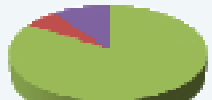
CLOSED REIT

# Nontraded REIT Industry Review: Third Quarter 2014

BlueVault PARTNERS, LLC

## Summit Healthcare REIT, Inc.

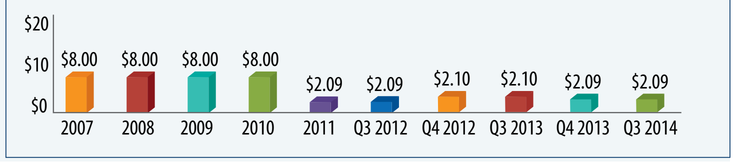
Total Assets............................$101.3 Million
Real Estate Assets ....................$84.9 Million
Cash ........................................$6.1 Million
Securities ..................................$0.0 Million
Other .....................................$10.3 Million



Cash to Total Assets Ratio: .................................................. 6.1%
Asset Type: ............................................................... Healthcare
Number of Properties: ........................................................... 13
Square Feet / Units / Rooms / Acres: .................... 370,343 Sq. Ft.
Percent Leased: .............................................................. 100.0%
Weighted Average Lease Term Remaining:..................Not Available
LifeStage:.......................................................................Maturing
Investment Style: ................................................................ Core
Weighted Average Shares Outstanding: ........................ 23,028,014

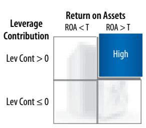
Initial Offering Date: ..........................................January 6, 2006
Offering Close Date: ..............................................June 10, 2011
Current Price per Share: ....................................................$2.09
Reinvestment Price per Share: .................................... See Notes
Cumulative Capital Raised during
Offering (including DRP).........................................$172.7 Million

### Historical Price



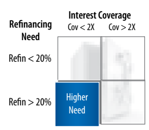

### Performance Profiles

#### Operating Performance



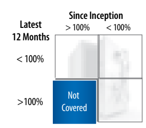

The REIT's recent 12-month average return on assets exceeds yields on 10-year Treasuries, indicating potential for positive risk-adjusted returns. At its current cost of debt and level of borrowing, its use of debt is contributing to increased returns for shareholders.

#### Financing Outlook




More than 20% of REIT's debt must be repaid within two years or is at unhedged variable rates, and interest coverage is below the 2.0X benchmark. The REIT may face difficulties in refinancing its borrowings, interest rate risks from increasing rates, and need to increase earnings to reassure lenders.

#### Cumulative MFFO Payout




The REIT has not achieved a level of MFFO in excess of cash distributions since inception. No cash distributions have been made since 2010, making the MFFO payout ratios over the last 12-months non-applicable.

#### Summary

The REIT's return on assets was 5.54% for the last four quarters, above the yield on 10-Year Treasuries. With its weighted average cost of debt of 4.77% and 61.8% debt ratio, the leverage contribution was positive. The interest coverage ratio was a very low 0.9X for the last four quarters with only 2.7% of debt maturing in the next two years. About 59% of the REIT's debt was at unhedged variable rates, which means significant interest rate risk exists. The REIT's cumulative cash payout of MFFO since inception was at 361% as of 3Q 2014, and the REIT suspended distributions in 2010.

### Contact Information

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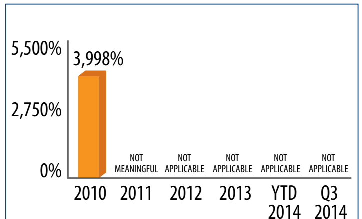
**25 Pointe Drive, Suite 100**
**Lake Forest, CA 92630**

**800-978-8136**

### Historical Distribution

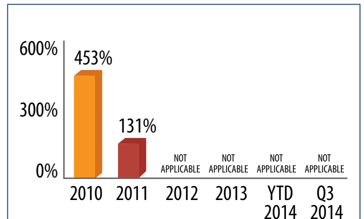
See Notes

### Historical FFO Payout Ratio




Ratio is not applicable, because REIT does not pay distributions.

### Historical MFFO Payout Ratio

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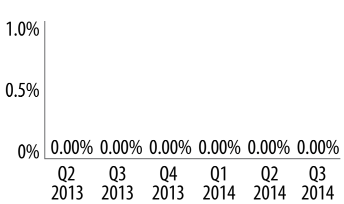
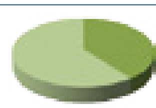
### Redemptions

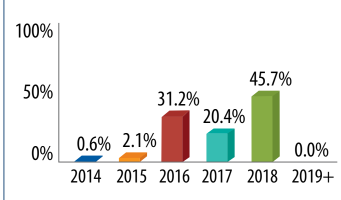



### Debt Breakdown

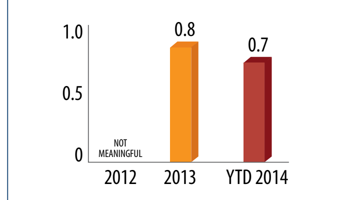


Debt to Total Assets Ratio:...............61.8%
Total: .................................. $62.6 Million
Fixed: .................................. $24.2 Million
Variable ............................... $36.9 Million
Avg. Wtd. Rate: ..............................4.77%
Loan Term: ............................. 2 – 35 yrs

### Debt Repayment Schedule




### Interest Coverage Ratio




### Source of Distributions, Trends and Items of Note

- As of December 31, 2013, the REIT's board has approved the revised estimated per-share value for the REIT's common stock at $2.09 per share.
- On September 22, 2014, the REIT acquired two skilled nursing facilities in Lamar and Monte Vista, Colorado for a total purchase price of $7.9 million and leased the facilities to Dakavia Management Corporation for an initial term of 15 years, plus one five year renewal option. Each facility has a total of 60 beds.
- For 2014, the board of directors has requested that the Advisor raise new joint venture equity and attract new capital partners, including international and/or institutional partners, while management continues to evaluate opportunities for growth and secures long term debt for recent and future acquisitions and/or development opportunities. Selling portions of the properties the Company owns through joint venture partners, and using the proceeds for acquisitions of additional healthcare assets, allows diversification of the property holdings and, lowers the overall risk profile of the healthcare portfolio.
- The REIT's Cash to Total Assets ratio decreased to 6.1% as of 3Q 2014 compared to 20.5% as of 3Q 2013.
- The REIT's Debt to Total Assets ratio increased to 61.8% as of 3Q 2014 compared to 51.1% as of 3Q 2013.
- The Company did not pay any distributions to stockholders during the third quarter, 2014 and the distribution reinvestment plan was suspended indefinitely in December 2010. Because the REIT does not pay cash distributions, the FFO and MFFO metrics are not applicable.