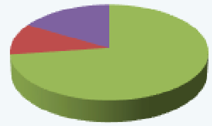
CLOSED REIT

Nontraded REIT Industry Review: Second Quarter 2015

BLUE VAULT™

Summit Healthcare REIT, Inc.

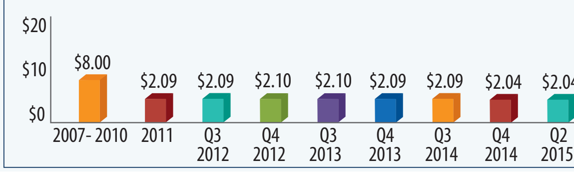
Total Assets	$98.4 Million
Real Estate Assets	$71.7 Million
Cash	$10.4 Million
Securities	$0.0 Million
Other	$16.3 Million



Cash to Total Assets Ratio:	10.6%
Asset Type:	Healthcare
Number of Properties:	11 Properties; 1JV
Square Feet / Units / Rooms / Acres:	1,253 Beds; 516,878 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

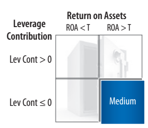
Initial Offering Date:	January 6, 2006
Offering Close Date:	June 10, 2011
Current Price per Share:	$2.04
Reinvestment Price per Share:	See Notes
Cumulative Capital Raised during Offering (including DRP)	$172.7 Million

Historical Price



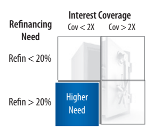
Performance Profiles

Operating Performance



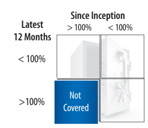
The REIT's recent 12-month average return on assets exceeds yields on 10-year Treasuries, indicating potential for positive risk-adjusted returns. At its current cost of debt and level of borrowing, its use of debt is not increasing returns to shareholders.

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 3.17% for the last four quarters, above the yield on 10-Year Treasuries, but with its weighted average cost of debt of 4.63% and 59.1% debt ratio, the leverage contribution was negative. The interest coverage ratio was a low 1.7X for the last four quarters with 15% of debt maturing in the next two years. About 38% 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 379% as of 2Q 2015, and the REIT suspended distributions in 2010.

Contact Information

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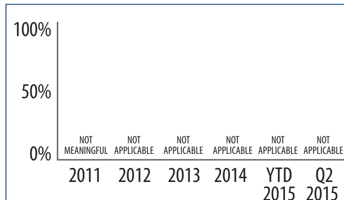
Historical Distribution

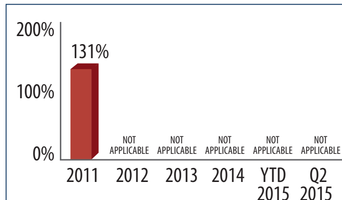
See Notes

Historical FFO Payout Ratio



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

Historical MFFO Payout Ratio



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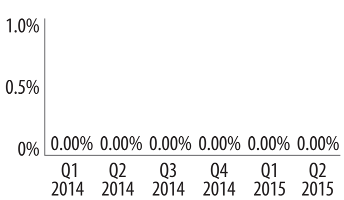
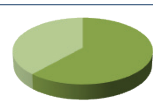
Redemptions

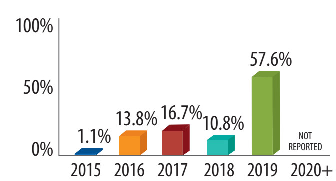


Debt Breakdown

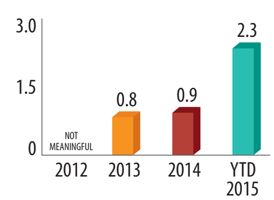


Debt to Total Assets Ratio:	59.1%
Total:	$58.1 Million
Fixed:	$35.9 Million
Variable	$22.3 Million
Avg. Wtd. Rate:	4.63%
Loan Term:	< 1 – 34 yrs

Debt Repayment Schedule



Interest Coverage Ratio



Source of Distributions, Trends and Items of Note

- On April 29 2015 the REIT entered into a joint venture and limited liability company agreement with Best Years, LLC a U.S. based affiliate of Union Life Insurance Co, Ltd. In conjunction with the Joint Venture, the Operating Partnership contributed all of its limited liability company interest in each of six limited liability companies that collectively own Lamar Estates, Monte Vista Estates, Myrtle Point Care Center, Gateway Care and Retirement Center, Applewood Retirement Community and Loving Arms Assisted Living to the Joint Venture entity, resulting in the Joint Venture owning each of the JV 2 Properties. Best Years contributed cash in the amount of approximately $9.9 million to the Joint Venture. As a result of the Joint Venture, the JV 2 Properties will no longer be consolidated in the Company's consolidated financial results, commencing April 30, 2015. The Joint Venture will be accounted for under the equity method in the Company's consolidated financial statements.
- As of June 30, 2015, the Company owned one property with a book value of approximately $7.8 million that is subject to a purchase option that became exercisable on September 14, 2014. The option provides the option holder with the right to purchase the property at increasing exercise price intervals based on elapsed time, starting at $10.8 million. The option expires August 13, 2022. As of June 30, 2015, the option holder has not provided notice or exercised their option.
- Beginning April 1, 2014, the REIT became self-managed. The REIT believes that on an intermediate to long-term basis, becoming a self-managed REIT will create numerous opportunities for cost savings as compared to the overhead reimbursement and fee structure under the former Advisory Agreement. However it did incur incremental costs in the short term as a result of the transition.
- The REIT's Cash to Total Assets ratio decreased to 10.6% as of 2Q 2015 compared to 9.6% as of 2Q 2014.
- The REIT's Debt to Total Assets ratio increased to 59.1% as of 2Q 2015 compared to 57.8% as of 2Q 2014.
- The Company did not pay any distributions to stockholders during the second quarter, 2015, 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.