STRAWBERRY FIELDS REIT LTD.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2017

(Unaudited)

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Contents

Independent auditors' review report to the shareholders of
<u>STRAWBERRY FIELDS REIT LTD</u>

Introduction

We have reviewed the accompanying financial information of Strawberry Fields REIT Ltd. and its subsidiaries, (hereafter-the Company) which includes the condensed statement of financial position as of September 30, 2017, and the condensed statements of profit and loss and comprehensive income, changes in equity and cash flows for the three and nine months periods ended on that date. The Board of Directors and management are responsible for the preparation and presentation of the financial information for this interim period in accordance with IAS 34 "Financial Reporting for Interim Periods", and they are also responsible for the preparation of the financial information for the interim period in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on this pro forma financial information for interim periods based on our review.

Scope of Review

We conducted our review in accordance with Review Standard 1 of the Institute of Certified Public Accountants in Israel "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the abovementioned financial information is not prepared, in all material respects, in accordance with IAS 34.

In addition to the aforesaid in the preceding paragraph, based on our review, nothing has come to our attention that causes us to believe that the abovementioned financial information does not comply, in all material respects, with the disclosure requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Brightman Almagor Zohar & Co
Certified Public Accountants
Member of Deloitte Touche Tohmatsu

Tel Aviv, Israel, November 14 , 2017

STRAWBERRY FIELDS REIT LTD
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	September 30		December 31,
	2017	2016	2016
		In $ 000	
	(Unaudited)		
Current assets			
Cash and cash equivalents	15,477	28,629	24,373
Designated deposits	3,474	5,695	9,724
Trade receivables-income receivable with respect to rental fees rising at a fixed rate	3,792	5,030	4,743
Other current assets	7,280	762	3,991
	30,023	40,116	42,831
Non- current assets			
Investment property	650,206	638,549	629,782
Long-term receivables	21,003	12,432	13,694
	671,209	650,981	643,476
Total assets	701,232	691,097	686,307
Current liabilities			
Current maturities of debentures	15,909	13,383	13,080
Current maturities of loans from financial entities and others	8,866	51,267	7,689
Current maturities of liabilities with respect to leases classified as investment property	1,097	1,197	1,191
Other current liabilities	13,303	10,916	16,854
	39,175	76,763	38,814
Non- current liabilities			
Debentures	72,208	72,628	70,730
Loans from financial entities and others	358,658	308,147	348,728
Liabilities for leases classified as investment property	7,434	7,976	7,550
Loans from related parties	853	3,231	2,354
	439,153	391,982	429,362
Equity			
Share capital		-	-
Share premium	144,175	144,174	144,175
Retained earnings	78,729	78,178	73,956
	222,904	222,352	218,131
Total liabilities and equity	701,232	691,097	686,307

The attached notes are an integral part of the interim consolidated financial statements.

November 14, 2017	____________________	_____________	________________
Date of approval of financial information	**Moishe Gubin** **Chairman of the Board and Joint CEO**	**Nahman Eingal** **Joint CEO and in charge of financial matters**	**Michael Blisko** **Director**

STRAWBERRY FIELDS REIT LTD
CONSOLIDATED STATEMENTS OF PROFIT AND LOSS
AND OTHER COMPREHENSIVE INCOME

	For the period of nine months ended September 30		For the period of three months ended September 30		For the year ended December 31
	2017	**2016**	**2017**	**2016**	**2016**
			In $ 000		
			(Unaudited)		
Rental revenues from investment property	38,628	33,707	13,506	13,382	47,767
Cost of renting and operating properties	(2,120)	(2,131)	(764)	(660)	(2,763)
Income from rental and operation of properties	36,508	31,576	12,742	12,722	45,004
Adjustment of fair value of investment property	(3,352)	(1,075)	(1,051)	(1,075)	(9,239)
General and administrative expenses	(946)	(548)	(541)	(239)	(835)
	32,210	29,953	11,150	11,408	34,930
Financing expenses	(22,101)	(15,496)	(5,807)	(6,148)	(22,126)
Financing income	164	517	46	-	548
Net financing expenses	(21,937)	(14,979)	(5,761)	(6,148)	(21,578)
Net income for the period	**10,273**	**14,974**	**5,389**	**5,260**	**13,352**
Comprehensive income	**10,273**	**14,974**	**5,389**	**5,260**	**13,352**

The attached notes are an integral part of the interim consolidated financial statements.

STRAWBERRY FIELDS REIT LTD
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Share premium	Retained earnings	Total
		In $ 0 0 0		
For the period of nine months ended September 30, 2017 (unaudited)				
Balance as of January 1, 2017	**-**	**144,175**	**73,956**	**218,131**
Comprehensive income	-		10,273	10,273
Dividends paid			(5,500)	(5,500)
Balance as of September 30, 2017	**-**	**144,175**	**78,729**	**222,904**

	Share capital	Share premium	Retained earnings	Total
		In $ 0 0 0		
For the period of nine months ended September 30, 2016 (unaudited)				
Balance as of January 1, 2016	**-**	**84,981**	**69,204**	**154,185**
Comprehensive income	-	-	14,974	14,974
Dividends paid	-	-	(6,000)	(6,000)
Capital reserve with respect to receipt of services from controlling shareholders	-	59,193	-	59,193
Balance as of September 30, 2016	**-**	**144,174**	**78,178**	**222,352**

	Share capital	Share premium	Retained earnings	Total
		In $ 0 0 0		
For the period of three months ended September 30, 2017(unaudited)				
Balance as of July 1, 2017	**-**	**144,175**	**74,840**	**219,015**
Comprehensive income			5,389	5,389
Dividends paid			(1,500)	(1,500)
Balance as of September 30, 2017	**-**	**144,175**	**78,729**	**222,904**
For the period of three months ended September 30, 2016 (unaudited)				
Balance as of July 1, 2016	**-**	**144,174**	**75,318**	**219,492**
Comprehensive income	-	-	5,260	5,260
Dividends paid	-		(2,400)	(2,400)
Balance as of September 30, 2016		**144,174**	**78,178**	**222,352**
Year ended December 31, 2016				
Balance as of January 1, 2016	**-**	**84,981**	**69,204**	**154,185**
Comprehensive income		-	13,352	13,352
Distributions to shareholders	-	-	(8,600)	(8,600)
Capital reserve, including for receipt of services from controlling shareholders	-	59,193	-	59,193
Balance as of December 31, 2016	**-**	**144,175**	**73,956**	**218,131**

The attached notes are an integral part of the interim consolidated financial statements.

STRAWBERRY FIELDS REIT LTD
PRO FORMA CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the period of nine months ended September 30		For the period of three months ended September 30		For the year ended December 31
	2017	2016	2017	2016	2016
			In $ 000		
CASH FLOWS - OPERATING ACTIVITIES					
Net income for the period	10,273	14,974	5,389	5,260	13,352
Adjustments necessary to present cash flows from current operations:					
Expenses (income) not involving cash flows:					
Adjustments of fair value of investment property	3,471	1,075	1,083	1,075	9,239
Exchange rate differences on debentures	8,951	3,013	(837)	1,663	812
Changes in asset and liability items:					
Change in trade receivables-income receivable with respect to rental fees rising at a fixed rate	(3,471)	(3,332)	(1,083)	(1,345)	(4,661)
Decrease (increase) in receivables and other current assets	(3,289)	757	421	365	(2,737)
Increase (decrease) in payables and other current liabilities	(3,551)	(1,402)	(1,861)	(2,300)	4,800
Net cash provided by current operations	**12,385**	**15,084**	**3,111**	**4,718**	**20,805**
CASH FLOWS - INVESTING ACTIVITIES					
Acquisitions of investment property	(22,560)	(76,193)	(22,198)	(73,072)	(75,590)
Investment in (repayment of) in designated deposits, net	2,029	(2,654)	21,654	843	(6,330)
Increase in cash due to initial consolidation of property companies (see Note 6.C.)		1,344			1,344
Net cash used for investing activities	**(20,531)**	**(77,503)**	**(544)**	**(72,229)**	**(60,940)**
CASH FLOWS - FINANCING ACTIVITIES					
Net proceeds from issuance of debentures	11,265	18,635		18,635	18,635
Payment of Debenture	(15,909)		(15,909)		
Receipt of loans from financial entities	46,609	100,904	15,000	54,654	100,904
Repayment of loans from financial entities	(35,254)	(56,495)	(1,833)	(13,648)	(60,053)
Repayment of loans from others	(248)	(6,254)	(84)	(223)	(6,113)
Repayment of lease liabilities	(212)	(205)	(73)	(75)	(217)
Repayment of loans received from related parties	(1,500)	(3,721)		(540)	(4,598)
Increase in designated deposits-interest payable on debentures		-		2,630	-
Dividends	(5,500)	(6,000)	(1,500)	(2,400)	(8,600)
Net cash provided by (used for) financing activities	**(749)**	**46,864**	**(4,399)**	**59,033**	**39,958**
Increase (decrease) in cash and cash equivalents	(8,895)	(15,555)	(1,831)	(8,478)	(19,811)
Balance of cash and cash equivalents at beginning of period	24,373	44,184	17,308	37,107	44,184
Balance of cash and cash equivalents at end of period	**15,477**	**28,629**	**15,477**	**28,629**	**24,373**
Non-cash transactions:					
Transfer of rights in subsidiaries from parent company against shareholders' equity	**-**	**59,194**	**-**	**-**	**59,194**
Additional information:					
Interest paid (including refinancing costs)	14,433	14,584	2,386	7,587	17,256

The attached notes are an integral part of the interim consolidated financial statements.

NOTE 1 - GENERAL

A. Pertaining to the Company and its operations

Strawberry Fields REIT Ltd. (hereafter- "the Company") was established and incorporated in February 2015 as a private company limited in shares, according to the Business Companies Act of the British Virgin Islands (BVI Companies Act, 2004). In November 2015, the Company completed an offering of debentures (Series A) with par value of NIS 265.3 million, registered for trading on the Tel Aviv Stock Exchange Ltd. for net proceeds of NIS 251.1 million. For additional information regarding the debentures, see Note 8.F. to the Company's 2016 financial statements

Concurrently with completion of registration of these debentures, the controlling shareholders of the Company transferred their holdings in entities engaged in renting and leasing buildings used as nursing homes, which are investment property of the Company, to the Company against the allotment of Company shares, in a manner that the controlling shareholders hold 100% of the shares of the Company. In addition, the loans from financial institutions and the lease obligations which are financing the investments in that investment property were transferred to the Company. As of September 30, 2017, the Company, through the transferred companies, owns and leases properties in various states of the United States, principally Illinois, Indiana, Ohio, Michigan, Texas, Oklahoma, Tennessee and Kentucky.

B. Definitions:

The Company - Strawberry Fields REIT Ltd.

The parent company - Strawberry Fields REIT LLC.

The Group - the Company and its subsidiaries.

Subsidiary companies - companies which the Company controls (as defined in IFRS 10), and whose reports are consolidated with the reports of the Company.

Interested parties and controlling shareholders - as defined in the Securities Regulations (Annual Financial Statements) -2010

Related parties - as defined in IAS 24 (amended)

Dollar; $ - the United States dollar

HUD - U.S Department of Housing and Urban Development, a Federal body

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

A. Basis for presentation of financial statements

The interim financial statements of the Company were prepared in accordance with the International Accounting Standard IAS 34, Financial Reporting for Interim Periods.

In preparing these interim financial statements, the Group implemented accounting policies, presentation principles and calculation methods identical to those implemented in preparing the financial statements as of December 31, 2016 and for the year ended on that date.

B. Securities Regulations

The interim financial statements were prepared in accordance with the disclosure provisions of Chapter D of the Securities Regulations (Periodic and Immediate Reports)-1970.

C. Standards, amendment to standards and new interpretations prior to implementation

- **IAS 7 updates – Cash Flow statement** (was first implemented January 1st 2017)
- **IFRS 9, Financial Instruments-** (will first be implemented – January 1st 2018).
- **IFRS 16, leases-** (will first be implemented – January 1st 2019).

D. Exchange rates and linkage basis:

(1) Balances denominated in or linked to foreign currency (not the $) are presented according to the representative exchange rates published by the Bank of Israel in effect as of the balance sheet date

(2) Following are data regarding the exchange rates of the $ to NIS:

	Representative exchange rate of the $	Comments
	(NIS per $ 1)	
Rates of increase (decrease) for period ended on	%	
September 30, 2017-Nine months	(8.22%)	
September 30, 2016-Nine months	(3.69%)	
September 30, 2017-Three months	0.94%	
September 30, 2016-Three months	(2.29%)	
December 31, 2016- Twelve months	(1.46%)	

NOTE 3 - ADDITIONAL INFORMATION AND OCURRENCES DURING THE REPORTING PERIOD

A. Dividend distribution policies:

In February 2016, the Board of Directors of the Company adopted dividend distribution policies, the principal ones of which are as follows:

- Commencing from 2016, subject to law and external limitations, the Company will distribute dividends to its shareholders once each year, or a number of times each year at the end of a quarter, dividends in an amount not to be less than 30% of its after tax earnings, according to the financial statements, for as long as the distribution of the dividends will fulfill the provisions of the law from the standpoint of the tests for distribution of dividends stated in Section 302 of the Companies Law;

- The distribution of dividends will be carried out subject to approval of the Board of Directors of the Company and according to the Company’s needs and its financial obligations as of the date of distribution of the dividends;

- Prior to approval of the dividends to be actually distributed, the Board of Directors will examine, among other things, the compliance of the Company with the financial covenants and various limitations which have been imposed upon it;

- The Board of Directors of the Company is permitted to decide that it will not distribute any dividends.

Nevertheless, according to part of the financing agreements of the subsidiaries of the Company, the borrowing company is forbidden to declare or pay dividends without the consent of the lender. In addition, pursuant to the trust indenture for the debentures, dated November 2015, the Company commits that it will not execute any distribution (as it is defined in the Companies’ Law), including not declaring, paying or distributing any dividends, except if all of the following conditions will be present:

(1) The accumulated balance of the earnings and the reserves through June 30, 2015 will not be permitted to be distributed and they will not be taken into account for the purpose of carrying out a distribution on their basis;

(2) The amount of the distribution will not exceed 40% and will not be less than 30% of the net income, after taxes, which was recognized in the latest consolidated financial statements of the Company (the quarterly or annual, as the case may be), after neutralizing earnings/losses derived from a change in the accounting method according to which the financial statements were prepared, and after neutralizing net revaluation gains/losses (not yet realized) resulting from a change in the fair value of the Company’s properties in relation to their fair value as of June 30, 2015, or as of the date that the properties were acquired, whichever is later.

(3) The shareholders’ equity of the Company (not including the owners of rights not providing control) at the end of the latest quarter, prior to distribution of the dividends, less the dividends distributed, will not be less than $ 120 million.

(4) The consolidated shareholders’ equity of the Company (including owners of rights not providing control) to the total consolidated balance sheet will not be lower than 30%, as a result of the distribution;

(5) The Company complies with the financial covenants-see Note 4 below.

NOTE 3 - ADDITIONAL INFORMATION AND OCURRENCES DURING THE REPORTING PERIOD (CONT.)

B. Dividends paid and dividends declared

Regarding earnings available for distribution as dividends as of September 30, 2017, see Note 4 below.

In May 2017, the Board of Directors of the Company decided to distribute dividends of $ 4.0 million, representing 82.74% of the earnings available for distribution as of March 31,2017.

In August 2017, the Board of Directors of the Company decided to distribute dividends of $ 1.5 million, representing 69% of the earnings available for distribution as of June 30,2017

In November 2017, the Board of Directors of the Company decided to distribute dividends of $ 1.25 million, representing 38% of the earnings available for distribution as of September 30,2017

NOTE 4 - COMPLIANCE WITH FINANCIAL COVENANTS RELATED TO DEBENTURES (SERIES A)

Until the date of full repayment of the debentures (Series A), described in Note 8.F. to the financial statements as of December 31, 2016, the Company must comply with financial covenants as detailed below, both in relation to the annual financial statements as well as in relation to the interim (quarterly) financial statements.

Financial obligation	Manner of calculation of financial covenant and its results as of September 30, 2017	Comments
The shareholders' equity of the Company (not including rights not providing control) will not be less than $ 100 million	This shareholders' equity of the Company = $ 222.91 million. **The Company complies with the financial covenant**	Section 6.4(1) to the trust indenture
The ratio of the consolidated shareholders' equity of the Company (including rights not providing control) to the total consolidated balance sheet will not be less than 28%.	This shareholders' equity of the Company = $ 222.91 million; the total balance sheet = $701.23 million, so equity to total balance sheet ratio is 31.79% **The Company complies with the financial covenant**	Section 6.4(2) to the trust indenture
The ratio of the adjusted net financial debt to adjusted EBITDA (for the past four quarters) will not exceed 13	Adjusted financial debt= $422.41 million; adjusted EBITDA= $50.97 million so that the ratio is 8.29. **The Company complies with the financial covenant**	Section 6.4(3) to the trust indenture

NOTE 4 - COMPLIANCE WITH FINANCIAL COVENANTS RELATED TO DEBENTURES (SERIES A) (CONT.)

Financial obligation	Manner of calculation of financial covenant and its results as of September 30, 2017	Comments
The ratio of the adjusted net financial debt to adjusted EBITDA (for the past four quarters) will not exceed 12	Adjusted financial debt= $422.41 million; adjusted EBITDA= $50.97 million so that the ratio is 8.29. **The Company complies with the financial covenant**	Section 5.4(1) to the trust indenture. Lack of compliance with the financial covenant does not represent a breach but might lead to an adjustment of the interest rate. See also Note 8.F. to the 2016 financial statements
The consolidated shareholders' equity of the Company (not including rights not providing control) will not be less than $ 110 million	The consolidated shareholders' equity of the Company = $222.91 million. **The Company complies with the financial covenant**	Section 5.4(2) to the trust indenture. Lack of compliance with the financial covenant does not represent a breach but might lead to an adjustment of the interest rate. See also Note 8.F. to the 2016 financial statements
Limitation on distribution of dividends	The earnings available for distribution, according to the dividends limitation, was $3,250 thousand as of September 30, 2017 and the Company plans to distribute $1,250 thousand in November 2017.	Section 6.5 to the trust indenture.

NOTE 5 - FINANCIAL INSTRUMENTS

Other than as detailed in the following table, the Group believes that the book value of the financial assets and liabilities presented at amortized cost in the interim consolidated financial statements are nearly identical to their fair value.

NOTE 5 - FINANCIAL INSTRUMENTS (Cont)

	Book value	Fair value	Book value	Fair value	Book value	Fair value
	As of Sep 30, 2017		As of Sep 30, 2016		As of Dec 31, 2016	
	(Unaudited)					
	In $ 0 0 0					
Financial liabilities						
Debentures (1)	88,117	97,001	87,574	92,581	83,810	90,635
Liabilities for leases (2)	8,529	8,529	9,173	9,173	8,741	8,206
Long-term loans at fixed interest (3)	274,046	284,988	253,544	261,836	251,678	251,400
	370,046	390,518	350,291	363,590	344,229	350,241

(1) Quoted price according to the price of the debentures on the stock exchange as of the date of the statement of financial position.

(2) In order to estimate the fair value as of September 30, 2017, the Company used a capitalization rate of 10.48% (September 30, 2016- 9.86%; December 31, 2016- 10.48%), which was estimated based upon the opinion of an outside appraiser.

(3) The estimated fair value of the long term loans bearing fixed interest was estimated based upon the calculation of the present value of cash flows according to the following interest rates:

	September 30		December 31
	2017	2016	2016
	%	%	%
	(Unaudited)		
HUD loans	3.43%	3.39%	3.39%
Bank loan and seller’s note	4.5%	4.38%	4.47%

NOTE 6 - ADDITIONAL INFORMATION AND OCCURRENCES DURING AND SUBSEQUENT TO THE REPORTING PERIOD

A. Recycling of loans guaranteed by HUD

During 2017, the Company exchanged a few loans which had been received from a bank for loans backed by a HUD guarantee. The new loans are for periods of 30-35 years and at fixed interest of 3.43% - 3.65%. The amount of the recycled loans totaled $31.7 million.

B. Extension of Series A of the debentures

During April 2017, the Company executed an additional extension of Series A of the debentures. In the context of the extension, the Company issued NIS 39,000,000 par value and raised $ 11,371 thousand (NIS 41,301 thousand) gross. The debentures were issued at a rate of 105.9 and the net proceeds of the offering amounted to $ 11,265 thousand at effective interest of 4.90%. All of the provisions of the trust deed in connection with the debentures (Series A), issued in November 2015 apply to the debentures issued in the framework of the extension.

NOTE 6 - ADDITIONAL INFORMATION AND OCCURRENCES DURING AND SUBSEQUENT TO THE REPORTING PERIOD (CONT.)

C. Cash flows problems encountered by the lessee of the Texas and Oklahoma properties

The operator which rented the eight properties of the Company in Texas and Oklahoma encountered cash flows problems, and as a result, did not comply with the full payments of the rental fees for the months of November 2016 through September 2017 (total of $ 3,864 thousand). During December 2016, as is permitted for the Company according to the rental agreement, the court approved the appointment of a manager for the lessee on its behalf. In addition, since the operator breached the loan agreements for working capital and the bank halted the financing of the operating companies, the Company is the one which provides the working capital needed for the operation of the nursing homes. As of October 2017, the Company provided the operator with approximately $ 5.4 million for working capital purposes that are presented in other current assets on the balance sheet. As a result of the operators cash flow issues and since rent was not paid, the company did not post most of the rental income from these properties (company did not post $3,864 thousand Dollars of which $3,321 thousands was attributed to 2017 and the balance attributed to prior year). Per the lease agreement, the owners of the operators are personally guaranteeing the rent payments. The company is currently evaluating its options to recover the rent from the guarantors.

Based on understanding between the Company, the mortgagee, and the bank which provided the working capital to the operator, the Company has priority in proceeds collected from operators account receivables which was generated after December 13, 2016. Therefore, the company believes that based on the amount owed to the operators, mainly from government related entities, along with collection from guarantors, it will be able to collect the entire amount provided as working capital to the operators.

As of September 30, 2017, the Company signed rental and management agreements for three hospitals and four nursing homes. Of which two hospitals and one skilled nursing are paying monthly rental fees of $120 thousand starting from July 1, 2017, three more skilled nursing facilities and one hospital will start paying monthly rent of $175 thousand as soon as the State health department will approved the new operator. The company anticipated approval during the next few weeks. Total rent payment from new operators is expected to be $295 thousand and will increase to $315 thousand in second year. In addition rent will escalate at 2-3% annually.

One of the hospitals still do not have permanent tenant and the company is looking for one. This hospital is currently empty. As a result, there is a risk that the State regulator and CMS (Center for Medicare & Medicaid Services) will not renew its license. In the event license will not be renewed, the company will have to find alternative use for the building, and will sue the prior tenant for damages.

The fair value of the eight properties in Texas and Oklahoma as of December 31, 2016, as estimated by an independent external appraiser, totals an amount of $ 42.2 million. The company did not recognize any revenue from these assets during 2017.

Based on an updated letter received from the appraiser, as of June 30, 2017 the company's asset fair market value remains substantially unchanged.

NOTE 6 - ADDITIONAL INFORMATION AND OCCURRENCES DURING AND SUBSEQUENT TO THE REPORTING PERIOD (CONT.)

D. Michigan transaction A
In March 2016, the Company entered into an agreement with a third party to acquire ownership rights in 4 nursing homes in the State of Michigan, USA for the total consideration of $15.5MM. Due to adverse material changes in the operation, the agreement is no longer valid. The Company is working to receive the $ 338 thousand that it was paid into an escrow account.

E. Michigan transaction B
In February 2017, the Company entered into an agreement with a third party for acquisition of ownership rights of a nursing home in the State of Michigan, USA for total consideration of $ 4.2 million. Due to lack of cooperation from the seller, the Company could not close the deal. The Company is working to receive the $ 250 thousand that was paid in February 2017 into an escrow account.

F. Indiana transaction
In July 2017, the Company purchased a nursing home in the State of Indiana from a third party for total consideration of $ 1 million. The entire amount was paid in cash. The property was leased to an entity owned by related parties on a 10 years lease with two five years option and 3% annual escalation. First year rent will be $100,000. The transaction was approved by the Company Audit committee as a transaction with related party.

G. Kentucky transaction
In September 2017, the Company purchased a skilled nursing facility in the State of Kentucky, from a third party for total consideration of $21.75MM. The deal will be financed by a $15MM loan from Bank Leumi. Simultaneously, the company signed a 10 year leased with a third party operator who will be paying $2.4MM annually with 3% annual escalation.

H. On November 12, 2017 the Company’s board approved, subsequent to the audit committee approval, the sale of one of the Company’s assets in Illinois to a third party. The asset (owned by 900 West Rice St, LLC) is part of the Southern IL master lease agreement that include four other properties. The sale price is $1MM, and for clarification, although the tenant will have one less asset to lease, the rent amount under the master lease will not change.