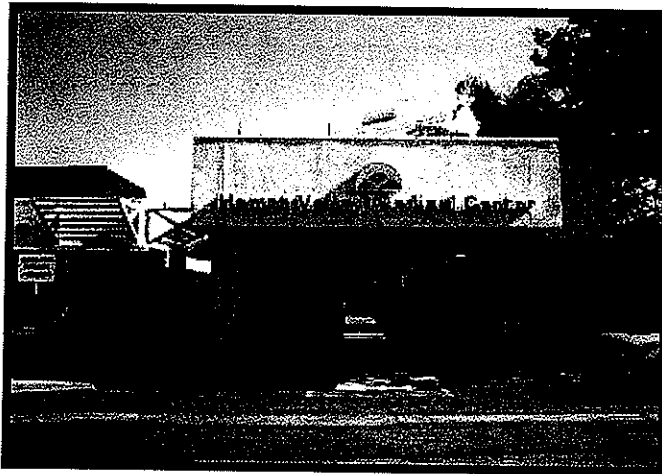


**An Appraisal of  
An Acute-Care Hospital**



**Hemet Valley Medical Center  
1117 East Devonshire Avenue  
Hemet, California**

**Prepared For  
Board of Directors  
Valley Health System  
1117 East Devonshire Avenue  
Hemet, California**

**Prepared By  
Valuation & Information Group  
6167 Bristol Parkway  
Suite 430  
Culver City, California**



**VALUATION &  
INFORMATION  
GROUP**

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September 4, 2009

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Tel 215.639.7600  
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Board of Directors  
Valley Health System  
1117 East Devonshire Avenue  
Hemet, California 92543

[www.valinfo.com](http://www.valinfo.com)

RE: Hemet Valley Medical Center  
1117 East Devonshire Avenue  
Hemet, California

Ladies and Gentlemen:

In accordance with your request, we are pleased to submit this appraisal of the market value of the going concern of the above referenced property. The improvements include a one- to six-story with basement, 336,900-square-foot, concrete and steel acute-care hospital built in phases between 1942 and 2006, and an off-site 7,927-square-foot engineering building built in phases between 1908 and the 1960s. The quality of construction is average to good and the condition of the improvements is average.

The primary purpose of this valuation is to estimate the market value. It is our understanding that this appraisal will be used in connection with the possible sale of the facility. This letter of transmittal is accompanied by an appraisal report in a self-contained format.

The value reported herein is that of the fee simple estate, which includes the land, improvements, personal property and intangible going concern assets. We have not considered any excess net working capital or working capital deficit.

This appraisal investigation included a visit to the property on August 5, 2009, and all necessary investigation and analyses were made by the appraisers. The appraisal was prepared in accordance with Uniform Standards of Professional Appraisal Practice (USPAP).

Based upon the procedures outlined in this report and subject to the attached statement of facts and limiting conditions and critical assumptions, it is estimated that the fee simple market value of the going concern comprising the subject, as of August 5, 2009, is reasonably represented in the following rounded amount:

**\$27,330,000**



Board of Directors  
Valley Health System  
September 4, 2009  
Page 2

At the request of our client, in support of their internal planning, we have been asked to provide the value of the offsite parking under separate cover and exclude that area from this appraisal. According to the City of Hemet planning department, the subject requires 327 spaces. The hospital site has 175 parking spaces and the engineering building has nine spaces for a total of 184 spaces. Without the benefit of the offsite parking lot, the subject would be nonconforming and may find its ability to operate constrained, both physically and legally.

This estimate and the report are subject to the statement of facts and limiting conditions that are a critical part of our valuation report. No part of the appraisal report should be published or disseminated without Valuation and Information Group's prior written approval.

Thank you for the opportunity to provide you this service.

Respectfully submitted,

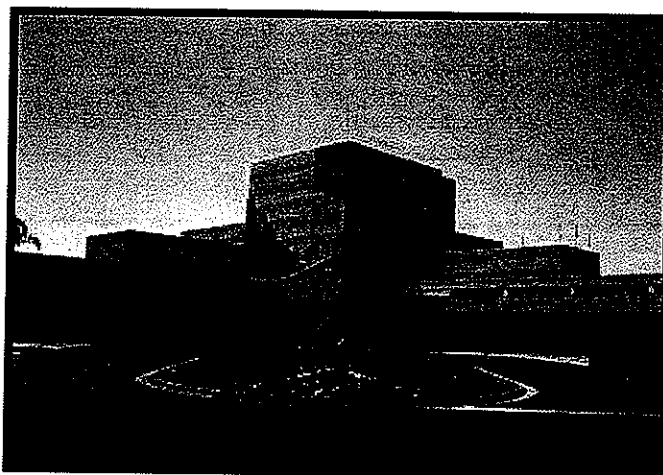
Valuation and Information Group

A handwritten signature in cursive script that reads "Jean-Pierre LoMonaco".

Jean-Pierre LoMonaco, MAI  
President  
CA Cert. Gen. AG011111

JPL/BJH/AK:jb  
190210

**An Appraisal of  
An Acute-Care Hospital  
and Surplus Land Parcels**



**Menifee Valley Medical Center  
28400 McCall Boulevard  
Sun City, California**

**Prepared For  
Board of Directors  
Valley Health System  
1117 East Devonshire Avenue  
Hemet, California**

**Prepared By  
Valuation & Information Group  
6167 Bristol Parkway  
Suite 430  
Culver City, California**



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August 21, 2009

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Board of Directors  
Valley Health System  
1117 East Devonshire Avenue  
Hemet, California 92543

[www.valinfo.com](http://www.valinfo.com)

RE: Menifee Valley Medical Center and Surplus Land Parcels  
28400 McCall Boulevard  
Sun City, California

Ladies and Gentlemen:

In accordance with your request, we are pleased to submit this appraisal of the market value of the going concern of the above referenced property. The improvements include a one- to four-story with basement, 128,340-square-foot, concrete and steel acute-care hospital built in 1989, and a one-story 5,573-square-foot education center built in 1994. The quality of construction and the condition of the improvements are good.

The primary purpose of this valuation is to estimate the market value. It is our understanding that this appraisal will be used in connection with the possible sale of the facility and related parcels. This letter of transmittal is accompanied by an appraisal report in a self-contained format.

The value reported herein is that of the fee simple estate, which includes the land, improvements, personal property and intangible going concern assets. We have not considered any excess net working capital or working capital deficit.

This appraisal investigation included a visit to the property on August 5, 2009, and all necessary investigation and analyses were made by the appraisers. The appraisal was prepared in accordance with Uniform Standards of Professional Appraisal Practice (USPAP).

Based upon the procedures outlined in this report and subject to the attached statement of facts and limiting conditions and critical assumptions, it is estimated that the fee simple market value of the going concern comprising the subject (hospital facility only), as of August 5, 2009, is reasonably represented in the following rounded amount:

**\$25,800,000**



In addition, we have prepared separate valuations of the surplus land parcels adjacent to the north, south and east of the subject. The fee simple market values of these parcels, as of August 5, 2009, are reasonably represented in the following rounded amounts:

<b>Front Surplus Parcel</b>	<b>\$1,240,000</b>
<b>Rear Surplus Parcel</b>	<b>1,130,000</b>
<b>Orchard Parcel</b>	<b>4,460,000</b>

We have not, as part of this valuation, performed an examination or review in the accounting sense of any of the financial information used and, therefore, do not express an opinion or other form of assurance with regard to the same. We have no responsibility to update our report for events and circumstances occurring after the date of this report. The information furnished to us by others is believed to be reliable, but no responsibility for its accuracy is assumed.

Neither the whole, nor any part of this appraisal nor any reference thereto may be included in any document, statement, appraisal or circular without Valuation and Information Group's prior written approval of the form and context in which it appears.

Thank you for the opportunity to provide you this service.

Respectfully submitted,

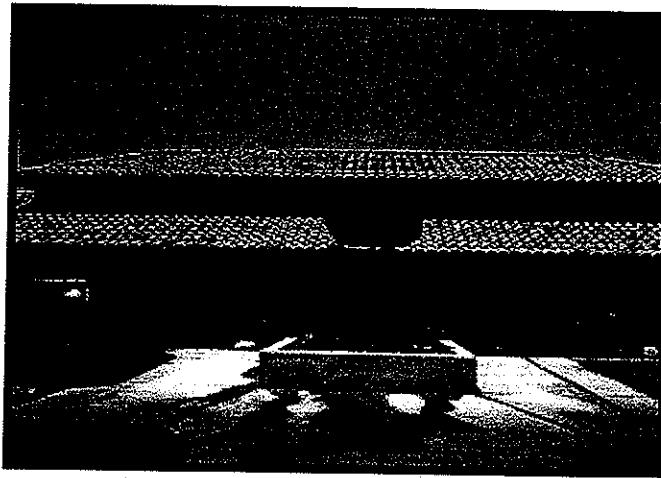
Valuation and Information Group

A handwritten signature in cursive script, appearing to read 'Jean-Pierre LoMonaco'.

Jean-Pierre LoMonaco, MAI  
President  
CA Cert. Gen. AG011111

JPL/BJH/AK:jb  
190210

**An Appraisal of  
A Skilled Nursing Facility**



**Hemet Valley Healthcare Center  
371 North Weston Place  
Hemet, California**

**Prepared For  
Board of Directors  
Valley Health System  
1117 East Devonshire Avenue  
Hemet, California**

**Prepared By  
Valuation & Information Group  
6167 Bristol Parkway  
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Culver City, California**



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September 9, 2009

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Board of Directors  
Valley Health System  
1117 East Devonshire Avenue  
Hemet, California 92543

[www.valinfo.com](http://www.valinfo.com)

RE: Hemet Valley Healthcare Center  
371 North Weston Place  
Hemet, California

Ladies and Gentlemen:

In accordance with your request, we have conducted a market value analysis of the above referenced property. The improvements consist of a one-story, 48,710-square-foot, wood- and steel-framed, stucco siding exterior, skilled nursing facility built in 1989. Approximately 16,236 square feet of the facility has been converted for use as a chemical dependency ward operating as Hemet Valley Recovery Center and as an alcohol/drug dependency treatment center identified as Sage Retreat through a management agreement between Valley Health System and Addiction Medicine Services, Inc. The skilled nursing portion of the facility was closed in November 2008. The quality of construction is average to good and the condition of the improvements is good.

The primary purpose of this valuation is to estimate the market value. It is our understanding that this appraisal will be used in connection with the possible sale of the facility. This letter of transmittal is accompanied by an appraisal report in a self-contained format.

The value reported herein is that of the fee simple estate, which includes the land, real property improvements and personal property assets only. The license is held by Valley Health System as a part of Hemet Valley Medical Center and the going concern and related intangible assets have been valued under separate cover.

This appraisal investigation included a visit to the property on August 5, 2009, and all necessary investigation and analyses were made by the appraisers. The appraisal was prepared in accordance with Uniform Standards of Professional Appraisal Practice (USPAP).

Based upon the procedures outlined in this report, it is estimated that the as is, fee simple market value of the subject, as of August 5, 2009, is reasonably represented in the following rounded amount:

**\$4,550,000**



Board of Directors  
Valley Health System  
September 9, 2009  
Page 2

This estimate and the report are subject to the statement of facts and limiting conditions that are a critical part of our valuation report. No part of the appraisal report should be published or disseminated without Valuation and Information Group's prior written approval.

Thank you for the opportunity to provide you this service.

Respectfully submitted,

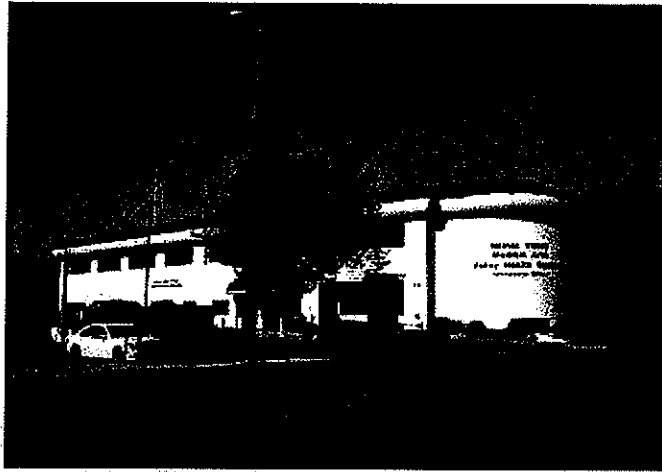
Valuation and Information Group

A handwritten signature in black ink, appearing to read 'Jean-Pierre LoMonaco', written in a cursive style.

Jean-Pierre LoMonaco, MAI  
President  
CA Cert. Gen. AG011111

JPL/BJH/AK:jb  
190210

**An Appraisal of  
A Medical Office Building**



**Hemet Valley Medical Arts Building  
1117 East Devonshire Avenue  
Hemet, California**

**Prepared For  
Board of Directors  
Valley Health System  
1117 East Devonshire Avenue  
Hemet, California**

**Prepared By  
Valuation & Information Group  
6167 Bristol Parkway  
Suite 430  
Culver City, California**



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September 8, 2009

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Board of Directors  
Valley Health System  
1117 East Devonshire Avenue  
Hemet, California 92543

[www.valinfo.com](http://www.valinfo.com)

RE: Hemet Valley Medical Arts Building  
1117 East Devonshire Avenue  
Hemet, California

Ladies and Gentlemen:

In accordance with your request, we have conducted a market value analysis of the above referenced property. The improvements consist of a two-story, 58,716-square-foot, wood-framed, stucco siding exterior medical office building built in 1983. The quality of construction and the condition of the improvements are good.

The primary purpose of this valuation is to estimate the market value. It is our understanding that this appraisal will be used in connection with the possible sale of the facility. This letter of transmittal is accompanied by an appraisal report in a self-contained format.

The value reported herein is that of the leased fee estate, which includes the land and improvements. We have not considered any excess net working capital or working capital deficit.

This appraisal investigation included a visit to the property on August 5, 2009, and all necessary investigation and analyses were made by the appraisers. The appraisal was prepared in accordance with Uniform Standards of Professional Appraisal Practice (USPAP).

Based upon the procedures outlined in this report, it is estimated that the as is, leased fee market value of the subject, as of August 5, 2009, is reasonably represented in the following rounded amount:

**\$8,700,000**



Board of Directors  
Valley Health System  
September 8, 2009  
Page 2

This estimate and the report are subject to the statement of facts and limiting conditions that are a critical part of our valuation report. No part of the appraisal report should be published or disseminated without Valuation and Information Group's prior written approval.

Thank you for the opportunity to provide you this service.

Respectfully submitted,

Valuation and Information Group

A handwritten signature in black ink, which appears to read "Jean-Pierre LoMonaco".

Jean-Pierre LoMonaco, MAI  
President  
CA Cert. Gen. AG011111

JPL/BJH/AK:jb  
190210

**An Appraisal of  
Additional Land Parcels  
and Five Accessory Buildings**

**Northwest Corner of Florida Avenue and San Jacinto Street,  
Northwest Corner of Devonshire Avenue and Weston Place, and  
919 Calhoun Place  
Hemet, California**

**Prepared For  
Board of Directors  
Valley Health System  
1117 East Devonshire Avenue  
Hemet, California**

**Prepared By  
Valuation & Information Group  
6167 Bristol Parkway  
Suite 430  
Culver City, California**



**VALUATION &  
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August 21, 2009

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Board of Directors  
Valley Health System  
1117 East Devonshire Avenue  
Hemet, California 92543

[www.valinfo.com](http://www.valinfo.com)

RE: Five Accessory Buildings and Land  
Northwest Corner of Florida Avenue and San Jacinto Street,  
Northwest Corner of Devonshire Avenue and Weston Place, and  
919 Calhoun Place  
Hemet, California

Ladies and Gentlemen:

In accordance with your request, we have conducted a market value analysis of the above referenced properties. The improvements consist of four accessory and support buildings totaling 30,850 square feet located on the northwest corner of Florida Avenue and San Jacinto Street, a parking lot located on the northwest corner of Devonshire Avenue and Weston Place, and a 2,100-square-foot child care center located at 919 Calhoun Place on the southeast corner of Calhoun Place and Santa Fe Street. The quality of construction of the improvements range from average to good and the condition of the improvements range from average to good.

The primary purpose of this valuation is to estimate the market value of the identified assets. It is our understanding that this appraisal will be used in connection with the possible sale of the properties. This letter of transmittal is accompanied by an appraisal report in a self-contained format.

The value reported herein is that of the fee simple estate, which includes the land and real property improvements. This appraisal investigation included a visit to the properties in question on August 5, 2009, and all necessary investigation and analyses were made by the appraisers. The appraisal was prepared in accordance with Uniform Standards of Professional Appraisal Practice (USPAP).

The following chart summarizes the concluded market value estimates, as of August 5, 2009, for the identified properties:



Valley Health System	
Summary of Accessory Property Value Conclusions	
Property/Building	Concluded Value
Parking Lot Weston & Devonshire	\$660,000
Land and Accessory Buildings	
Land at Florida/San Jacinto	1,040,000
Records Storage Whse - Building Only	560,000
Sodexo Whse - Building Only	230,000
Data Center & "Pantry" - Building Only	460,000
Total - Land and Accessory Buildings	2,290,000
Child Care Center - Land and Building	350,000

At the request of our client, in support of their internal planning, we have been asked to provide the value of the parking lot at Western and Devonshire under separate cover (in this report) and exclude that area from the appraisal of Hemet Valley Medical Center (HVMC). According to the city of Hemet planning department, HVMC requires 327 parking spaces. The hospital site has 175 parking spaces and the engineering building has nine spaces for a total of 184 spaces. Without the benefit of the offsite parking lot, HVMC would be non-conforming and may find its ability to operate constrained, both physically and legally. The appraisal of the parking lot at Western and Devonshire can be severed from the HVMC operations and sold separately.

These estimates and the report are subject to the statement of facts and limiting conditions that are a critical part of our valuation report. No part of the appraisal report should be published or disseminated without Valuation and Information Group's prior written approval.

Thank you for the opportunity to provide you this service.

Respectfully submitted,

Valuation and Information Group

Jean-Pierre LoMonaco, MAI  
President  
CA Cert. Gen. AG011111

JPL/BJH/AK:jb  
190210