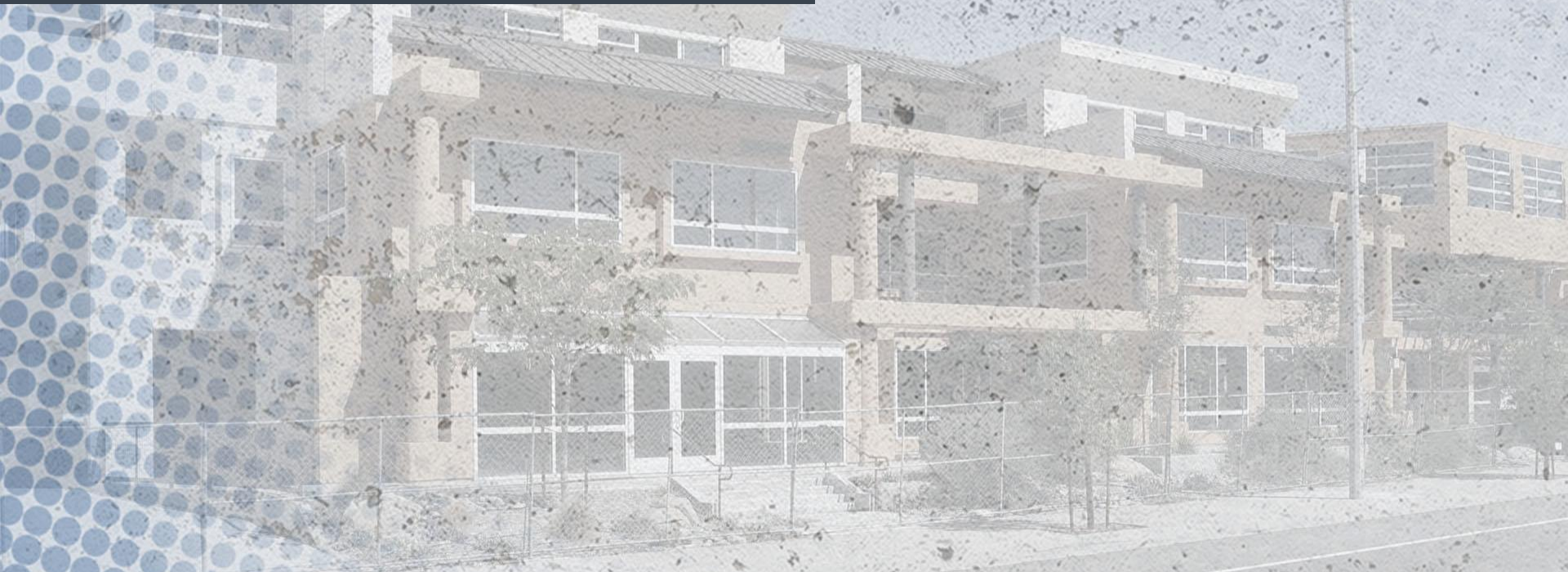


17901 Soledad Canyon Rd

Santa Clarita | CA | 91387

Prime Adaptive Reuse Senior Housing Opportunity



±102,000 SqFt Assisted Living / Redevelopment Project
187 Beds (214 Allowable) | 2012 Construction | Class A Build
Approved CUP for 214 Beds | Priced Millions Below Replacement



5900 Canoga Ave #110, Woodland Hills CA 91306 | www.anverscp.com | www.peakcommercial.com

CONFIDENTIALITY AGREEMENT

This Offering Memorandum was prepared by Peak Commercial (Broker) on the behalf of the Owner. By accepting this Offering Memorandum, the party in possession hereof agrees (i) to return it to Owner/Agent immediately upon request and (ii) that this Offering Memorandum and its contents are of a confidential nature and will be held and treated in strict confidence. No portion of this Offering Memorandum may be copied or otherwise reproduced or disclosed to anyone without the prior written authorization of officer of Owner/Agent. Principals and real estate brokers are prohibited from disseminating this information without the specific written consent of an officer of Owner/Agent.

This Offering Memorandum is subject to errors, omissions, changes or withdrawal without notice and does not constitute a recommendation or endorsement as to the value of the property as a reference and are based on assumptions proposed by Owner/Agent and their sources. Prospective purchasers should make their own projections and reach their own conclusion of value.

Certain portions of this Offering Memorandum merely summarize or outline property information and are in no way intended to be complete nor necessarily accurate descriptions. All prospective purchasers are to rely upon their own investigations and due diligence in the formation of their assessment of the condition of the property, including engineering and environmental inspections. All relevant documents are expected to be reviewed independently by any prospective purchaser.

Neither Owner nor the Agent nor any of their respective officers, advisors, agents, or principals has made or will make any representations or warranties, expressed or implied, as to the accuracy or completeness of the Offering Memorandum or any of the contents, and no legal commitment or obligations shall arise by reason of the Offering Memorandum or the contents. Analysis and verification of the information contained in the Offering Memorandum is solely the responsibility of the prospective purchaser.

Owner reserves the right to reject any or all expressions of interest or offers to purchase this property, as well as the right to terminate discussions with any party at any time with our without notice. Owner shall have no legal commitment or obligation to any purchase reviewing this Offering Memorandum or making an offer to purchase this property unless a written agreement for the purchase of the property has been fully executed, delivered and approved by Owner and any conditions to Owner's obligations thereunder have been satisfied or waived.

The terms and conditions set forth above apply to this Offering Memorandum in its entirety.

Property Information

Total

OFFERING PRICE:	\$18,000,000 \$175.25 PSF
± BUILDING SQFT:	102,712
CURRENT OCCUPANCY:	100% Vacant
LAND SIZE:	±2.19 AC (95,418 SF)
STORIES:	3
YEAR BUILT:	2012
PARKING SPACES:	4.37/1,000 SF (2 Level subterranean & on-grade)
# of Expected Beds:	214 Allowable Underwritten as 186

Notes:

Property was built as a medical office building. Seller has obtained a conditional use permit for Senior Housing/Assisted Living usage with 214 Beds.

Property Summary

Peak Commercial & Anvers Capital Partners, as the exclusive advisor to Ownership, is pleased to present for sale 17901 Soledad Canyon Road in Santa Clarita, California (the "Subject Property"). The Subject Property is well-situated just north of the Santa Clara River near the intersection of Sierra Highway and Soledad Canyon Road. The property is comprised of one parcel totaling approximately 2.19 acres of land with one structure totaling 102,712 square feet of building area.

The subject property was just newly constructed in 2012, and consists of 3 (2nd and 3rd floors consisting of ±41,000 SqFt floor plates) stories with two levels of subterranean parking. The property was built as an office/medical office building, however Seller is in the process of obtaining a conditional use permit for toward Assisted Living usage given its ideal location, and physical design. The final project will consist of approximately 114 Units (214 Beds). 18 Beds on the first floor are allocated toward memory care, while the remaining 196 beds on the second and third floor will be assisted living.

Property Highlights

High-quality new construction, built in 2012. Property has never been occupied.

Warm shell mostly in place and completed.

Seller has obtained a CUP for a 214 bed assisted living project.

Centrally located with favorable demographics and growth projections

Two level Subterranean parking garage with a parking ratio of 4.37/1,000 SF.

Strong demographics. Ideal location for an Assisted Living/Memory Care facility.

Ideal Layout and design for assisted living mixed-use facility.

Priced Millions below project's current replacement cost.



INVESTMENT UNDERWRITING

CANYON CENTER | SANTA CLARITA



Projected Income and Financials



CANYON CENTER

17901 Soledad Canyon Road

Santa Clarita | California

DISCLAIMER REGARDING PROJECTIONS

The financial projections contained in the confidential private offering material herein, including any exhibits thereto, should not be construed as predictions of the actual operating results of the operator or the property or the actual results of investing in the project. The financial projections are intended to illustrate the potential results if the accompanying assumptions are achieved. While the operator believes that the assumptions are reasonable, they are necessarily speculative and subject to uncertainties and risks. It is likely that future events and conditions will be different from those assumed and that actual results may be different from those illustrated, and those differences may be material.

The forward-looking statements contained herein, including without limitation, statements regarding future events, activities, occurrences or performances, are intended as estimates, projections, or predictions regarding future events, activities, occurrences or performance, unless expressly stated otherwise. For various reasons, there can be no assurance that the actual events will correspond with these forward-looking statements or that factors beyond the control of the operator will

not affect the assumptions on which the forward-looking statements are based. Therefore, the illustrative value of these forward-looking statements found herein should not, under any circumstance be considered a guarantee that such future events, activities, occurrences or performance will occur.

The financial projections were compiled by the operator and represent its best estimate of the expected performance of the project. The financial projections were not examined, reviewed or supported by the operator's financial and legal counsel.

Prospective investors should seek the advice of their own independent legal and tax advisers with respect to an investment in the project and the prospective risks and rewards potentially derived therefrom.



Assisted Living & The Santa Clarita Market

Nature of the Business and Marketplace Defined

Senior Housing is a broad sector of the economy that caters to the needs of people generally aged 65 or older. Senior Housing is a growth industry that is driven by strong demographic trends. The senior population is growing at twice the national average of all people. The senior housing industry typically caters to the needs of seniors as far as their housing, nutrition and medical needs are concerned. Senior housing segments are defined by the level of care and amenities provided in conjunction with the living setting. Monthly fees for senior housing increase as the required level of service increases. The senior housing industry generally consists of one licensed operator that provides the needs of seniors for residences, meals and medical attention.

The following are descriptions of Various Senior Housing Options.

- [Independent Living Communities.](#)
- [Assisted Living Residences.](#)
- [Nursing Homes.](#)
- [Congregate Care Residential Community \(CCRC\).](#)

Market Penetration Conclusions :Market penetration is a key element to success and growth. Currently the total number of seniors with a need for senior housing is greater than those currently in senior housing. The growth in senior demographics shows that, even without an increase in the penetration rate of the industry to the available pool of potential participants, this demographic trend is expected to produce significant demand growth. Additionally, family dynamics, which previously allowed former generations to keep parents/grandparents in the home, are changing, as is the economic ability to care for them. In response to this favorable demographic outlook, there has been an increase in the development of senior housing nationally, this will result in moderate and short term fluctuations in the absorption of senior housing;

however, the aging population and large proportion of functionally obsolete facilities is expected to see demand drive an increase in the senior housing marketplace. A fully integrated and innovative operator will benefit from this demand growth and stands to gain significant market share by introducing such a product.

[The City of Santa Clarita](#) has grown to become the third largest city in Los Angeles County. Santa Clarita ranks just below the Cities of Los Angeles and Long Beach and larger than Glendale, which is the fourth largest City in the County.

The current population is approximately 300,000 people with 33% of them over 55 years of age. The median household income was \$95,064 in 2016 with over one-third of households earning over \$125,000. This ranks Santa Clarita among the highest income level communities in the State of California.

The growth in the local population has outpaced the development of senior housing and medical services in the area thus creating a lack of direct competition for similar services in the immediate vicinity. Major operators offering these services are located in the northern San Fernando Valley and in Valencia over 10 miles away.

An analysis of the market indicates that a broad range of senior housing services are currently at a premium with few operators available to service the needs of an aging and vulnerable population. This supports our conclusion that there is a need for a well-priced, inclusive services provider in this area.

INVESTMENT OVERVIEW

CANYON CENTER | SANTA CLARITA

Property Information					Cap Rate Analysis					Financing Assumptions				
Initial Purchase Price:		\$18,000,000			Purchase Price:		\$18,000,000			ALL CASH ANALYSIS				
Number of Units:		107			Hard Costs & Soft Costs:		\$12,500,000							
Number of Beds:		186												
Cost Per Bed:		\$96,774												
Approx. Age:		2020												
Apx SqFt:		102,712												
Price Per SqFt:		\$175												
Approx. Lot Size:		2.19 Acres												
Parking:														

INVESTMENT OVERVIEW

CANYON CENTER | SANTA CLARITA

Santa Clarita Financial Projections and Summary - 186 Beds

Project Information

Property Address: 17901 Soledad Canyon Road | Santa Clarita, California
 Lot Size: 2.19 acres
 Improvements: ±102,712 SqFt, 3-story mob
 Parking: 440 stalls

Use: Assisted living/Memory Care/ Commercial Medical.
 Units/Beds: 107 Units | 186 Beds

Income Projections by Use

Residential Use:	# of Beds	Rate	
Semi-Priv ate AL	152	\$4,800	
Priv ate AL	22	\$5,500	
MC Priv ate	6	\$7,800	
MC Shared	6	\$5,800	
-		186	
Weighted Average Rent per Bed:		\$4,825	\$897,400

*

Performance Projections

Acquisition Cost \$18,000,000
 Hard and Soft Costs: \$12,500,000
Total Property Cost: \$30,500,000
 Working Capital: \$2,500,000

Total Project cost: \$33,000,000

Y1 Net Operations: (\$1,114,750)
 Y2 Net Operations: \$2,935,996
 Y3 Net Operations: \$5,859,508

EOY Y5 NOI: 6,412,038
 Exit CAP RATE: 7.00%
 Cost of Sale Y5: 2.50%
 EOY 3 Sale Price: \$91,600,541
NET PROCEEDS: \$89,310,528



INVESTMENT OVERVIEW

CANYON CENTER | SANTA CLARITA

Market Growth Assumptions	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Total
Current Average Per Unit:	\$5,011.83	\$5,011.83	\$5,011.83	\$5,011.83	\$5,011.83	\$5,011.83	\$5,011.83	\$5,011.83	\$5,011.83	\$5,011.83	\$5,011.83	\$5,011.83	
# of Beds Rented	50	5	5	5	5	5	5	5	5	5	5	5	
Total Rented:	50	55	60	65	70	75	80	85	90	95	100	105	
% Rented	26.88%	29.57%	32.26%	34.95%	37.63%	40.32%	43.01%	45.70%	48.39%	51.08%	53.76%	56.45%	
Income	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Total
Gross Potential Residential Rent	\$932,200	\$932,200	\$932,200	\$932,200	\$932,200	\$932,200	\$932,200	\$932,200	\$932,200	\$932,200	\$932,200	\$932,200	\$11,186,400
Other Income -Misc	\$25,538	\$28,091	\$30,645	\$33,199	\$35,753	\$38,306	\$40,860	\$43,414	\$45,968	\$48,522	\$51,075	\$53,629	\$475,000.00
Less: Residential Physical Vacancy	(\$681,609)	(\$656,549)	(\$631,490)	(\$606,431)	(\$581,372)	(\$556,313)	(\$531,254)	(\$506,195)	(\$481,135)	(\$456,076)	(\$431,017)	(\$405,958)	(\$6,525,400)
Effective Gross	\$276,129	\$303,742	\$331,355	\$358,968	\$386,581	\$414,194	\$441,806	\$469,419	\$497,032	\$524,645	\$552,258	\$579,871	\$5,136,000
Expenses:													
Real Estate Taxes	\$31,771	\$31,771	\$31,771	\$31,771	\$31,771	\$31,771	\$31,771	\$31,771	\$31,771	\$31,771	\$31,771	\$31,771	\$381,250
Property Insurance	\$7,917	\$7,917	\$7,917	\$7,917	\$7,917	\$7,917	\$7,917	\$7,917	\$7,917	\$7,917	\$7,917	\$7,917	\$95,000
Utilities	\$26,670	\$26,670	\$26,670	\$26,670	\$26,670	\$26,670	\$26,670	\$26,670	\$26,670	\$26,670	\$26,670	\$26,670	\$320,044
Administrative & General	\$31,000	\$31,000	\$31,000	\$31,000	\$31,000	\$31,000	\$31,000	\$31,000	\$31,000	\$31,000	\$31,000	\$31,000	\$372,000
Marketing	\$7,083	\$7,083	\$7,083	\$7,083	\$7,083	\$7,083	\$7,083	\$7,083	\$7,083	\$7,083	\$7,083	\$7,083	\$85,000
Resident Care	\$155,000	\$155,000	\$155,000	\$155,000	\$155,000	\$155,000	\$155,000	\$155,000	\$155,000	\$155,000	\$155,000	\$155,000	\$1,860,000
Culinary Services	\$81,250	\$81,250	\$81,250	\$81,250	\$81,250	\$81,250	\$81,250	\$81,250	\$81,250	\$81,250	\$81,250	\$81,250	\$975,000
Laundry & Housekeeping	\$20,833	\$20,833	\$20,833	\$20,833	\$20,833	\$20,833	\$20,833	\$20,833	\$20,833	\$20,833	\$20,833	\$20,833	\$250,000
Repairs & Maintenance	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$144,000
Programing	\$20,833	\$20,833	\$20,833	\$20,833	\$20,833	\$20,833	\$20,833	\$20,833	\$20,833	\$20,833	\$20,833	\$20,833	\$250,000
Payroll Taxes & Benefits	\$80,314	\$80,314	\$80,314	\$80,314	\$80,314	\$80,314	\$80,314	\$80,314	\$80,314	\$80,314	\$80,314	\$80,314	\$963,768
Management Fee	\$35,952	\$35,952	\$35,952	\$35,952	\$35,952	\$35,952	\$35,952	\$35,952	\$35,952	\$35,952	\$35,952	\$35,952	\$431,424
Replacement Reserve:	\$10,272	\$10,272	\$10,272	\$10,272	\$10,272	\$10,272	\$10,272	\$10,272	\$10,272	\$10,272	\$10,272	\$10,272	\$123,264
TOTAL OPERATING EXPENSES	\$520,896	\$520,896	\$520,896	\$520,896	\$520,896	\$520,896	\$520,896	\$520,896	\$520,896	\$520,896	\$520,896	\$520,896	\$6,250,750
NOI	(\$244,767)	(\$217,154)	(\$189,541)	(\$161,928)	(\$134,315)	(\$106,702)	(\$79,089)	(\$51,476)	(\$23,864)	\$3,749	\$31,362	\$58,975	(\$1,114,750)
NOI & REP. RESERVE	(\$244,767)	(\$217,154)	(\$189,541)	(\$161,928)	(\$134,315)	(\$106,702)	(\$79,089)	(\$51,476)	(\$23,864)	\$3,749	\$31,362	\$58,975	(\$1,114,750)
Less Loan Payments													
Less Loan Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Plus Cash Infusion	\$244,767	\$217,154	\$189,541	\$161,928	\$134,315	\$106,702	\$79,089	\$51,476	\$23,864	\$0	\$0	\$0	\$1,208,837
Pre-Tax Cash Flow	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,749	\$31,362	\$58,975	\$94,087

INVESTMENT OVERVIEW

CANYON CENTER | SANTA CLARITA

Market Growth Assumptions	M13	M14	M15	M16	M17	M18	M19	M20	M21	M22	M23	M24	Total
Current Average Per Unit:	\$5,137.12	\$5,137.12	\$5,137.12	\$5,137.12	\$5,137.12	\$5,137.12	\$5,137.12	\$5,137.12	\$5,137.12	\$5,137.12	\$5,137.12	\$5,137.12	
# of Units Rented	5	5	5	5	5	5	5	5	5	5	5	0	
Total Rented:	110	115	120	125	130	135	140	145	150	155	160	160	
% Rented	59.14%	61.83%	64.52%	67.20%	69.89%	72.58%	75.27%	77.96%	80.65%	83.33%	86.02%	86.02%	
Income	M13	M14	M15	M16	M17	M18	M19	M20	M21	M22	M23	M24	Total
Gross Potential Residential Rent	\$955,505	\$955,505	\$955,505	\$955,505	\$955,505	\$955,505	\$955,505	\$955,505	\$955,505	\$955,505	\$955,505	\$955,505	\$11,466,060
Other Income -Misc	\$57,587	\$60,205	\$62,823	\$65,440	\$68,058	\$70,675	\$73,293	\$75,911	\$78,528	\$81,146	\$83,763	\$83,763	\$861,192.88
Less: Residential Physical Vacancy	(\$390,421)	(\$364,736)	(\$339,050)	(\$313,365)	(\$287,679)	(\$261,993)	(\$236,308)	(\$210,622)	(\$184,936)	(\$159,251)	(\$133,565)	(\$133,565)	(\$3,015,492)
Effective Gross	\$622,671	\$650,974	\$679,277	\$707,581	\$735,884	\$764,187	\$792,490	\$820,794	\$849,097	\$877,400	\$905,703	\$905,703	\$9,311,761
Expenses:													
Real Estate Taxes	\$32,406	\$32,406	\$32,406	\$32,406	\$32,406	\$32,406	\$32,406	\$32,406	\$32,406	\$32,406	\$32,406	\$32,406	\$388,875
Property Insurance	\$8,075	\$8,075	\$8,075	\$8,075	\$8,075	\$8,075	\$8,075	\$8,075	\$8,075	\$8,075	\$8,075	\$8,075	\$96,900
Utilities	\$27,204	\$27,204	\$27,204	\$27,204	\$27,204	\$27,204	\$27,204	\$27,204	\$27,204	\$27,204	\$27,204	\$27,204	\$326,445
Administrative & General	\$31,620	\$31,620	\$31,620	\$31,620	\$31,620	\$31,620	\$31,620	\$31,620	\$31,620	\$31,620	\$31,620	\$31,620	\$379,440
Marketing	\$7,225	\$7,225	\$7,225	\$7,225	\$7,225	\$7,225	\$7,225	\$7,225	\$7,225	\$7,225	\$7,225	\$7,225	\$86,700
Resident Care	\$158,100	\$158,100	\$158,100	\$158,100	\$158,100	\$158,100	\$158,100	\$158,100	\$158,100	\$158,100	\$158,100	\$158,100	\$1,897,200
Culinary Services	\$82,875	\$82,875	\$82,875	\$82,875	\$82,875	\$82,875	\$82,875	\$82,875	\$82,875	\$82,875	\$82,875	\$82,875	\$994,500
Laundry & Housekeeping	\$21,250	\$21,250	\$21,250	\$21,250	\$21,250	\$21,250	\$21,250	\$21,250	\$21,250	\$21,250	\$21,250	\$21,250	\$255,000
Repairs & Maintenance	\$12,240	\$12,240	\$12,240	\$12,240	\$12,240	\$12,240	\$12,240	\$12,240	\$12,240	\$12,240	\$12,240	\$12,240	\$146,880
Programing	\$21,250	\$21,250	\$21,250	\$21,250	\$21,250	\$21,250	\$21,250	\$21,250	\$21,250	\$21,250	\$21,250	\$21,250	\$255,000
Payroll Taxes & Benefits	\$81,920	\$81,920	\$81,920	\$81,920	\$81,920	\$81,920	\$81,920	\$81,920	\$81,920	\$81,920	\$81,920	\$81,920	\$983,043
Management Fee	\$36,671	\$36,671	\$36,671	\$36,671	\$36,671	\$36,671	\$36,671	\$36,671	\$36,671	\$36,671	\$36,671	\$36,671	\$440,052
Replacement Reserve:	\$10,477	\$10,477	\$10,477	\$10,477	\$10,477	\$10,477	\$10,477	\$10,477	\$10,477	\$10,477	\$10,477	\$10,477	\$125,729
TOTAL OPERATING EXPENSES	\$531,314	\$531,314	\$531,314	\$531,314	\$531,314	\$531,314	\$531,314	\$531,314	\$531,314	\$531,314	\$531,314	\$531,314	\$6,375,765
NOI	\$91,357	\$119,660	\$147,964	\$176,267	\$204,570	\$232,873	\$261,177	\$289,480	\$317,783	\$346,086	\$374,389	\$374,389	\$2,935,996
NOI & REP. RESERVE	\$91,357	\$119,660	\$147,964	\$176,267	\$204,570	\$232,873	\$261,177	\$289,480	\$317,783	\$346,086	\$374,389	\$374,389	\$2,935,996
Less Loan Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Plus Cash Infusion	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Pre-Tax Cash Flow	\$91,357	\$119,660	\$147,964	\$176,267	\$204,570	\$232,873	\$261,177	\$289,480	\$317,783	\$346,086	\$374,389	\$374,389	\$2,935,996

INVESTMENT OVERVIEW

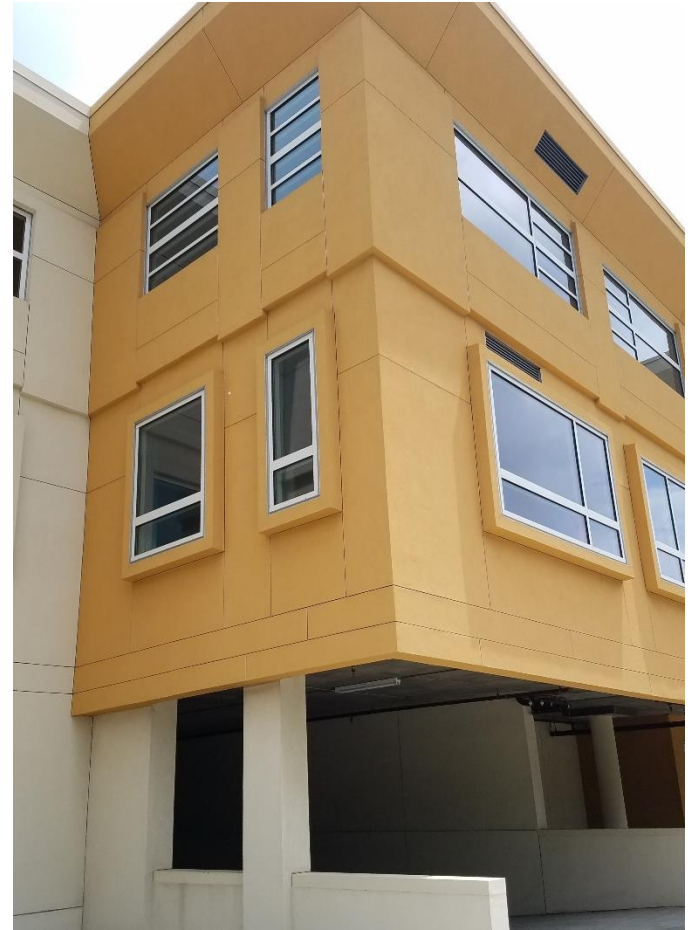
CANYON CENTER | SANTA CLARITA

Market Growth Assumptions	Y0 Stabalized		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Current Average Per Unit:	\$5,012		\$5,012	\$5,137	\$5,266	\$5,397	\$5,532	\$5,670
Revenue Growth Per Year:			2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating Expense Growth Per Year:			2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Vacancy:				5.00%	5.00%	5.00%	5.00%	5.00%
Income:	\$/Unit							
Gross Potential Residential Rent	\$11,186,400	\$60,142	\$11,186,400	\$11,466,060	\$11,752,712	\$12,046,529	\$12,347,693	\$12,656,385
Other Income -Misc	\$1,140,000	\$6,129	\$475,000	\$861,193	\$1,197,713	\$1,227,655	\$1,258,347	\$1,289,805
Less: ResidentialPhysical Vacancy	(\$559,320)	5.00%	(\$6,525,400)	(\$3,015,492)	(\$587,636)	(\$602,326)	(\$617,385)	(\$632,819)
Effective Gross	\$11,767,080	\$63,264	\$5,136,000	\$9,311,761	\$12,362,788	\$12,671,858	\$12,988,655	\$13,313,371
Expenses:								
Real Estate Taxes	\$381,250	\$2,050	\$381,250	\$388,875	\$396,653	\$404,586	\$412,677	\$420,931
Property Insurance	\$95,000	\$511	\$95,000	\$96,900	\$98,838	\$100,815	\$102,831	\$104,888
Utilities	\$320,044	\$1,721	\$320,044	\$326,445	\$332,974	\$339,633	\$346,426	\$353,354
Administrative & General	\$372,000	\$2,000	\$372,000	\$379,440	\$387,029	\$394,769	\$402,665	\$410,718
Marketing	\$85,000	\$0	\$85,000	\$86,700	\$88,434	\$90,203	\$92,007	\$93,847
Resident Care	\$1,860,000	\$10,000	\$1,860,000	\$1,897,200	\$1,935,144	\$1,973,847	\$2,013,324	\$2,053,590
Culinary Services	\$975,000	\$5,242	\$975,000	\$994,500	\$1,014,390	\$1,034,678	\$1,055,371	\$1,076,479
Laundry & Housekeeping	\$250,000	\$1,344	\$250,000	\$255,000	\$260,100	\$265,302	\$270,608	\$276,020
Repairs & Maintenance	\$144,000	\$774	\$144,000	\$146,880	\$149,818	\$152,814	\$155,870	\$158,988
Programing	\$250,000	\$1,344	\$250,000	\$255,000	\$260,100	\$265,302	\$270,608	\$276,020
Payroll Taxes & Benefits	\$963,768	\$5,182	\$963,768	\$983,043	\$1,002,704	\$1,022,758	\$1,043,213	\$1,064,078
Management Fee	\$431,424	\$2,319	\$431,424	\$440,052	\$448,854	\$457,831	\$466,987	\$476,327
Replacement Reserve:	\$123,264	\$663	\$123,264	\$125,729	\$128,244	\$130,809	\$133,425	\$136,093
TOTAL OPERATING EXPENSES	\$6,250,750	\$33,606	\$6,250,750	\$6,375,765	\$6,503,280	\$6,633,346	\$6,766,013	\$6,901,333
NOI	\$5,516,330	\$29,658	(\$1,114,750)	\$2,935,996	\$5,859,508	\$6,038,512	\$6,222,642	\$6,412,038
Operating Expense Ratio	53.1%			68.5%	52.6%	52.3%	52.1%	
Plus Cash Infusion			\$1,114,750	\$0	\$0	\$0	\$0	\$0
Pre-Tax Cash Flow			\$0	\$2,935,996	\$5,859,508	\$6,038,512	\$6,222,642	\$6,412,038

Additional Comparables

	Share Unit with Memory Care	Memory Care Private	Studio	1 Bedroom
1) Sunrise Senior Living 190 Tierra Rejada Rd Simi Valley, CA 93605	\$6,570	\$8,430	\$3,720	\$4,620
2) The Foothills at Simi Valley 190 Tierra Rejada Rd Simi Valley, CA 93605	\$6,740	\$7,975	\$4,150 \$4,200 \$6,370	\$6,395 \$7,925
3) Varenity Simi Valley 190 Tierra Rejada Rd Simi Valley, CA 93605	\$6,000	\$7,950	\$5,300	\$6,195
4) Varenity Westlake Village 190 Tierra Rejada Rd Simi Valley, CA 93605		\$8,150	\$5,500	\$7,250 \$7,500
5) Belmont Village Thousand Oaks 190 Tierra Rejada Rd Simi Valley, CA 93605	\$6,350	\$8,890	\$5,410	\$7,500
AVERAGES:	\$6,415	\$8,279	\$4,950	\$6,769





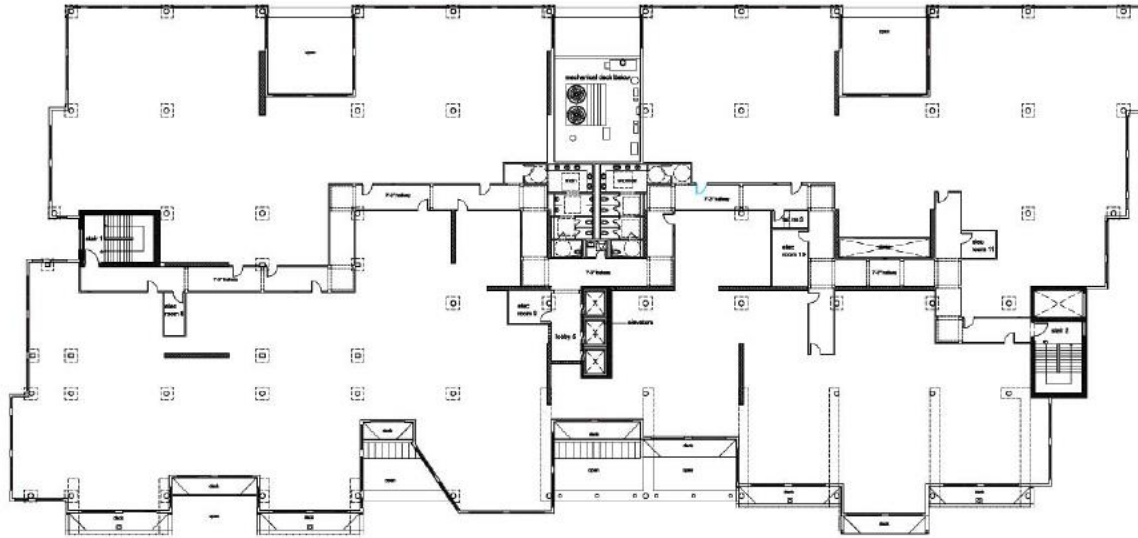


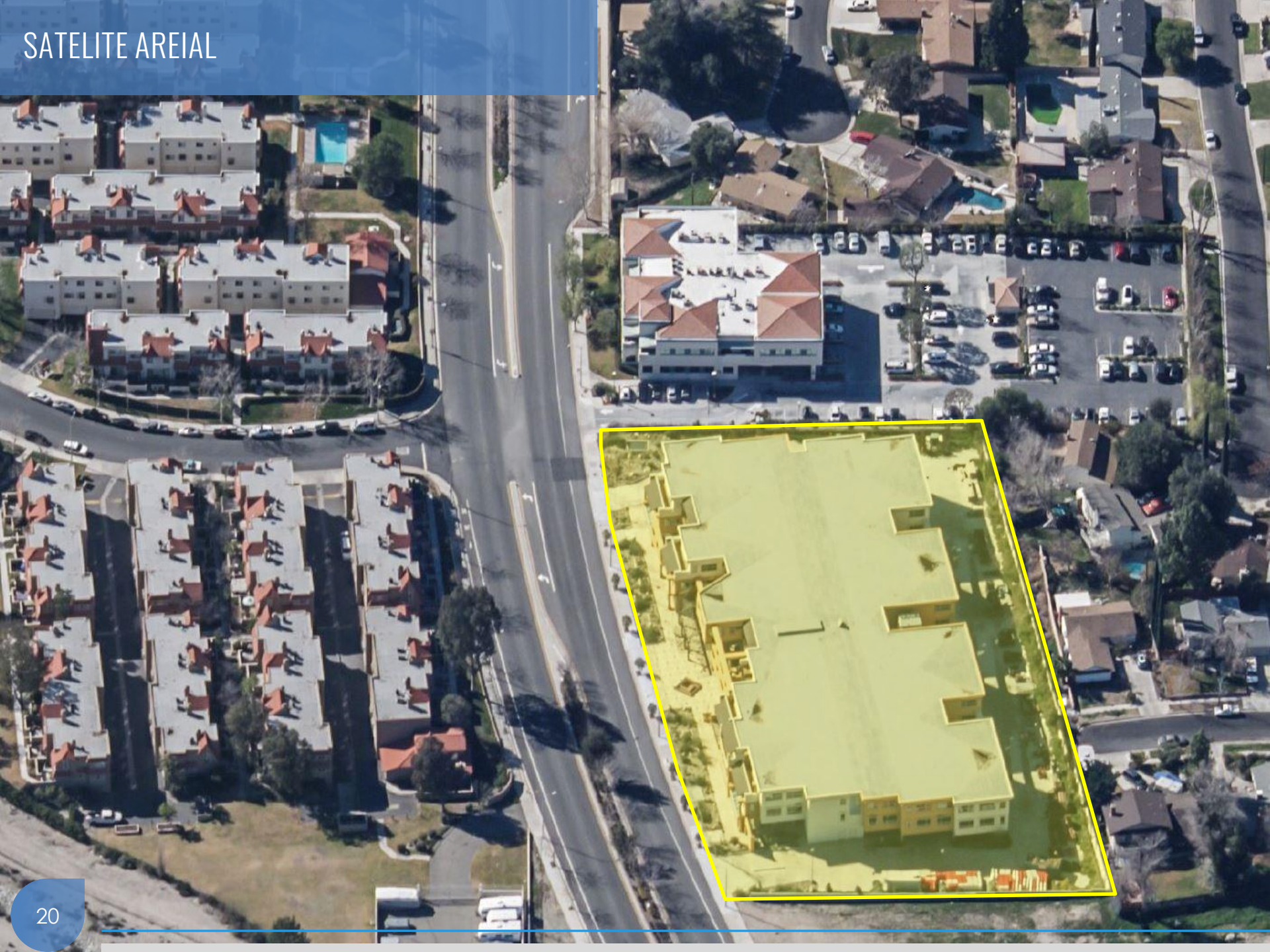


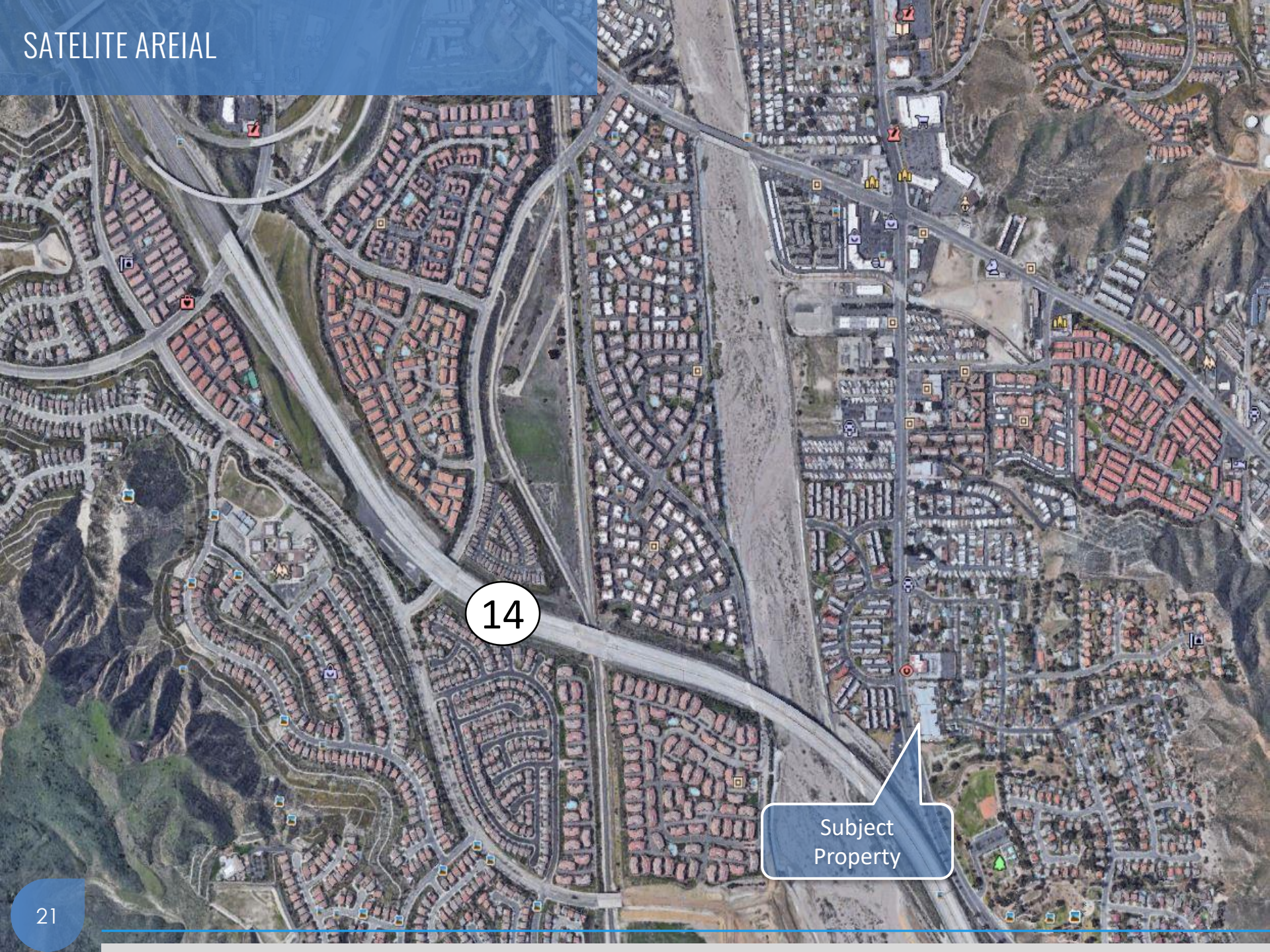
First Floor



Second & Third Floor

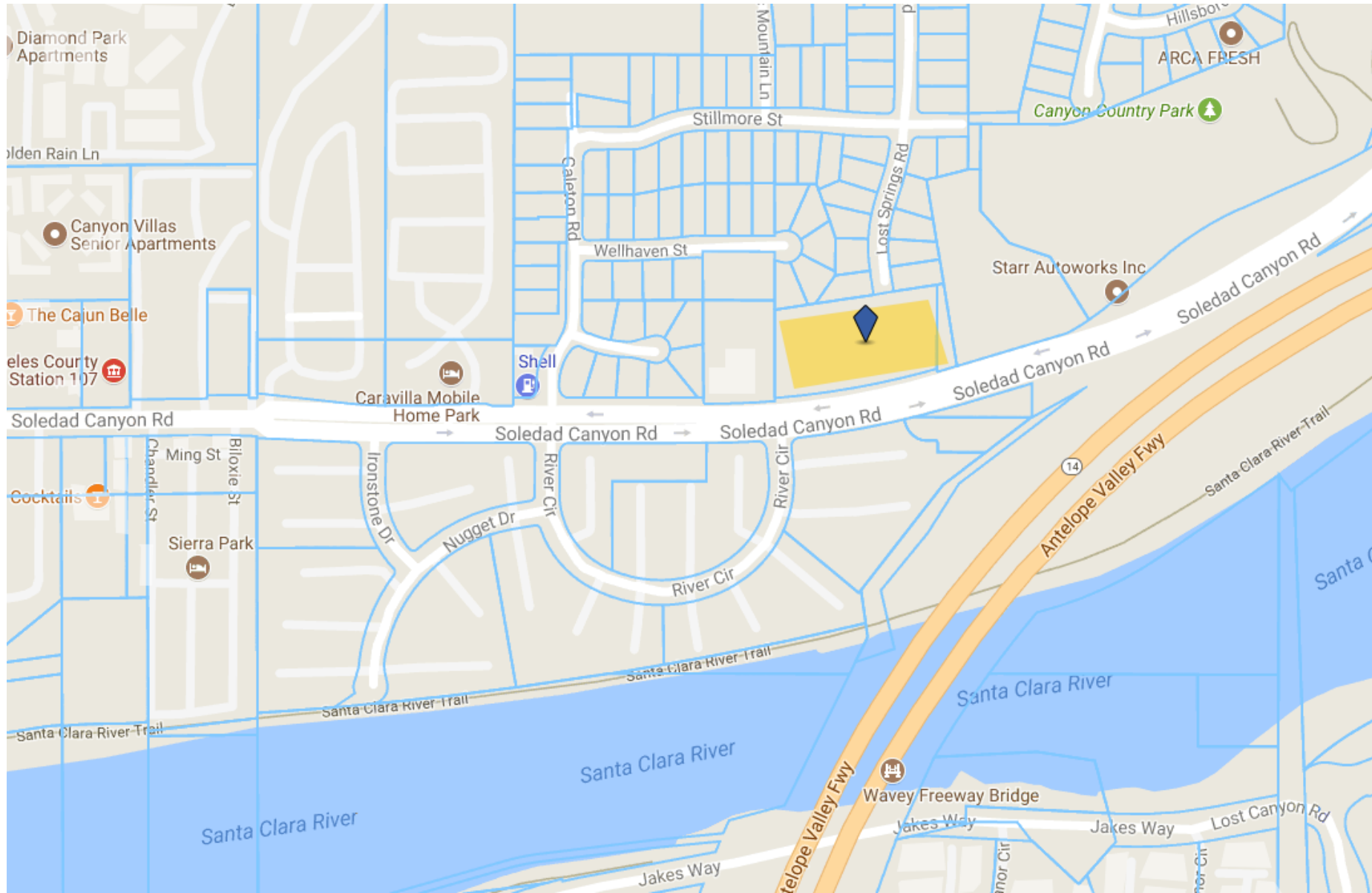




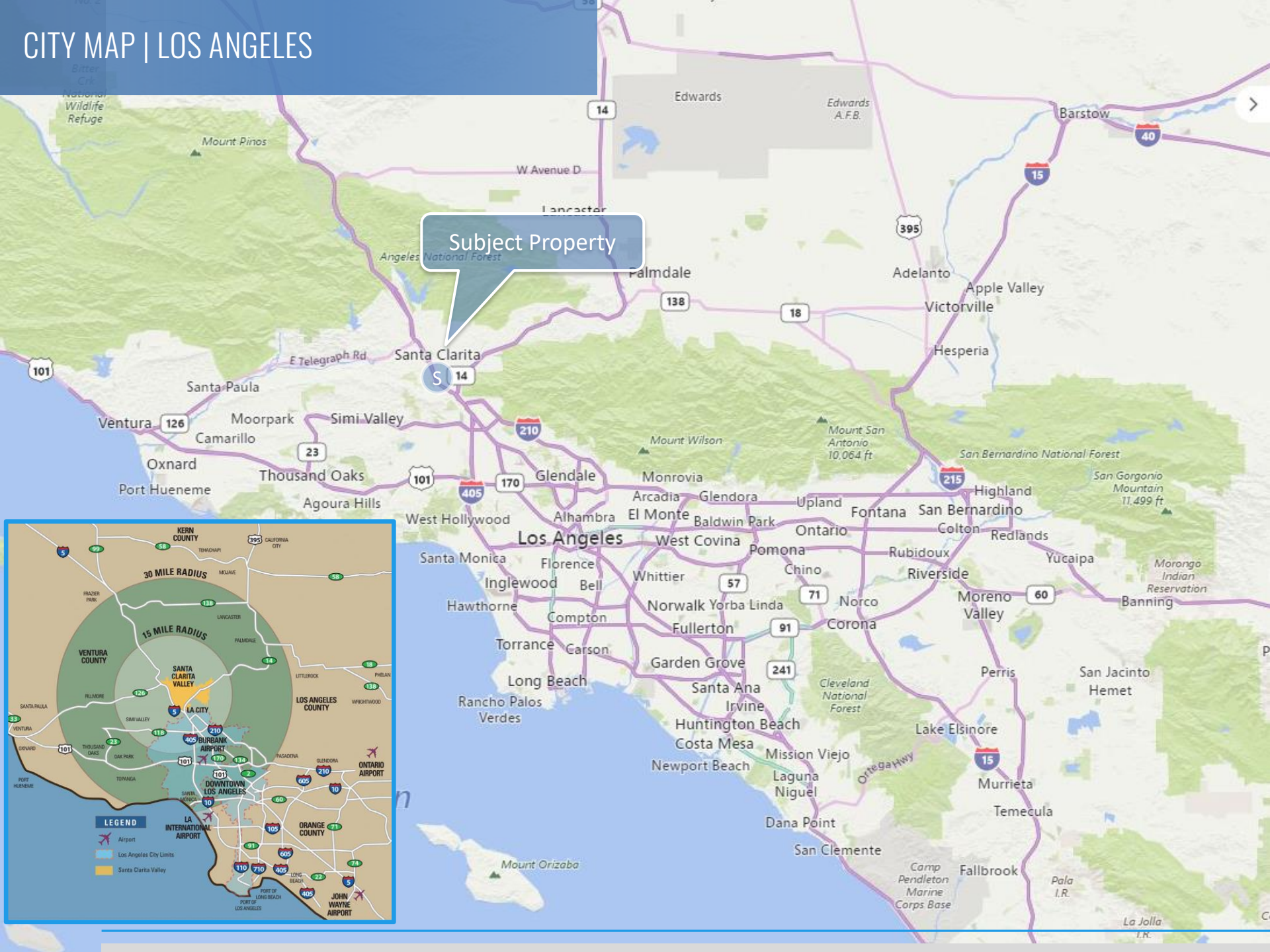


14

Subject
Property



CITY MAP | LOS ANGELES



The City of Santa Clarita

The City of Santa Clarita is the third largest city in Los Angeles County. Nestled between the San Gabriel Mountain Range to the east and the Santa Susana Mountain Range to the west - Santa Clarita is located just north of the San Fernando Valley, 30 miles from downtown Los Angeles, and 40 miles east of the Pacific Ocean. The total area of the city is 64.41 sq. miles and includes the communities of Canyon Country, Newhall, Saugus and Valencia.

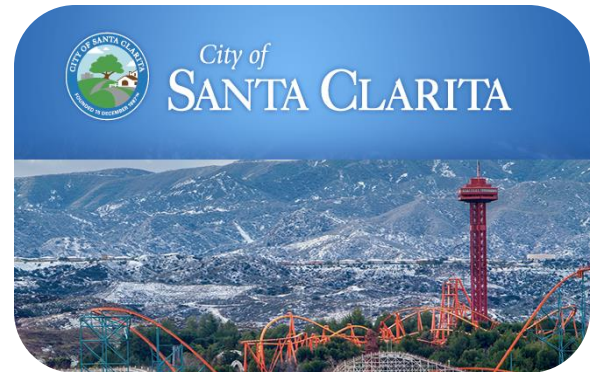
Since incorporation in 1987, thirty-two communities positioned adjacent to the City have annexed into the City of Santa Clarita, adding a total of 18.1 square miles to the City. Population has increased from 110,642 in 1990. This increase in population can be attributed to the aforementioned annexations, birth rates and residents moving into Santa Clarita.

With 213,231 residents, the City of Santa Clarita is the third-largest City in Los Angeles County, following the City of Los Angeles (3.9 million residents) and the City of Long Beach (472,779 residents). The City of Glendale ranks as the fourth-largest City in Los Angeles County,

with a total estimated population of nearly 199,182 residents. Santa Clarita is the 18th largest city in the State of California following San Bernardino's 213,933 residents.

The Santa Clarita Valley's clean and amenity-rich environment, award winning schools, highly skilled workforce and employment opportunities are attracting both new employers and residents to the region. Accordingly, the population in the Santa Clarita Valley has grown by nearly 35% over the past decade to over 278,000 and is on pace to reach 308,000 by 2018.

More affordable housing and new job creation in the Santa Clarita Valley will attract more people into the region. The Newhall Ranch residential development will create additional housing opportunity adding more than 21,000 new homes to the area. Construction is anticipated to begin in 2016 and is expected to continue in phases over the next 20 years.



MARKET OVERVIEW

PROPERTY DEMOGRAPHICS

Radius	3 Mile	5 Mile	10 Mile
Population:			
2023 Projection	87,039	127,987	430,441
2018 Estimate	84,685	124,585	421,988
2010 Census	77,161	113,842	401,304
Growth 2018-2023	2.78%	2.73%	2.00%
Growth 2010-2018	9.75%	9.44%	5.15%
Households:			
2023 Projection	28,129	40,897	127,354
2018 Estimate	27,399	39,839	124,822
2010 Census	25,143	36,582	118,771
Growth 2018 - 2023	2.66%	2.66%	2.03%
Growth 2010 - 2018	8.97%	8.90%	5.09%
Owner Occupied	18,481	28,923	87,355
Renter Occupied	8,918	10,916	37,467
2018 Avg Household Income	\$99,298	\$106,907	\$107,753
2018 Med Household Income	\$82,440	\$88,596	\$87,135
2018 Households by Household Inc:			
<\$25,000	3,175	4,092	14,492
\$25,000 - \$50,000	4,518	5,884	19,298
\$50,000 - \$75,000	4,670	6,443	19,425
\$75,000 - \$100,000	4,489	6,438	18,945
\$100,000 - \$125,000	3,358	5,015	15,170
\$125,000 - \$150,000	2,438	3,914	11,215
\$150,000 - \$200,000	2,704	4,362	13,062
\$200,000+	2,046	3,693	13,215

Contributing Factors

Factors contributing to the increasing demand for senior housing:

The graying of America: A massive demographic shift or “silver tsunami” is underway in the United States which will see the older population double to 70 million people by 2030-up from 40 million in 2010-when more than 20% of the U.S. population will be over the age of 65. The 70+ population is expected to grow faster than any other age group-from 28 million in 2010 to 53 million by 2030. America’s oldest old,” age 85 and over, is projected to more than triple, growing from 5.5 million in 2010 to 19 million by 2050.

Increased life expectancy: Seniors are living longer due to healthier lifestyles and better access to healthcare, and more are living alone. Life expectancy is 79 years in the United States and is expected to continue to increase. According to the National Center for Assisted Living, the largest market segment in the industry are elderly people who live alone, particularly those who have no children, driving increased demand for services historically provided by spouses or other family members.

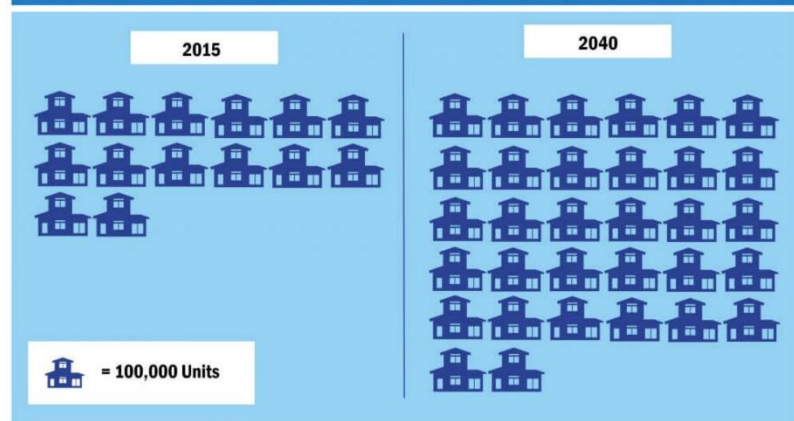
Assisted Living Residences. Senior housing is better understood today with increased product acceptance and market penetration creating an additional untapped source of demand from seniors and from their adult children. The opportunity for socialization, particularly among the “baby boom” generation, will be welcomed by an increasing number of households. Also supporting the market opportunity is the affluence and influence of adult children. “Seniors “reverse-migrate” as infirmities increase,”. Adult children are key decision makers for their elderly parents. Senior housing operators are looking at geography not only in terms of where seniors are living but also where adult children are living.

Family supports are shrinking. The number of family caregivers is declining creating a growing “care gap” reports the AARP Public Policy Institute, and with supply unlikely to keep pace with future demand, the need for senior housing

options will increase. In 2010, the elderly support ratio (defined as the number of potential caregivers aged 45 to 64 for each person aged 80 and older) was more than 7 to 1 and is projected to decline sharply to 4 to 1 by 2030 and 3 to 1 in 2050, when all boomers will be in the high-risk years of late life.

Higher acuity needs levels: Seniors are living longer, leading to issues related to acuity which will force emerging products, insiders say. Dealing with higher acuity in assisted living was identified as one of the industry’s biggest challenges. The industry is “downshifting” with assisted living becoming more like skilled nursing, independent living becoming more like assisted living.

Projected Senior Housing Demand - 25 Year Outlook



Demand for senior housing will grow from 1.4 million units in 2015 to 3.2 million units in 2040. It is estimated that 100,000 units per year will need to be built between 2025 and 2040 to keep up with demand. (American Seniors Housing Association, 2016 Market Brief.)

The Overall Industry

ANALYSIS AND TRENDS.

Broadly defined, the market for senior living is large and growing, with industry fundamentals, namely pent up demand from an aging demographic and increasing needs for specialized care, supporting strong growth over the next several decades.

Senior housing can be described as “...a mix of real estate, hospitality, and care,” with high-quality housing and nursing care facilities presenting alternatives for an exploding senior population, from choice-based options (independent living) in early retirement to needs-based choices (assisted living, memory care, and skilled nursing) as care requirements increase.

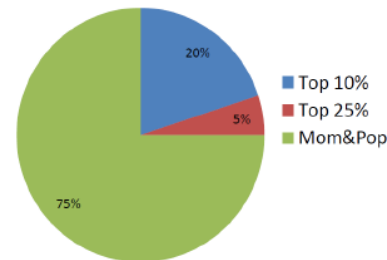
The population of the United States is growing older and the marketplace for housing and for medical care is expanding in order to meet the increasing demand.

Currently housing for elderly residents falls into one of two broad independent categories; first, Independent and Assisted Living and second, Skilled Nursing. Each has been lucrative for its operations and each enjoys high occupancy rates when properly managed.

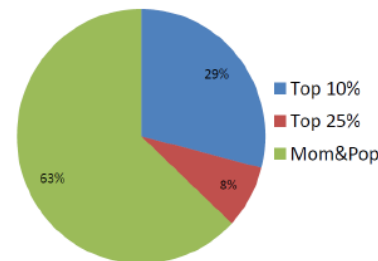
Fragmented industry: Despite the increase in demand and the popularity of this sector in recent years, the senior housing industry remains highly fragmented. This fragmentation has led to a lack of real innovation and disparate quality in facilities.

According to one market share analysis, the top 25 independent living operators in the United States represent an estimated 24.5 percent of all units, while the top 25 assisted living operators only represent 37.7 percent of all units. The top 25 nursing facility operators represent 22 percent of all beds. In another analysis, “share of market was divided among non-REITs (21 percent share) and REITs (9 percent), with the remaining 70 percent of senior housing properties owned by “mom and pops” (i.e., defined as owners of 15 or fewer properties).

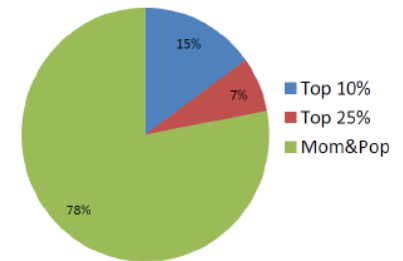
Independent Living



Assisted Living



Skilled Nursing



Doing Business In Santa Clarita (1 of 3)

2.7 Million workers within a 30-minute radius and over 5 Million People within a 30 minute commute

Close to 15 area colleges and universities and home to College of the Canyons

30 minutes north of downtown Los Angeles and easy access to LAX and Burbank Airports

Named on of the Most Business Friendly cities in Los Angeles County by LAEDC

Santa Clarita was named the “Most Business Friendly City in Los Angeles County,” by Los Angeles County Economic Development Corporation (LAEDC), and offers businesses many reasons to locate here. From the tax-saving benefits of the Industry Cluster Attraction Incentive to the new one-stop permitting center at City Hall, doing business in Santa Clarita is simple and has many benefits including: » No Business License Fees » No Utility Users Tax » No Gross Receipts Tax » One of the Top 20 Retail Markets in California (California Retail Survey, 2012) » “The Most Business Friendly City in Los Angeles County” (LAEDC, 2008) » Named the “Best City of Industrial Development” (Los Angeles Business Journal, 2008).

The City of Santa Clarita's strong and diverse economy makes Santa Clarita the ideal destination for business. Maintenance of a highly supportive environment for business development is achieved through the cooperation of the Santa Clarita Valley Economic Development Corporation, the Santa Clarita Valley Chamber of Commerce, the Valley Industry Association, and the City government. In addition, companies benefit greatly from the area's modern business parks, as well as from a highly-skilled labor pool, variety of transportation choices, housing, quality of life, climate, and scenery.

Businesses are moving to the Santa Clarita Valley at an accelerated pace – its strategic location is one key factor.

Transportation

Just 30 minutes north of downtown Los Angeles, the Santa Clarita Valley is close to 23 interstate and local highways and enjoy easy access to LAX, Burbank Airport, Port of Los Angeles, and Port of Long Beach.

Workforce

Companies in the Santa Clarita Valley can tap into 2.7 million workers within a 30-minute radius. The reverse commute is a plus for employers and employees alike.

Universities and Job Training

The Santa Clarita Valley is also close to 15 area colleges and universities and home to the College of the Canyons, which is recognized for its leadership in correlating education with economic growth, job retention and workforce development.

Doing Business In Santa Clarita (2 of 3)

Generally, clusters are geographic concentrations of interconnected businesses, suppliers, service providers and associated institutions in a particular industry sector. The “clustering” of businesses can enhance the competitive advantage of a region by fueling competition in the local economy, which often leads to quality job creation. The SCVEDC has targeted its economic development efforts to assist in the expansion of the five industry clusters below.

AEROSPACE & DEFENSE

The Aerospace & Defense industry has a solid presence in the Santa Clarita Valley and is focused on aerospace product and parts manufacturing, space research and technology and national security/international affairs. The Aerospace & Defense Coalition (ADC) is made up of over sixty SCV aerospace and defense companies that meet quarterly in the SCV.

MEDICAL DEVICES

The Santa Clarita Valley enjoys a reputation as a national leader in the discovery and engineering of much noteworthy advancements in the medical device field. Our advanced workforce, high quality of life and strong training infrastructure are just a few of factors that make the SCV a productive location for firms.

ADVANCED MANUFACTURING

The Santa Clarita Valley is a sought after location for businesses involved in the production of high-value added, technical, or capital-intensive goods that require advanced inputs and manufacturing processes. The outputs produced by our firms are very diverse and range from electronics to engines.

DIGITAL MEDIA & ENTERTAINMENT

The Santa Clarita Valley hosts production companies of all sizes for dozens of commercials, hit television shows and feature films, representing hundreds of shooting days each year. The SCV is also supported by one of the premier

academic institutions for the arts, the California Institute of the Arts (CalArts).

INFORMATION TECHNOLOGY

The Santa Clarita Valley is home to a variety of information technology firms engaged in software publishing, telecommunications, data processing and hosting, and computer design. The SCV has a unique quality lifestyle and amenities that encourages IT top talent to locate here.



San Fernando Valley
Burbank Airport

05 minute drive
20 minute drive



Hollywood
Downtown Los Angeles

25 minute drive
30 minute drive



West Los Angeles
Port of Los Angeles
Port of Long Beach

35 minute drive
50 minute drive
55 minute drive

Doing Business In Santa Clarita (3 of 3)



SANTA CLARITA VALLEY BUSINESS PARKS

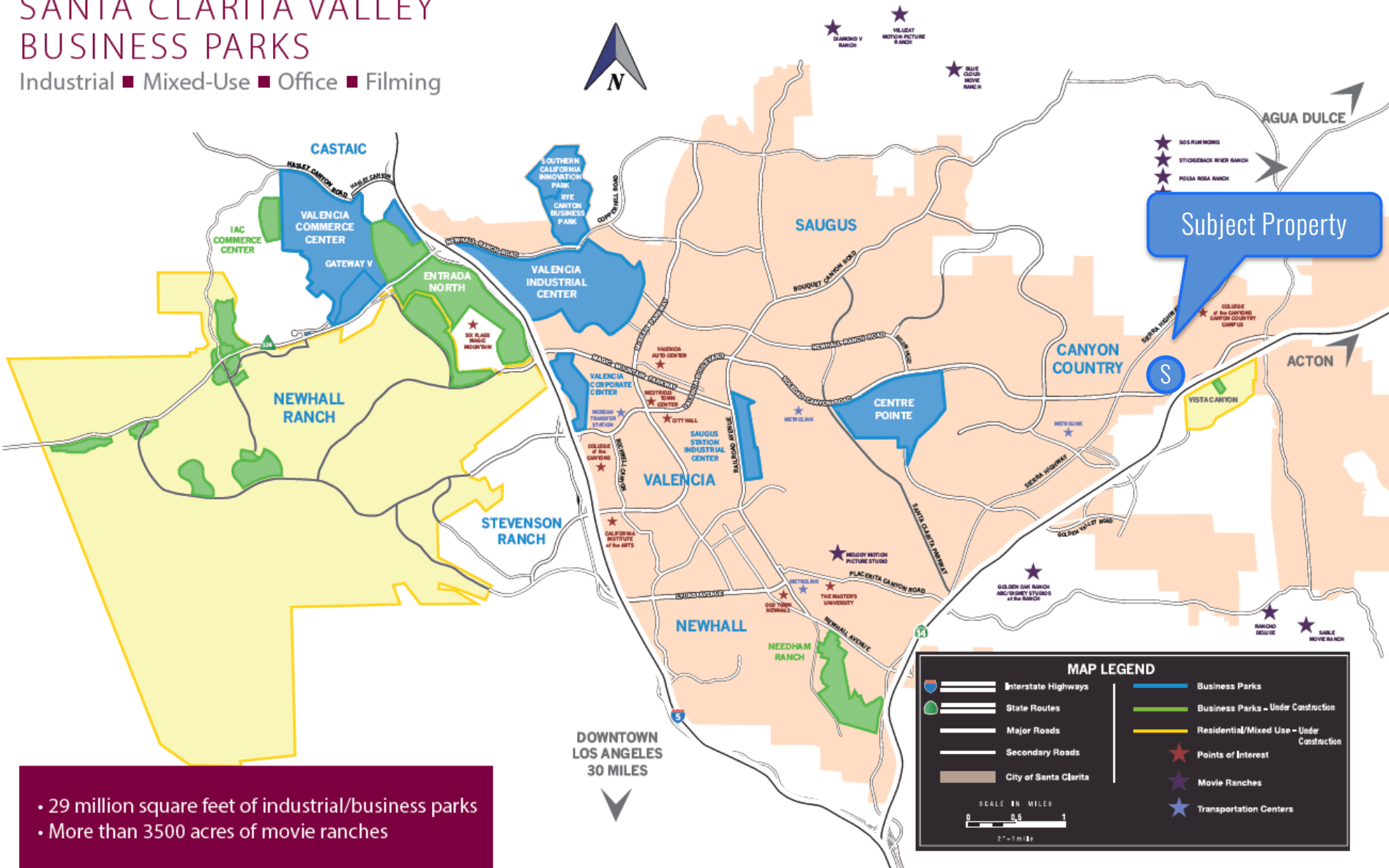
As of 10/1/2017

Business Park	Built Square Feet
Valencia Commerce Center	9.3 Million
Valencia Industrial Center	10.4 Million
Southern California Innovation Park	612,095
Centre Pointe Business Park	2.5 Million
Rye Canyon Business Park	3.1 Million
Valencia Corporate Center	775,000
IAC Commerce Center	395,090

Companies from 25 to 400 employees have relocated to the Santa Clarita Valley (partial list shown above).

SANTA CLARITA VALLEY BUSINESS PARKS

Industrial ■ Mixed-Use ■ Office ■ Filming



17901 Soledad Canyon Rd

Santa Clarita | CA | 91387

Prime Adaptive Reuse Senior Housing Opportunity

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CA License #00877523

Jack Minassian

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Will White

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