

Disclosure Statement
February 2016



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Owner and Provider:
SHI II Marshfield, LLC

Manager:
Welch VPG Management LLC

Village at Proprietors Green
Disclosure Statement
February 2016

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This Disclosure Statement is given to you so that you may become aware of many of the important features of the Village at Proprietors Green and to fulfill the requirements of Massachusetts General Law c. 93, s.76. SHI II Marshfield, LLC provides continuing care at its continuing care retirement community, Village at Proprietors Green, in Marshfield, Massachusetts. Under Massachusetts law, a provider of continuing care is required to provide each prospective resident with a disclosure. This Disclosure Statement is subject to change for events and circumstances occurring after the date printed on the cover page.

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Village at Proprietors Green

Ideally situated in the seaside town of Marshfield, Village at Proprietors Green is a new generation of senior living with a continuum of care. Here you can choose from one- or two-bedroom spacious apartment homes complete with fully-applianced kitchens, granite counters, individual washers and dryers and walk-in closets.

Just outside your door, enjoy the convenience of shopping at Proprietors Crossing, along with the area's numerous beaches, golf courses and historic landmarks. What's more, Route 3 is just minutes away offering easy access to Cape Cod and Boston.

Amenities include:

- Fitness Center
- Dining Room
- Pub & Café
- Private Dining Room
- General Store
- Business Center
- Bank
- Community Room
- Library
- Living Room
- Theatre
- Hair Salon
- Wellness Center

Services include:

- A choice of dining options
- Housekeeping – weekly
- Scheduled transportation
- Maintenance
- Social and recreational activities
- 24-hour emergency call
- Educational programs
- Wellness Program
- Home healthcare assistance available

The Continuing Care Provider

The continuing care provider for Village at Proprietors Green is SHI II Marshfield, LLC, a Delaware limited liability company (the “Provider”). The Provider’s sole member is SHI II Marshfield JV Company, a Delaware limited liability company (the “JV Company”). The manager of the JV Company is The Village at Commerce Green, LLC, a Massachusetts limited liability company. The address for the Provider and the JV Company is:

c/o Welch Healthcare and Retirement Group, Inc.
52 Accord Park Drive
Norwell, Massachusetts 02061

The members of the JV Company are the The Village at Commerce Green, LLC (“Operator Member”) and SHI II Marshfield Investors, LLC, a Delaware limited liability company (“Investors”). The sole member of Investors is AEW Senior Housing Investors II, L.P., a Delaware limited partnership (“SHI II Fund”). The general partner of SHI II Fund is AEW Senior Housing Investors II GP, LP, a Delaware limited partnership (“SHI II GP”). The general partner of SHI II GP is AEW Senior Housing Investors II, Inc., a Delaware corporation (“SHI II Corporation”). The address of Investors, SHI II Fund, SHI II GP and SHI II Corporation is: c/o AEW Capital Management, L.P., Two Seaport Lane, Boston, Massachusetts 02210.

The Provider does not have any officers, directors or trustees.

Welch VPG Management LLC (“Manager”)

The Provider has entered into a management agreement with Welch VPG Management LLC, a Massachusetts limited liability company. The Manager will direct the day-to-day operations of Village at Proprietors Green including the marketing of the apartment homes. The address of the Manager is: c/o Welch Healthcare and Retirement Group Inc., 52 Accord Park Drive, Norwell, MA 02061

Business Experience of the Provider

The Provider is an entity that was recently formed for the sole purpose of owning and operating Village at Proprietors Green. Thus, the Provider has no history in similar facilities.

Business Experience of the Manager

The Manager has been directing the day-to-day operations of Village at Proprietors Green since it commenced operations in April 2010. The Manager is an affiliate of Welch Healthcare and Retirement Group, Inc. (“Welch Healthcare”), a leading retirement housing and healthcare provider with 60 years of service to seniors in southeastern Massachusetts. Welch Healthcare is experienced in delivering a fully integrated continuum of services, from senior housing to post acute care. Welch Healthcare provides services that are resident and patient centered to ensure independence, choice, dignity and continuity of care. Welch Healthcare owns, operates or manages skilled nursing facilities, assisted living residences, senior housing communities, a home care company, adult day health programs and a child care center that on a daily basis collectively serve more than 1900 residents and 50 children. Welch Healthcare is one of the oldest family-owned senior service organizations in New England, and has distinguished itself as an innovator in the development of service enhanced senior housing, post acute service integration, sub-acute care, skilled nursing based rehabilitation and Alzheimer’s programming.

No Nonprofit Affiliation

Neither the Provider nor Welch Group Management is a religious, charitable or other nonprofit organization nor is it affiliated with any such organizations.

Location and Description of the Village at Proprietors Green

Village at Proprietors Green is located at 10 Village Green Way, Marshfield, Massachusetts 02050. There are three separate and distinct residential components: 79 independent living apartment homes in the continuing care retirement neighborhood; 46 apartments in the Allerton House assisted living neighborhood; and 24 apartments in the Allerton House assisted living memory care neighborhood. Village at Proprietors Green also includes common areas, such as a central dining room, a general store, a business center, a banking facility, a private dining room for parties and special events, a cafe, lounge areas, a library, a theatre, a club room, a community room, a fitness center, a health and wellness center and administrative areas.

Financial Statements

The Provider recently commenced operations so historical financial information is not available at this time. Exhibit One is attached, and includes the Balance Sheet and Income Statement for 2014, the first full year of operation.

Entrance Fees to be Received from Prospective Residents

At the present time, Village at Proprietors Green does not collect any entrance fees from prospective residents. There is a one-time Community Fee as described in Requirements for Residency.

Reserves

The Provider will not enter into “life care” or insurance-like contracts, which would provide residents with continuing care services such as nursing services, medical services, or other health related services for the life of the individual. Instead, the Provider will offer continuing care services on a fee for service basis. Accordingly, the Provider has not established a reserve for the costs of providing such services.

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Requirements for Residency

1. Complete a Reservation Form with the assistance of our Sales team.
2. Provide a fully refundable \$3,000 reservation deposit. At the time of signing a Residency Agreement this \$3,000 is applied to the one-time, non-refundable Community Fee.
3. Upon signing a Residency Agreement, payment will be due for the first and last month's service fee for the apartment selected.
4. Our move-in coordinator will help you with your move-in, planning each step of the way.

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Exhibit 1 – Financial Statements

**Village at Proprietors Green
Statement of Income and Expenses
For the Twelve Months Ending December 31, 2015**

**ACTUAL
YTD**

INCOME

IL FEES	4,549,428
AL FEES	3,051,937
AZ FEES	2,136,772
COMMUNITY FEE REVENUE	94,500
ANCILLARY REVENUES	339,154
OTHER INCOME	22,247
TOTAL REVENUE	10,194,039

OPERATING EXPENSES

ADMINISTRATIVE & GENERAL	1,463,196
PROPERTY EXPENSES	704,840
PLANT/BUILDING OPERATIONS	1,030,151
FOOD SERVICES	1,074,212
LAUNDRY	2,817
HOUSEKEEPING	178,911
HEALTH SERVICES/RESIDENT	
CARE	716,292
ALZHEIMERS UNIT	534,165
ACTIVITIES & RECREATION	294,123
MARKETING	398,845
TOTAL OPERATING	
EXPENSES	6,397,553
Net Operating Income	3,796,486

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NON-OPERATING EXPENSES

INTEREST EXPENSE	1,013,764
INTEREST - OTHER	11,593
STATE FILING FEES & APPRAISAL FEES	5,567
OTHER NON-OPERATING EXPENSES	4,224
BANK CHARGES	3,498
ACCOUNTING	17,844
DEPRECIATION EXPENSE	3,928,451
AMORTIZATION	502,615
TOTAL FIXED COSTS	5,487,558
NET INCOME/(LOSS)	\$ (1,691,073)

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SHI II Marshfield LLC
Balance Sheet
For the Twelve Months Ending
December 31, 2015

GAAP basis

Assets

Current Assets

Cash	515,682	
Cash LMR Escrow	776,230	
Prepaid Expenses	35,650	
Accounts Receivable (Net)	66,513	
Allowance for Doubtful AR	(7,883)	
Total Current Assets		1,386,193

Fixed Assets

Land	3,839,446	
Land Improvements	2,768,710	
Accum Depr Land Improvement	(380,550)	
	-	
Total Land		6,227,606
Building	35,309,198	
Building Improvements	113,213	
Accum Depr Building	(2,750,731)	
Site Systems	6,495	
Treatment Plant	32,827	
Accum Depr - Build Improv	(19,398)	
	-	
Building (less Depreciation)		32,691,604
Equipment	10,419,056	

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Accum Depr Equipment	(6,883,255)	
	-	
Equipment (less Depreciation)		3,535,801
Motor Vehicles	33,374	
	-	
Motor Vehicles (less Depreciation)		33,374
Property Franchise Fees	7,000,000	
Accum. Amort. Property Franchise Fees	(1,011,112)	
	-	
Property Franchise Fees		5,988,888
Total Fixed Assets		48,477,273
Other Assets		6,000
Derivatives		28,000
Accum Amort - Derivatives		(778)
Deferred Financing Costs		316,815
Property Acquisition Costs		300,631
Accum Amort - Def Financing		(125,464)
Deposits - Tax Impounds		119,870
Rate Cap Escrow		781
Replacement Reserve Escrow	89,400	
Replacement Reserve Trtmnt Plnt	83,017	
Replacement Reserves		172,417
		-
Total Other Assets		818,272
Total Assets		50,681,738

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**SHI II Marshfield LLC
Balance Sheet
For the Twelve Months
Ending December 31, 2015**

Liabilities & Net Worth

Current Liabilities

Accounts Payable	250,681
Last Month's Rent	784,905
PrepaidRent	446,594
Accrued Expenses	60,750
Accrued Interest Payable	86,991

Total Current Liabilities - 1,629,921

Mortgage Loan Payable	37,512,672
Exchange - Welch VPG Management	117,429
Exchange - Winslow Woods	4,425
Exchange - Commerce Green	(12,000)
Other Liabilities	73,197

Total Liabilities - 39,325,643

Stockholder's Equity	
AEW Property Contribution	21,670,728
Distributions ND	(4,641,090)
Capital	(3,982,470)
Net Income (Loss)	(1,691,073)

Stockholder's Equity - 11,356,095

Total Liabilities and Net Worth 50,681,738

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Exhibit 2 – Monthly Independent Living Service Fees

Current rates are:

One-bedroom Apartment \$ 4,750 - \$ 5,050

Two-bedroom Apartment \$ 4,985 - \$ 5,840

Rates for existing residents are adjusted on January 1 of each year.

Historical rate increases in the Monthly Service Fee since opening in 2010:

	Increase	2016 Rate Increase
1-bedroom	2.8%	\$126
2-bedroom	2.8%	\$145

	Increase	2015 Rate Increase
1-bedroom	3.4%	\$151
2-bedroom	3%	\$157

	<u>Increase</u>	<u>2014 Rate Increase</u>
1-bedroom	3%	\$127
2-bedroom	3%	\$142

	<u>Increase</u>	<u>2013 Rate Increase</u>
1-bedroom	3%	\$120
2-bedroom	3%	\$141

	<u>Increase</u>	<u>2012 Rate Increase</u>
1-bedroom	3%	\$121
2-bedroom	3%	\$136

	<u>Increase</u>	<u>2011 Rate Increase</u>
1-bedroom	3%	\$122
2-bedroom	3%	\$131

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Exhibit 3 - Residency Agreement

A sample Residency Agreement is referenced as part of this Disclosure Statement.

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Exhibit 4 – Resident Handbook

A Resident Handbook is referenced as part of this Disclosure Statement.