from the date of delivery to Client of the Appraisal Report to which the claims or causes of action in the legal action or lawsuit relate. The time period stated in this section shall not be extended by any incapacity of a party or any delay in the discovery or accrual of the underlying claims, causes of action or damages.

Addendum D

**QUALIFICATIONS**



# James Graber, MAI

Seniors Housing & Healthcare | National Practice Leader



Managing Director  
Seniors Housing & Healthcare  
National Practice Leader

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[james.graber@cbre.com](mailto:james.graber@cbre.com)

2100 McKinney Ave., Suite 700  
Dallas, TX 75201

## Sample of Clients Represented

- Capital One
- Wells Fargo
- Truist Bank
- TD Bank
- Ocean Bank
- Hancock & Whitney Bank
- BB&T
- Bank of the West
- PGIM
- Key Bank
- MountainSeed
- Invesco
- Altus
- BMO Harris
- Frost Bank
- Ally Bank
- BOK Financial
- Fannie Mae
- Bank of America
- ORIX Real Estate Capital
- Huntington National Bank
- United Community Bank
- AEW
- CIBC Bank

## Professional Background

James Graber, MAI, as a Managing Director within Valuation & Advisory Services, is the National Practice Leader of Seniors Housing & Healthcare at CBRE, the largest real estate firm in the world. As the national head of the Seniors Housing & Healthcare practice, James leads a geographically-diverse team that focuses solely on valuation and advisory services for seniors housing assets, including active adult, independent living, assisted living, memory care, skilled nursing, and life plan communities (LPC/CCRC). The National Seniors Housing & Healthcare practice group is an industry thought leader, with James regularly publishing market-leading research, contributing on industry panels, as well as interviewed and quoted in various industry media outlets.

For over 15 years, James has been active in the real estate valuation industry, completing assignments throughout the United States and abroad, with a primary specialization on Seniors Housing & Healthcare assets. Provided valuation and advisory services include third-party appraisals, Fair Market Value and Fair Market Rent analyses, purchase price allocations, IPA-NAV valuations, market studies, portfolio valuations, development support as an expert witness, arbiter in value disputes, market/need studies, and feasibility analyses. Clients served include lenders, operators, health systems, local and national investment firms, development and operating companies, commercial and investment banks, insurance companies, private equity firms, pension funds, and REITs.

Prior to joining CBRE, Mr. Graber was a Managing Director at Salus Valuation Group, which has since been acquired by Newmark Knight Frank. While at Salus, he developed and directed a dynamic team within the healthcare and seniors housing valuation and advisory industry. Preceding Salus Valuation Group, James was an was a Senior Appraiser with a commercial real estate valuation firm situated within the South Florida market.

While spending a majority of his career in the Florida and New York markets, James resides in Dallas, Texas, and is a proud husband of 13 years and father to two boys.

## Industry Involvement

- Member of the Appraisal Institute
- Appraisal Institute Chapter University Relations Committee Member
- Interviewed & quoted in published articles as a Seniors Housing and Healthcare Industry expert
- National Investment Center for the Seniors Housing & Care Industry
- Expert Witness in Development Need Studies
- Third-party Arbiter in Valuation Disputes

## Education

- Kansas State University, B.S.
- Major: Business Administration

### Appraisal Institute Coursework During the Past Several Years

- The Uniform Standards of Professional Appraisal Practice (USPAP), 2020
- Law for Real Estate Appraisers, 2020
- National Appraising for the Supervisor and Trainee, 2020
- Evaluations, Desktops, & Limited Scope Appraisals, 2020
- Essential Elements of Disclosures and Disclaimers, 2020
- Complex Properties, 2018
- Review Theory – General, 2016
- Advanced Income Capitalization, 2013
- Advanced Concepts and Case Studies, 2013



The State of Wisconsin  
Department of Safety and Professional Services

*Hereby certifies that*

JAMES A GRABER

*was granted a certificate to practice as a*

CERTIFIED GENERAL APPRAISER ELIGIBLE TO APPRAISE FEDERALLY  
RELATED TRANSACTIONS IS AQB COMPLIANT

*in the State of Wisconsin in accordance with Wisconsin Law*

*on the 6th day of July in the year 2020.*

*The authority granted herein must be renewed each biennium by the granting authority.*

*In witness thereof, the State of Wisconsin  
Department of Safety and Professional Services  
has caused this certificate to be issued under  
its official seal.*



*Dawn B. Cini*  
DPS Secretary

*This certificate was printed on the 28th day of October in the year 2021*

**CBRE VALUATION & ADVISORY SERVICES**

Healthcare Valuation & Advisory Services  
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