



**Columbus Campus, LLC**  
**Monthly Reporting Package**  
**March 2009**

## *Table of Contents*

	<u><i>Section</i></u>
<i>Project Summary</i>	<i>1</i>
<i>Marketing Reports</i>	<i>2</i>
<i>Total Anticipated Budget/Analysis</i>	<i>3</i>
<i>Project Schedule</i>	<i>4</i>
<i>Monthly Landowner Financial Statements</i>	<i>5</i>
<i>Monthly Community Financial Statements</i>	<i>6</i>
<i>Supplemental Compliance Information</i>	<i>7</i>

# ← Project Summary

## **Columbus Campus, LLC**

### **Project Overview**

#### **Project Description**

Columbus Campus is a 83 acres project located in Hilliard, Ohio. The community is marketed under the name Hickory Chase and will consist of approximately 1,529 independent living apartments, 132 assisted living apartment and 84 skilled nursing beds.

#### **Financing Overview**

- Columbus Campus closed a Construction Loan with KeyBank in the amount of \$90M in April 2008.
- Columbus Campus closed on a Mezzanine Financing with Windsor OH Holdings, LLC in the amount of \$21.4M in April 2008.
- Erickson has funded approximately \$2.8M in equity to date to cover sub debt interest and \$4.1M in short-term funding.

### **Executive Summary**

#### **Marketing Overview**

Hickory Chase began taking reservations in June 2008 and is scheduled to open in the early summer of 2009. As of the end of March RB 1.1 is 75% reserved with 106 reservations. There are currently 67 standbys and 81 futures.

## Columbus Campus, LLC

### Critical Issues

We are currently re-evaluating demand and inventory to determine the most prudent building schedule. The attached project schedule is reflective of our 2009 and 2010 plan; these changes have not been incorporated in the enterprise value. An updated enterprise value will be forthcoming.

### Active Phase Status

**Columbus Campus  
Project Schedule  
March 31, 2009**

Project	Original Scheduled Completion Date	Substantially Completed	Variance (in Months)
Community Building 1.0	Mar-09	Jun-09	(3.0)
Residential Building 1.1	Mar-09	Jun-09	(3.0)

### Proforma Update

**Columbus  
Proforma Summary  
\*\*\*\* in millions**

	<u>Original Budget</u>	<u>CURRENT 3/31/2009 Budget</u>	
Entrance Deposits	493	489	(1)
Purchase Option	72	95	(2)
	<u>565</u>	<u>584</u>	
Total Funds			
Project Costs	316	380	(3)
Financing Costs	62	67	
Operations Start Up (Working Capital) Ex. Reserves	28	23	(4)
Development Fees	24	24	
Total Costs	<u>430</u>	<u>495</u>	
Project Margin	<u>135</u>	<u>89</u>	

(1) Variance due to accelerated schedule

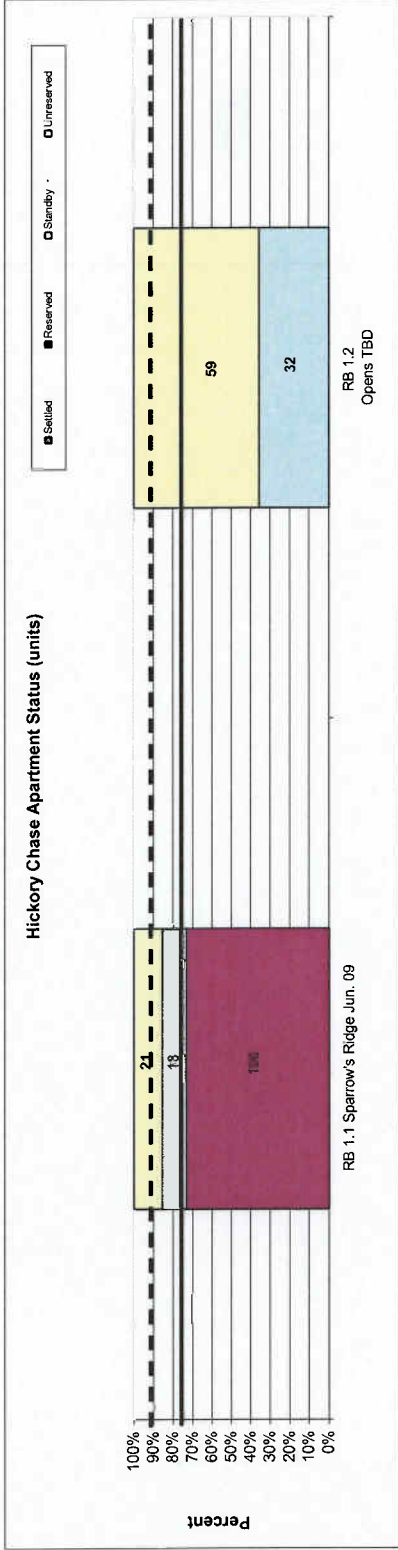
(2) Variance primarily due to cap rate decrease from 10% to 8%, accelerated schedule

(3) Variance due to accelerated schedule, update to household model

(4) Variance due to accelerated schedule, update to household model

# 2 Marketing Reports

Apartment Status by Building as of 4-02-09



Total Units

91

145

	2007 2nd Qtr	2007 3rd Qtr	2007 4th Qtr	2008 1st Qtr	2008 2nd Qtr	2008 3rd Qtr	2008 4th Qtr	2009 1st Qtr
Settled	0	0	0	0	0	0	0	0
Reservations	0	0	0	0	14	95	111	106
Standby	13	90	116	137	139	79	62	67
Futures	0	10	18	32	49	61	73	81
<b>Total</b>	<b>13</b>	<b>100</b>	<b>134</b>	<b>169</b>	<b>202</b>	<b>235</b>	<b>246</b>	<b>254</b>
<b>Monthly Trends</b>								
Net Settlements/Reservations/Standbys	4.3	25.7	8.7	7.0	5.3	7.0	-0.3	0.0
Settlements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Anticipated Construction Test:

In order to start construction on new building, current buildings must be 85% Settled, Reserved, or Standby and there must be 70% of the new building under Standby

	Units	Test	Required Reserved/Standby	Settled	Reserved	Total Standby	Prorated Standby 66%	Total	Needed
Current Buildings Began Const. August 08	145	85%	123	0	106	18	12	124	0
Construction Test for Funding of Next Building (Assuming a 70% Threshold) Begins Const. Mar '09	91	70%	64	0	0	49	32	32	48
									Test Satisfied

\*Settlement vs. Covenant

Covenant Requirement  
N/A

PTD Monthly Average as of 3/31/09  
Opens June '09

\*Test to break escrow is not applicable

NOTES:

We have met the construction funding test for RB 1.1. We need 48 more standbys in order to meet the construction test for RB 1.2.

**2009 Monthly Marketing Trend Report**

Campus: Hickory Chase

Monthly Activity	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Average
1 Net Apt Reservations (MS)*	-4	2	-3										-5	-1.67
* New	-4	2	-3										-5	-1.67
* Resale	0	0	0										0	0
2 Gross Reservations (MS)	5	6	7										18	6.00
3 No. of Total Settlements (MS)*	0	0	0										0	0
* New	0	0	0										0	0
* Resale	0	0	0										0	0
4 No. of Initial Deposits (MS)	2	7	10										19	6.33
5 Requests for Refunds (MS)	3	1	7										11	3.67
6 Total Kit Requests (OT)	179	266	217										662	220.67
* MJO (OT)	81	106	104										291	97.00
* Sales Office (OT)	96	153	103										352	117.33
* Walk-ins (OT)	2	7	10										19	6.33
HC Kit Requests	0	6	3										9	3.00
7 Total Appts (OT)**	61	52	119										232	77.33
* First Time Appts (OT)	7	20	20										47	15.67
* Non Depositor Repeat Appts (OT)	2	2	5										9	3.00
* Depositor Appts (OT)	52	30	94										176	58.67
* Online Appts (OT)	0	0	0										0	0
8 Walk-in Appts (OT)	0	0	0										0	0
<b>Pipeline</b>														
9 Reserved but Unsettled (P)	107	109	106										106	107.33
* New	107	109	106										106	107.33
* Resale	0	0	0										0	0
FPP	0	0	0										0	0
10 Standby (P)	67	66	67										67	66.67
11 Futures (P)	71	76	81										81	76.00
12 Total Deposits w/o Settled Appts (C) [9+10+11]	245	251	254										254	250.00
13 Total Settled Appts (P)	0	0	0										0	0
Total New Settled Appts (BS)	0	0	0										0	0
14 No. of Unsettled Appts (PRU)	145	145	145										145	145.00
15 Appts released by keys not turned in	0	0	0										0	0
Ratio (Line 12/14) (C)	1.69	1.73	1.75	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.75	1.72

Notes

\* Net Reservations = Gross Reservations - Reservations withdrawn





# Marketing Summary

Date Range [ >=3/1/2009 and HCH  
**LOC: Independent**

Settlements	Count	Cash Collected	Current P-Note Due	Total
<b>New</b>	0	\$0	\$0	\$0
<b>Resale</b>	0	\$0	\$0	\$0
<b>Total</b>	0	\$0	\$0	\$0

Reservations	Initial Deposits	Priority List	Left To Settled	Withdraw	Net	Deposits Reserved	Reservations Settled	Reservations Withdrawn	Net Reservations
<b>New</b>	0	7	0	10	-3	\$1,652,500	\$0	\$2,473,500	-\$821,000
<b>Resale</b>	0	0	0	0	0	\$0	\$0	\$0	\$0
<b>Total</b>	0	7	0	10	-3	\$1,652,500	\$0	\$2,473,500	-\$821,000

Waiting Lists	Initial Deposits	Priority List	Changed Status	Net Change
<b>Futures</b>	7	0	2	5
<b>Standby</b>	3	3	5	1
<b>Total</b>	10	3	7	6

Initial Deposits	Initial Deposits	Requests for Refund
<b>Initial Deposits</b>	10	
<b>Requests for Refund</b>		7

## Key Definitions for the Apartment Status Report

### Settled

Represents the total number of new settlements Project to Date. It is a continuous count of how many apartments we have settled for the first time.

### Reservations

Groups that have reserved a particular floorplan, given a deposit, but have not fully settled.

### Standby

Groups that have placed a deposit with us to join the priority list and wish to reserve but because the unit they want is not available at that time. These groups do have specific preferences in regards to what type of unit they want. These people would have priority over other groups which join at a later date.

### Future

Groups that have placed a deposit with us to join the priority list and wish to reserve at a later date. These groups do not have any specific preferences in regards to units at this time. These people would have priority over other groups which join at a later date.

### Flex Pay

The Flexible Payment Program is designed to allow the customer to move to an Erickson community prior to the sale of their house. The customer who moves in under the Flexible Payment Program does not count as a settlement until they have paid their full Entrance Deposit  
**(see Flexible Pricing Program Policy for complete details).**

# 3 Total Anticipated Budget

**Erickson Retirement Communities  
Columbus Campus  
Total Anticipated Budget  
As of March 31, 2009**

	<u>Actual Costs JTD</u>	<u>% Complete to Budget</u>	<u>Estimate to Complete</u>	<u>As of 03/31/09 Estimate at Completion</u>	<u>Original Budget</u>	<u>Favorable/ (Unfavorable)</u>	
Entrance Deposits	0	0%	488,772,858	488,772,858	493,262,437	(4,489,579)	
Operating Lease	0	0%	13,562,227	13,562,227	(13,713,675)	27,275,902	
Funds Held/WC Loan Repayment	0	0%	(28,463,584)	(28,463,584)	(33,515,541)	5,051,957	
<b>Total Deposits</b>	<b>-</b>	<b>0%</b>	<b>473,871,501</b>	<b>473,871,501</b>		<b>27,838,280</b>	<b>A</b>
Hard Costs - Building	22,579,822	9%	225,145,636	247,725,458	246,911,132	(814,326)	
Hard Costs - Sitework	9,281,700	35%	16,958,628	26,240,328	26,362,918	122,590	
Architecture	4,170,852	32%	8,969,345	13,140,197	13,140,197	-	
Engineering	3,228,449	57%	2,413,997	5,642,446	5,642,446	-	
Builder's Risk	46,975	4%	999,819	1,046,794	1,045,916	(879)	
Fees, Permits & Bonds	786,239	15%	4,604,762	5,391,001	5,391,001	-	
Development Fee	0	0%	24,242,484	24,242,484	24,082,728	(159,756)	
Outside Legal	493,338	36%	883,457	1,376,795	1,401,651	24,856	
Construction MNGT Fee	429,934	9%	4,363,699	4,793,633	4,782,296	(11,337)	
Warranty Expense	0	0%	-	-	0	-	
<b>Phase Costs Before Contingency</b>	<b>41,017,309</b>	<b>12%</b>	<b>288,581,827</b>	<b>329,599,136</b>		<b>(838,851)</b>	
Contingency	0	0%	10,207,859	10,207,859	8,743,480	(1,464,379)	
<b>Total Phase Costs</b>	<b>41,017,309</b>	<b>12%</b>	<b>298,789,685</b>	<b>339,806,994</b>		<b>(339,806,994)</b>	<b>B</b>
Department Costs			-				
Pre-Development	0	0%	-	0	0	-	
Adminstration Department	1,003,051	43%	1,308,180	2,311,231	2,659,495	348,263	
Acquisitions and Development	3,400,248	27%	9,308,950	12,709,198	13,204,888	495,691	
Construction Management Services	76,522	0%	(76,522)	-	0	-	
Finance	0	0%	2,466,267	2,466,267	3,105,867	639,600	
Marketing Department	8,520,601	29%	21,062,984	29,583,586	27,517,823	(2,065,762)	
Information Services	340,821	16%	1,804,146	2,144,966	2,258,341	113,375	
Legal Department	108,457	23%	353,678	462,135	485,635	23,500	
<b>Total Departmental Costs</b>	<b>13,449,699</b>	<b>27%</b>	<b>36,227,683</b>	<b>49,677,382</b>		<b>(445,333)</b>	<b>C</b>
<b>Total Hard &amp; Soft Costs</b>	<b>54,467,008</b>	<b>14%</b>	<b>335,017,368</b>	<b>389,484,376</b>		<b>(340,252,327)</b>	
Other Development Costs							
Land	11,626,980	100%	-	11,626,980	0	11,626,980	
Interest Costs	5,026,585	8%	58,804,258	63,830,844	60,395,591	(3,435,252)	
Financing Costs - L.O.C	2,790,647	78%	766,342	3,556,989	1,774,312	(1,782,677)	
Property Taxes	27,230	2%	1,269,587	1,296,818	1,352,496	55,679	
Capital Expenditures	513,033	37%	868,172	1,381,205	1,299,983	(81,222)	
Community Loan Interest	(63,591)	0%	63,591	-	0	-	
<b>Total Other Development Costs</b>	<b>19,920,884</b>	<b>24%</b>	<b>61,771,951</b>	<b>81,692,835</b>	<b>76,419,362</b>	<b>6,383,507</b>	<b>D</b>
<b>Total Costs</b>	<b>74,387,893</b>	<b>16%</b>	<b>396,789,319</b>	<b>471,177,211</b>	<b>463,155,175</b>	<b>(333,868,820)</b>	
<b>Profit Margin</b>	<b>(74,387,893)</b>		<b>77,082,183</b>	<b>2,694,290</b>	<b>10,305,396</b>	<b>(7,611,106)</b>	
<b>Profit Margin %</b>				<b>0.57%</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	
Purchase Price				95,203,833			
Adjustment to Funds Held/WC Loan Repayment				28,463,584			
Start Up Loss Adjustment				(23,361,775)			
Operating Lease Adjustment				(13,562,227)			
<b>Total Adjustments</b>				<b>86,743,414</b>			
<b>Enterprise Value</b>				<b>89,437,704</b>			

## Columbus Campus

\$'s in Millions

### Variations to Original Proforma by Reason

	<u>Category</u>	<u>\$ Detail</u>	<u>\$ Summary</u>
1 Increased average absorption from 13.18 to 13.30 units/month and updated with revised NH2 schedule			
Entrance Deposits	A	(2.1)	
Phase Costs	B	0.6	
Departmental	C	1.0	
Financing Costs	D	(0.6)	
Development Fees	B	0.1	
Funds Held	A	7.0	
Operating Lease	A	<u>3.8</u>	9.8
2 Update to HH Staffing Model & RG square foot from 176,000 to 185,730			
Phase Costs	B	(2.1)	
Financing Costs	D	1.7	
Fund Held	A	(2.0)	
Operating Lease	A	<u>(3.9)</u>	(6.3)
3 Costs above assumed model and inflation			
Departmental	C	(1.5)	
Financing costs (Closing Costs)	D	(1.8)	
Financing Costs	D	<u>(3.6)</u>	(6.9)
4 Addition of Carports			
Entrance Deposits	A	1.0	
Phase Costs	B	(0.6)	
Financing Costs	D	(0.1)	
Development Fees	B	<u>(0.0)</u>	0.2
5 Updated entrance deposit amenities assumption from 50% of total units at \$6,300 to 50% of total units at \$6,500			
Entrance Deposits	A	0.2	
Development Fees	B	(0.0)	
Financing costs	D	0.1	
Operating Lease	A	<u>(0.1)</u>	0.1
6 Update CB10 and RB11 budget to contract			
Phase Costs	B	(0.3)	
Financing Costs	D	<u>1.1</u>	0.9
7 Update to RB1 Entrance Deposits to honor prices shared with the public			
Entrance Deposits	A	(1.4)	
Development Fees	B	0.1	
Financing Costs	D	<u>(1.2)</u>	(2.5)
8 Updated RB1 with price change for the Kellington units from \$216K to \$201K			
Entrance Deposits	A	(2.1)	
Financing Costs	D	<u>(0.7)</u>	(2.8)

9

(7.6)

### Variance by line item (reference category code)

	<u>Total</u>
A Total Deposits (Deposits/ Working Capital/ Operating Lease)	0.4
B Phase Costs	(2.3)
C Departmental Costs	(0.5)
D Other Development Costs	<u>(5.2)</u>
Total Variance	<u>(7.6)</u>

# 4 Project Schedule

---

**Erickson Retirement Communities  
Project Schedule  
March 31, 2009**

	<u>Units</u>	<u>Forecasted Construction Start Date</u>	<u>Forecasted Substantially Complete</u>	
<b>Active Phases</b>				
<b>Ashby Ponds (Loudoun)</b>				
RB 1.4	78	5/1/2008	5/1/2009	
RB 1.5	79	5/1/2008	5/1/2009	
RB 1.6	80	6/1/2009	6/1/2010	**
CB 2.0	-	11/1/2009	11/1/2010	
RB 2.1	124	11/1/2009	11/1/2010	
SW 2.0	-	9/1/2009		
EC 1.0A/B	36	6/1/2010	9/1/2011	
<b>Hickory Chase (Hilliard)</b>				
CB 1.0	-	6/1/2008	6/1/2009	
RB 1.1	145	8/1/2008	6/1/2009	
RB 1.2	91	7/1/2009	5/1/2010	
RB 1.3	87	12/1/2009	10/1/2010	
EC 1.0A	36	4/1/2010	7/1/2011	
<b>Maris Grove (Concord)</b>				
RB 2.2	126	3/1/2008	5/1/2009	
RB 2.4	104	6/1/2008	6/1/2009	
RB 2.5	84	6/1/2009	4/1/2010	
CB 3.0	-	3/1/2010	3/1/2011	
RB 3.1	123	3/1/2010	3/1/2011	
RB 3.2	60	7/1/2010	7/1/2011	
RB 3.3	67	11/1/2010	11/1/2011	
EC 1.0	132	3/1/2008	7/1/2009	
<b>Wind Crest (Denver)</b>				
CB 2.0	-	8/1/2009	6/1/2010	**
RB 2.2	87	8/1/2009	6/1/2010	**
RB 2.1	123	10/1/2010	8/1/2011	
<b>Sedgebrook (Lincolnshire)</b>				
EC 1.0	132	11/1/2007	7/1/2009	***
SW 4.0	-	11/2/2007	8/1/2009	
<b>Linden Ponds (Hingham)</b>				
EC 1.0	132	8/1/2007	3/1/2009	
RB 2.5	120	5/1/2009	5/1/2010	
RB 3.1	106	5/1/2010	TBD	
<b>No Active Phases</b>				
Eagle's Trace (Houston)				
Fox Run (Novi)				
Monarch Landing (Naperville)				
Tallgrass Creek (Kansas)				
Highland Springs (Dallas)				
<b>Pending Financing</b>				
Ann's Choice (Warminster)				
Seabrook (Tinton Falls)				
<b>Not Started</b>				
Grant's Farm (St. Louis)				
Tanglewood Creek (Westminster)				
Windsor Run (Matthews)				

\*\* Start date is the date for construction to resume after the stop

\*\*\* Construction Completed 4/15/2009, but opened for occupancy 7/1/2009

# 19 Landowner Financial Statements



**ERICKSON RETIREMENT COMMUNITIES**  
**Columbus Campus**  
**Landowner Balance Sheet**  
**Mar, FY09**

/22/09 09:04 AM

	<u>Current Balance</u>	<u>Prior Year End Balance</u>	<u>Change from Prior Year</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	696,307	1,496	694,811
Assets Limited as to Use	2,513,126	2,510,985	2,141
<b>Total Current Assets</b>	<b>3,209,434</b>	<b>2,512,481</b>	<b>696,952</b>
<b>Fixed Assets</b>			
Land and Improvements	11,626,980	11,626,980	-
Other Fixed Assets	513,033	476,123	36,910
<b>Total Fixed Assets</b>	<b>12,140,013</b>	<b>12,103,103</b>	<b>36,910</b>
Accumulated Depreciation	(123,103)	(85,366)	(37,736)
Total Fixed Assets net of Depreciation	12,016,910	12,017,737	(826)
Construction in Progress	53,458,295	44,526,462	8,931,833
<b>Total Fixed Assets, Net and CIP</b>	<b>65,475,205</b>	<b>56,544,198</b>	<b>8,931,007</b>
<b>Other Assets</b>			
Community Note Receivable	3,423,568	2,426,563	997,004
Deferred Financing Costs, net	1,413,440	1,476,135	(62,695)
<b>Total Other Assets</b>	<b>4,837,008</b>	<b>3,902,698</b>	<b>934,310</b>
<b>TOTAL ASSETS</b>	<b>73,521,647</b>	<b>62,959,378</b>	<b>10,562,269</b>
<b>LIABILITIES &amp; MEMBERS' CAPITAL</b>			
<b>Current Liabilities</b>			
Accounts Payable	186,052	323,124	(137,073)
Construction G.C. Payable	2,246,208	2,530,280	(284,072)
Retainage Payable	1,789,432	1,400,532	388,899
Other Current Liabilities	238,393	218,559	19,834
Short-Term Interest Payable	504,845	420,568	84,277
Derivative Instrument	1,253,280	1,290,584	(37,304)
ERC Short-Term Funding	4,104,597	2,031,889	2,072,708
Intercompany	1,136,036	(324,825)	1,460,861
<b>Total Current Liabilities</b>	<b>11,458,843</b>	<b>7,890,710</b>	<b>3,568,132</b>
<b>Long-Term Liabilities</b>			
Line of Credit Payable	49,156,024	41,520,444	7,635,579
Sale/Leaseback Payable	21,350,000	21,350,000	-
<b>Total Long-Term Liabilities</b>	<b>70,506,024</b>	<b>62,870,444</b>	<b>7,635,579</b>
<b>Total Liabilities</b>	<b>81,964,866</b>	<b>70,761,154</b>	<b>11,203,712</b>
<b>Members' Capital</b>			
Members' Capital	(2,500,000)	(2,500,000)	-
Members' Capital Sub-Debt Interest	2,795,672	1,995,047	800,625
Retained Earnings	(7,296,823)	(7,296,823)	-
Current Year's Income (Loss)	(1,442,068)	-	(1,442,068)
<b>Total Members' Capital</b>	<b>(8,443,219)</b>	<b>(7,801,776)</b>	<b>(641,443)</b>
<b>TOTAL LIABILITIES &amp; MEMBERS' CAPITAL</b>	<b>73,521,647</b>	<b>62,959,378</b>	<b>10,562,269</b>

**ERICKSON RETIREMENT COMMUNITIES**  
**Columbus Campus**  
**Landowner Income Statement**  
**Mar, FY09**

04/22/09 09:04 AM

	Period Activity	Period Budget	Period Variance	Year-to-Date Actual	Year-to-Date Budget	Year-to-Date Variance
<b>Departmental Expenses</b>						
Development Administration	136,164	94,745	(41,419)	364,672	279,822	(84,851)
Construction Management Services	4,744	5,224	480	16,027	15,671	(355)
Administration	56,333	56,333	-	168,998	168,998	0
Marketing	198,111	258,494	60,384	556,806	775,483	218,677
Sales and Information	73,506	83,232	9,726	208,731	242,793	34,062
Information Services	16,550	16,550	-	49,650	49,650	-
Legal	4,839	4,839	-	14,518	14,518	0
Capitalized Costs	(292,136)	-	292,136	(822,596)	-	822,596
<b>Net Departmental Expense</b>	<b>198,111</b>	<b>519,417</b>	<b>321,306</b>	<b>556,806</b>	<b>1,546,935</b>	<b>990,129</b>
<b>Other Operating Expenses</b>						
Depreciation	12,630	-	(12,630)	37,736	-	(37,736)
Amortization	20,898	-	(20,898)	62,695	-	(62,695)
<b>Total Other Operating Expenses</b>	<b>33,528</b>	<b>-</b>	<b>(33,528)</b>	<b>100,431</b>	<b>-</b>	<b>(100,431)</b>
<b>Total Operating Expenses</b>	<b>231,639</b>	<b>519,417</b>	<b>287,778</b>	<b>657,237</b>	<b>1,546,935</b>	<b>889,698</b>
<b>Non-Operating Revenue</b>						
Note Rec/Other Interest	12,645	-	12,645	33,155	-	33,155
<b>Total Non-Operating Revenue</b>	<b>12,645</b>	<b>-</b>	<b>12,645</b>	<b>33,155</b>	<b>-</b>	<b>33,155</b>
<b>Non-Operating Expenses</b>						
Interest Expense LOC, net(Sub-debt)	87,108	-	(87,108)	(37,304)	-	37,304
Equity Partner Interest Expense	275,771	-	(275,771)	800,625	-	(800,625)
Financing Costs	1,500	-	(1,500)	33,693	-	(33,693)
Real Estate & Other Taxes	7,752	-	(7,752)	20,972	-	(20,972)
<b>Total Non-Operating Expenses</b>	<b>372,131</b>	<b>-</b>	<b>(372,131)</b>	<b>817,986</b>	<b>-</b>	<b>(817,986)</b>
<b>NET INCOME (LOSS)</b>	<b>(591,125)</b>	<b>(519,417)</b>	<b>(71,708)</b>	<b>(1,442,068)</b>	<b>(1,546,935)</b>	<b>104,867</b>

**ERICKSON RETIREMENT COMMUNITIES**  
**Columbus Campus**  
**Landowner Cash Flow Statement**  
**Mar, FY09**

04/22/09 9:04 AM

	<u>Period Activity</u>	<u>Year-to-Date</u>
<b>Cash Flows from Operating Activities:</b>		
Net Income (Loss)	(591,125)	(1,442,068)
Adjustments to reconcile Net Income (Loss) to Net Cash (Used In) Provided by Operating Activities:		
Depreciation	12,630	37,736
Amortization	20,898	62,695
Changes in:		
Assets Limited as to Use	(348)	(2,141)
Current Liabilities	100,538	(117,238)
Interest Payable	58,771	84,277
ERC Short-Term Funding	1,172,708	2,072,708
Intercompany	99,125	1,460,861
<b>Net Cash (Used In) Provided by Operating Activities</b>	<b>873,197</b>	<b>2,156,831</b>
<b>Cash Flows from Investing Activities:</b>		
CIP and Other Fixed Assets	(3,069,030)	(8,968,743)
<b>Net Cash (Used In) Provided by Investing Activities</b>	<b>(3,069,030)</b>	<b>(8,968,743)</b>
<b>Cash Flows from Financing Activities:</b>		
Deferred Financing Costs	-	-
Community Note Receivable	(12,297)	(997,004)
Retainage Withheld (Released)	97,964	388,899
Change in General Contractor Payable	88,120	(284,072)
Proceeds (Repay) LOC Sub-Debt	2,317,999	7,635,579
Members' Capital	-	-
Members' Drawing	-	-
<b>Net Cash (Used In) Provided by Financing Activities</b>	<b>2,491,786</b>	<b>6,743,402</b>
<b>Change in Cash</b>	<b>619,334</b>	<b>694,811</b>
Beginning Cash Balance	76,973	1,496
<b>Ending Cash Balance</b>	<b>696,307</b>	<b>696,307</b>

# 9 Community Financial Statements

**HCH**  
**Comparative Balance Sheet**  
(in thousands)

	YTDMar FY09	YTDFeb FY09	Change	YTDDec FY08	Change
<b>Assets</b>					
<i>Current Assets</i>					
Cash	116	428	(312)	98	17
Accounts Receivable	-	-	-	2	(2)
Prepays	8	9	(1)	1	7
<b>Total Current Assets</b>	<b>124</b>	<b>437</b>	<b>(313)</b>	<b>101</b>	<b>23</b>
<i>Limited Use Cash and Investments</i>					
Escrow Deposits	686	683	3	689	(3)
Restricted Fund Accounts	27	27	-	27	-
<b>Total Limited Use Cash &amp; Investments</b>	<b>713</b>	<b>709</b>	<b>3</b>	<b>715</b>	<b>(3)</b>
<i>Non-Current Assets</i>					
Fixed Assets- Net	363	274	89	194	168
<b>Total Non-Current Assets</b>	<b>363</b>	<b>274</b>	<b>89</b>	<b>194</b>	<b>168</b>
<b>Total Assets</b>	<b>1,199</b>	<b>1,420</b>	<b>(221)</b>	<b>1,011</b>	<b>188</b>
<b>Liabilities</b>					
<i>Current Liabilities</i>					
Accounts Payable and Accrued Liabilities	65	75	(10)	177	(112)
<b>Total Current Liabilities</b>	<b>65</b>	<b>75</b>	<b>(10)</b>	<b>177</b>	<b>(112)</b>
<i>Non-Current Liabilities</i>					
Advance Deposits	683	680	3	686	(3)
Long Term Liabilities	3,424	3,411	12	2,427	997
<b>Total Non-Current Liabilities</b>	<b>4,107</b>	<b>4,091</b>	<b>15</b>	<b>3,113</b>	<b>994</b>
<b>Total Liabilities</b>	<b>4,171</b>	<b>4,166</b>	<b>5</b>	<b>3,290</b>	<b>882</b>
<b>Net Assets</b>					
Unrestricted Net Assets	(2,279)	(2,279)	-	(13)	(2,266)
Current Year Increase (Decrease) In Net Assets	(694)	(467)	(227)	(2,266)	1,573
<b>Total Net Assets</b>	<b>(2,973)</b>	<b>(2,746)</b>	<b>(227)</b>	<b>(2,279)</b>	<b>(694)</b>
<b>Total Liabilities and Net Assets</b>	<b>1,199</b>	<b>1,420</b>	<b>(221)</b>	<b>1,011</b>	<b>188</b>

**HCH**  
**Statement of Operations by Account**  
All LOB, All Entities  
Mar, FY09  
(in thousands)

	Mar		YTD(Mar)		YTDDec	
	Actual	BudVar	Actual	BudVar	JanForecas	JanFcstVar
<b>Operating Revenue</b>						
Resident Monthly Fees	-	-	-	-	754	(754)
Departmental Revenues	2	2	4	4	354	(350)
<b>Total Operating Revenue</b>	<b>2</b>	<b>2</b>	<b>4</b>	<b>4</b>	<b>1,108</b>	<b>(1,104)</b>
<b>Operating Expense</b>						
Wages	34	(34)	95	(95)	1,151	1,064
Employee Benefits	5	(5)	15	(15)	136	121
Other Employee Expense	3	(3)	20	(20)	538	518
Contract Labor Expense	3	(3)	13	(13)	560	542
Supplies Expense	2	(2)	5	(5)	209	203
Repairs and Maintenance Expense	-	-	0	0	16	16
Professional Fee Expense	1	(1)	4	(4)	71	66
Purchased Services Expense	159	9	485	19	2,000	1,515
Administrative Related Expense	3	(3)	11	(11)	19	7
Insurance_	1	(1)	3	(3)	60	58
Utilities_	-	-	-	-	173	173
Rent and Lease Expense	2	(2)	5	(5)	-	(5)
684-Taxes	-	-	-	-	136	136
59200-Management Fees	-	-	-	-	38	38
Other Expenses	-	-	-	-	304	304
<b>Total Operating Expense</b>	<b>212</b>	<b>(45)</b>	<b>654</b>	<b>(150)</b>	<b>5,106</b>	<b>4,452</b>
<b>Operating Income</b>	<b>(210)</b>	<b>(42)</b>	<b>(650)</b>	<b>(146)</b>	<b>(4,302)</b>	<b>3,652</b>
<b>Non-Operating Income</b>						
Investment Income	0	0	2	2	94	(92)
47770-Amortization Income	-	-	-	-	152	(152)
<b>Total Non-Operating Income</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>246</b>	<b>(244)</b>
<b>Non-Operating Expense</b>						
Net Rent	-	-	-	-	60	60
Interest Expense	12	(12)	31	(31)	-	(31)
59950-FF&E Depreciation Expense	4	(4)	14	(14)	160	145
<b>Total Non-Operating Expense</b>	<b>17</b>	<b>(17)</b>	<b>45</b>	<b>(45)</b>	<b>220</b>	<b>174</b>
<b>Increase (Decrease) in Net Assets</b>	<b>(227)</b>	<b>(59)</b>	<b>(694)</b>	<b>(190)</b>	<b>(4,276)</b>	<b>3,582</b>

**HCH**  
**Statement of Operations by Account**  
 All LOB, All Entities  
 Mar, FY09  
 (in thousands)

**Current Month Occupancy**

	<u>Independent</u>	<u>Assisted Living</u>	<u>Skilled Nursing</u>
Billed Units	#MISSING	#MISSING	#MISSING
Available Units	#MISSING	#MISSING	#MISSING
Occupancy %	#MISSING	#MISSING	#MISSING

**YTD Payor Mix**

	<u>SNF Totals</u>		<u>SNF %'s</u>	
	<u>Operating Revenue</u>	<u>Resident Days</u>	<u>Opt Rev %'s</u>	<u>Resident Days%'s</u>
Private	-	-	-	-
Medicare A	-	-	-	-
Medicaid	-	-	-	-
Other Insurance	-	-	-	-
<b>Total</b>	-	-	-	-

**HCH**  
**Statement of Cash Flows**  
**Mar , FY09**  
(in thousands)

	<u>Current</u>	<u>YTD</u>
<b>Cash Flows from Operating Activities</b>		
Net Income	(227)	(694)
<b>Adjustments to Reconcile Income</b>		
Depreciation and Amortization Expense	4	14
(Increase)/Decrease in Accounts Receivable	-	2
(Increase)/Decrease in Prepaid Expenses	1	(7)
Increase/(Decrease) in Accounts Payable and Accrued Liabilities	(10)	(112)
<b>Net Cash Provided by Operating Activities</b>	<u>(232)</u>	<u>(797)</u>
<b>Cash Flows from Investing Activities</b>		
(Increase)/Decrease in Limited Use Cash and Investments	(3)	3
(Increase)/Decrease in Fixed Assets	(93)	(183)
<b>Net Cash Used in Investing Activities</b>	<u>(96)</u>	<u>(180)</u>
<b>Cash Flows from Financing Activities</b>		
Increase/(Decrease) in Advance Deposits	3	(3)
Increase/(Decrease) in Long Term Liabilities	12	997
<b>Net Cash Provided by Financing Activities</b>	<u>15</u>	<u>994</u>
<b>Increase (Decrease) in Cash</b>	(312)	17
Aggregate Other Items to Reconcile Cash	-	-
<b>Cash Beginning of Period</b>	428	98
<b>Cash End of Period</b>	<u>116</u>	<u>116</u>



# 7 Supplemental Information

## Columbus Campus, LLC Loan Covenant Compliance Summary

As of March 31, 2009

Satisfied
Pending
Not Met

### Reporting Covenants

Description		Status
Monthly-Landowner Financial Statements	Enclosed	
Monthly-Community Financial Statements	Enclosed	
Monthly-Community Marketing Reports	Enclosed	
Monthly-ERC Financial Statements/MD&A	Attached	
Monthly-Project Status Report	Enclosed	
Monthly-Compliance Letter	Enclosed	
2007 Audited Financial Statements	Provided @ closing	
2008 Community Budget	Provided @ closing	
2007 Tax Returns or Extensions (if applicable)*	Delivered-Oct08	
2008-09 Annual Insurance Certificates	Delivered-Nov08	

### Financial/Other Covenants

Description	Covenant		Actual	Status
ERC Liquidity (in millions)	Minimum	\$ 100.0	\$ 107.5	
Letter of Credit Sub-Limit (in millions)	Maximum	\$ 5.0	-	
Working Capital Loan Sub-Limit (in millions)	Maximum	\$ 44.0	\$ 3.4	
PTD Absorption/Month	Minimum	10.0	N/A	

\* Landowners which are Limited Liability Corporations (LLC's) do not file tax returns, these entities are consolidated with the Erickson Group Tax Filings



---

**SCHEDULE VI**

**Covenant Compliance Letter**

April 30, 2009

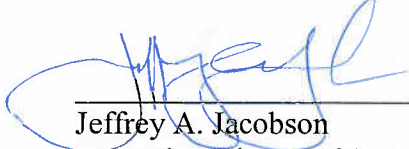
KeyBank National Association  
Lead Arranger and Administrative Assistant  
Cleveland, Ohio 44114  
Attention: Charles J. Shoop, Senior Vice President

RE: Columbus Campus, LLC

Ladies and Gentlemen:

This letter is submitted in connection with financial statements required to be provided under section 8.3 of the Construction Loan Agreement dated April 16, 2008 (the "Loan Agreement") relating to Hickory Chase. To the best knowledge of the undersigned, who is Chief Financial Officer of the entities submitting such financial statements, no Default, as defined in the Loan Agreement, has occurred and is continuing, and no Event of Default, as defined in the loan agreement, has occurred. All original promissory notes evidencing advances under the Community Loan Documents have been delivered (or are being delivered herewith) to you.

The Bank has requested a clarification as to the required equity in the project, and we are working with the Bank to resolve this request.

  
\_\_\_\_\_  
Jeffrey A. Jacobson  
Executive Vice President  
& Chief Financial Officer

## Columbus Campus, LLC

## Balance Test

Projected: As of March 31, 2008

## Projected Fair Market Value at Completion

Phase	Completion Date	Status	No. of Units	Average Deposit per Unit	Total Deposit by Phase	Total Deposits Received	Future Deposits Remaining to be Collected	Coverage Amount
Residential	1.1	6/1/2009	145	254,393	36,887,000	0	36,887,000	1,200,000
Residential	1.2	1/1/2010	91	258,991	23,568,188	0	23,568,188	1,200,000
Residential	1.3	5/1/2010	87	259,466	22,573,532	0	22,573,532	1,200,000
Residential	1.4	10/1/2010	139	276,434	38,424,332	0	38,424,332	1,200,000
Residential	1.5	10/1/2011	133	283,498	37,705,168	0	37,705,168	1,200,000
Residential	1.6	8/1/2012	81	286,489	23,205,621	0	23,205,621	1,200,000
Residential	1.7	3/1/2013	157	298,215	46,819,772	0	46,819,772	1,200,000
Residential	2.1	10/1/2015	163	309,984	50,527,320	0	50,527,320	1,200,000
Residential	2.2	10/1/2016	110	313,832	34,521,529	0	34,521,529	1,200,000
Residential	2.3	3/1/2016	107	339,915	36,370,891	0	36,370,891	1,200,000
Residential	2.4	8/1/2014	118	320,052	37,766,173	0	37,766,173	1,200,000
Residential	2.5	3/1/2014	95	305,418	29,014,722	0	29,014,722	1,200,000
Residential	2.6	3/1/2015	103	310,184	31,948,903	0	31,948,903	1,200,000
Residential	3.1	0	0	0	0	0	0	0
Residential	3.2	0	0	0	0	0	0	0
Residential	3.3	0	0	0	0	0	0	0
Residential	3.4	0	0	0	0	0	0	0
Residential	3.5	1/0/1900	0	0	0	0	0	0
Extended Care 1A	10/1/2011		36	163,328	5,879,818	0	5,879,818	1,200,000
Extended Care 1B	8/1/2014		48	178,473	8,566,714	0	8,566,714	1,200,000
Extended Care 2	10/1/2016		132	189,342	24,993,175	0	24,993,175	1,200,000
Minimum Coverage Amount								9,000,000
			1,745	488,772,858	0	488,772,858	21,000,000	

**BALANCE TEST COMPUTATIONS**

	Estimate at Completion Through 2020
Future Deposits Remaining to Be Collected	488,772,858
Less : Working Capital	(28,463,584)
Operating Lease through December 2011	13,562,227
Purchase Option <sup>3</sup>	47,601,916
Total Future Deposit/Lease Cash Receipts	521,473,418
<b>Total Future Anticipated Cash Receipts</b>	<b>521,473,418</b>
Cost to Complete: (Cash Basis)	
Hard Costs <sup>1</sup>	242,104,264
Soft Costs <sup>2</sup>	144,630,240
Total Costs to Complete	386,734,504
Assets - Cash & Projected Future Cash	3,209,434
Other Current Liabilities	
Construction G.C. Payable	2,246,208
Retainage Payable/Current Liabilities *	7,959,355
Total Other Current Liabilities	10,205,563
Long - Term Liabilities	
Line of Credit Payable/Subordinate Debt	49,156,024
Sale/Leasback Payable	21,350,000
Total Long - Term Liabilities	70,506,024
Balance Test Coverage Amount	21,000,000
<b>Total Future Anticipated Cash Disbursements</b>	<b>485,236,657</b>
<b>BALANCE TEST</b>	<b>36,236,761 Passes Test</b>

\* We are currently re-evaluating demand and inventory to determine the most prudent building schedule. The attached project schedule is reflective of our 2009 and 2010 plan; these changes have not been incorporated in the enterprise value. An updated enterprise value will be forthcoming.

<sup>1/</sup> Hard Costs Include Building and Sitework.

<sup>2/</sup> Soft Costs Include: Architecture, Engineering, Fees & Permits, Builder's Risk, Outside Legal, Departmental Costs, Warranty, FF&E, Financing costs, Interest Costs, Land, Property Taxes, Development Fees, Insurance Reserve, Construction MNGT Fee

<sup>3/</sup> Represents 50% of Purchase Option