



Columbus Campus, LLC
Monthly Reporting Package
December 2008

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1 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 \$2.0M in equity to date to cover sub debt interest and \$2.0M 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 December RB 1.1 is 78% reserved with 111 reservations. There are currently 62 standbys and 73 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
December 31, 2008**

Project	Original Scheduled Completion Date	Substantially Completed
Community Building 1.0	Mar-09	Jun-09
Residential Building 1.1	Mar-09	Jun-09

Proforma Update

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

	Original Budget	CURRENT 12/31/2008 Budget	
Entrance Deposits	493	489	(1)
Purchase Option	72	95	(2)
	<u>565</u>	<u>584</u>	
Total Funds			
Project Costs	377	380	(3)
Financing Costs	62	67	
Operations Start Up (Working Capital) Ex. Reserves	28	23	(4)
Development Fees	24	24	
Total Costs	<u>491</u>	<u>495</u>	
Project Margin	<u>74</u>	<u>89</u>	

(1) Variance due to accelerated schedule

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

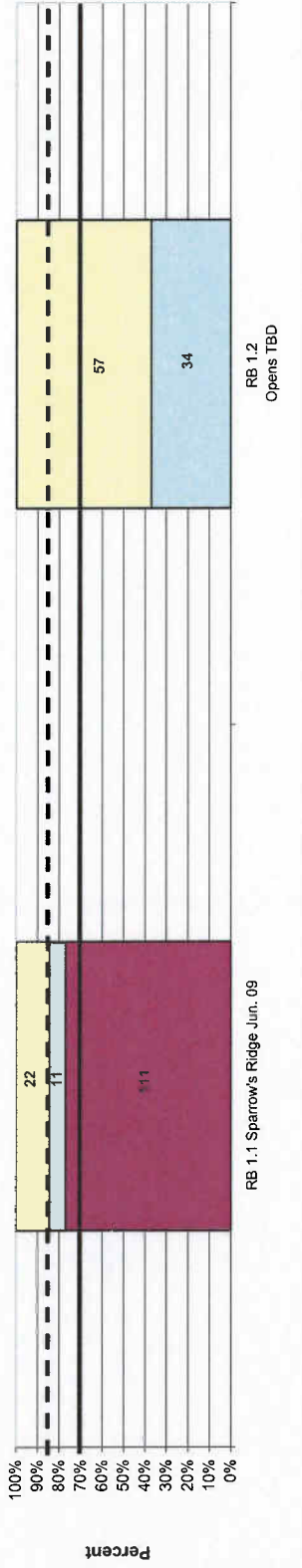
(3) Variance due to accelerated schedule, update to household model

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

2 Marketing Reports

Apartment Status by Building as of 12-31-08

Hickory Chase Apartment Status (units)



Total Units

144

91

	2007 2nd Qtr	2007 3rd Qtr	2007 4th Qtr	2008 1st Qtr	2008 2nd Qtr	2008 3rd Qtr	2008 4th Qtr
Settled	0	0	0	0	0	0	0
Reservations	13	90	116	137	139	79	111
Standby	0	10	18	32	49	61	73
Futures	13	100	134	169	202	235	246
Monthly Trends							
Net Settlements/Reservations/Standbys	4.3	25.7	8.7	7.0	5.3	7.0	-0.3
Settlements	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	RB 1.1 144	85%	122	0	111	11	7	0
Construction Test for Funding of Next Building (Assuming a 70% Threshold) Begins Const. Mar '09	RB 1.2 91	70%	64	0	0	51	34	46

*Settlement vs. Covenant

Covenant Requirement
N/A

PTD Monthly Average as of 12/31/08
Opens June '09

*Test to break escrow is not applicable

NOTES:

We have met the construction funding test for RB 1.1. We need 46 more standbys in order to meet the construction test for RB 1.2.

2008 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)*	0	0	0	0	0	14	27	32	22	17	0	-1	111	15.86
* New	0	0	0	0	0	14	27	32	22	17	0	-1	111	15.86
* Resale	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2 Gross Reservations (MS)	0	0	0	0	0	14	30	37	28	24	8	6	147	21.00
3 No. of Total Settlements (MS)*	0	0	0	0	0	0	0	0	0	0	0	0	0	0
* New	0	0	0	0	0	0	0	0	0	0	0	0	0	0
* Resale	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4 No. of Initial Deposits (MS)	13	9	14	7	17	17	13	14	15	9	7	6	141	11.75
5 Requests for Refunds (MS)	0	0	1	2	2	2	3	4	4	4	2	5	29	2.42
6 Total Kit Requests (OT)	404	405	392	345	347	328	383	271	240	205	146	173	3,639	303.25
* MJO (OT)	221	208	200	148	146	152	134	106	161	82	67	69	1,694	141.17
* Sales Office (OT)	180	192	189	187	185	170	235	152	74	82	71	94	1,811	150.92
* Walk-ins (OT)	3	5	3	10	16	6	14	13	5	41	8	10	134	11.17
HC Kit Requests	1	0	0	2	0	0	0	0	0	0	0	1	4	0.33
7 Total Apts (OT)**	26	25	33	28	42	52	60	66	58	92	57	56	595	49.58
* First Time Apts (OT)	18	18	23	24	31	22	14	22	20	26	11	7	236	19.67
* Non Depositor Repeat Apts (OT)	3	1	2	0	5	1	5	2	1	5	0	1	26	2.17
* Depositor Apts (OT)	5	6	8	4	6	29	41	42	37	61	46	48	333	27.75
8 Walk-in Apts (OT)	0	0	0	0	0	1	1	0	0	0	0	0	2	0.17
Pipeline														
9 Reserved but Unsettled (P)	0	0	0	0	0	14	41	73	95	112	112	111	111	79.71
* New	0	0	0	0	0	14	41	73	95	112	112	111	111	79.71
* Resale	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FPP	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 Standby (P)	126	131	137	138	145	139	116	93	79	62	63	62	62	107.58
11 Futures (P)	21	25	32	34	42	49	56	58	61	66	70	73	73	48.92
12 Total Deposits w/o Settled Apts (C) [9+10+11]	147	156	169	172	187	202	213	224	235	240	245	246	246	203.00
13 Total Settled Apts (P)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total New Settled Apts (BS)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14 No. of Unsettled Apts (PRU)	0	0	0	0	0	144	144	144	144	144	144	144	144	144.00
15 Apts released by keys not turned in	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ratio (Line 12/14) (C)	N/A	N/A	N/A	N/A	N/A	1.40	1.48	1.56	1.63	1.67	1.70	1.71	1.71	1.41

Notes

* Net Reservations = Gross Reservations - Reservations withdrawn

** Total Apts = Non-Depositor (First-time and repeat) + Depositor (Futures, Standby, Reserved, Settler/Resident)



Marketing Summary

Date Range [>=12/1/08 and <=12/31/08] **HCH**
LOC: Independent

Settlements	Count	Cash Collected	Current P-Note Due	Total
New	0	\$0	\$0	\$0
Resale	0	\$0	\$0	\$0
Total	0	\$0	\$0	\$0

Reservations	Initial Deposits	Priority List	Left To Settled	Withdraw	Net	Deposits Reserved	Reservations Settled	Reservations Withdrawn	Net Reservations
New	1	5	0	7	-1	\$1,635,500	\$0	\$1,756,500	-\$121,000
Resale	0	0	0	0	0	\$0	\$0	\$0	\$0
Total	1	5	0	7	-1	\$1,635,500	\$0	\$1,756,500	-\$121,000

Waiting Lists	Initial Deposits	Priority List	Changed Status	Net Change
Futures	4	0	1	3
Standby	1	4	6	-1
Total	5	4	7	2

Initial Deposits	Initial Deposits	Requests for Refund
Initial Deposits	6	
Requests for Refund	5	

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 December 31, 2008**

	<u>Actual Costs JTD</u>	<u>% Complete to Budget</u>	<u>Estimate to Complete</u>	<u>As of 12/31/08 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	(151,448)	
Funds Held/WC Loan Repayment	0	0%	(28,463,584)	(28,463,584)	(33,515,541)	5,051,957	
Total Deposits	-	0%	473,871,501	473,871,501	473,460,571	410,930	A
Hard Costs - Building	15,986,957	6%	231,738,501	247,725,458	246,911,132	(814,326)	
Hard Costs - Sitework	8,888,586	34%	17,351,743	26,240,328	26,362,918	122,590	
Architecture	3,926,982	30%	9,213,215	13,140,197	13,140,197	-	
Engineering	3,119,143	55%	2,523,303	5,642,446	5,642,446	-	
Builder's Risk	43,778	4%	1,003,017	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	462,686	34%	914,109	1,376,795	1,401,651	24,856	
Construction MNGT Fee	329,568	7%	4,464,065	4,793,633	4,782,296	(11,337)	
Warranty Expense	0	0%	-	-	-	-	
Phase Costs Before Contingency	33,543,937	10%	296,055,198	329,599,136	328,760,284	(838,851)	
Contingency	0	0%	10,207,859	10,207,859	8,743,480	(1,464,379)	
Total Phase Costs	33,543,937	10%	306,263,057	339,806,994	337,503,764	(2,303,230)	B
Department Costs			-				
Pre-Development	0	0%	-	0	0	-	
Administration Department	834,053	36%	1,477,179	2,311,231	2,659,495	348,263	
Acquisitions and Development	3,035,575	24%	9,673,622	12,709,198	13,204,888	495,691	
Construction Management Services	60,495	0%	(60,495)	-	0		
Finance	0	0%	2,466,267	2,466,267	3,105,867	639,600	
Marketing Department	7,755,065	26%	21,828,521	29,583,586	27,517,823	(2,065,762)	
Information Services	291,171	14%	1,853,796	2,144,966	2,258,341	113,375	
Legal Department	93,939	20%	368,195	462,135	485,635	23,500	
Total Departmental Costs	12,070,298	24%	37,607,084	49,677,382	49,232,049	(445,333)	C
Total Hard & Soft Costs	45,614,236	12%	343,870,141	389,484,376	386,735,813	(2,748,563)	
Other Development Costs							
Land	11,626,980	100%	(30,000)	11,596,980	11,596,980	-	
Interest Costs	3,590,095	6%	60,240,749	63,830,844	60,395,591	(3,435,252)	
Financing Costs - L.O.C	2,756,953	78%	800,035	3,556,989	1,774,312	(1,782,677)	
Property Taxes	6,259	0%	1,290,559	1,296,818	1,352,496	55,679	
Capital Expenditures	476,123	34%	905,082	1,381,205	1,299,983	(81,222)	
Community Loan Interest	(32,578)	0%	32,578	-	0	-	
Total Other Development Costs	18,423,832	23%	63,239,003	81,662,835	76,419,362	(5,243,473)	D
Total Costs	64,038,067	14%	407,109,144	471,147,211	463,155,175	(7,992,036)	
Profit Margin	(64,038,067)		66,762,357	2,724,290	10,305,396	(7,581,106)	
Profit Margin %				0.57%	2.18%	-1.60%	
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)			
Total Adjustments				86,743,414			
Enterprise Value				89,467,704			

Columbus Campus

\$'s in Millions

Variances 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 sqare 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)	
Phase Costs	B	(0.3)	
Financing Costs	D	<u>(3.6)</u>	(7.2)
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	0.0	
Financing Costs	D	<u>1.1</u>	1.1
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 RB1with price change for the Kellington units from \$216K to \$201K			
Entrance Deposits	A	(2.1)	
Financing Costs	D	<u>(0.7)</u>	(2.8)
			<u>(7.6)</u>

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	(5.2)
Total Variance	<u>(7.6)</u>

4 Project Schedule

**Erickson Retirement Communities
Enterprise Project Schedule
January 16, 2009**

<u>Site</u>	<u>Units</u>	<u>Construction Start Date</u>	<u>Construction Open Date</u>
Ashby Ponds (Loudoun)			
RB 1.4	78	5/1/2008	5/1/2009
RB 1.5	79	5/1/2008	5/1/2009
RB 1.6	80	3/1/2009	3/1/2010 *
CB 2.0	-	8/1/2009	8/1/2010
RB 2.1	118	8/1/2009	8/1/2010
SW 2.0	-	6/1/2009	
EC 1.0A	36	3/1/2010	6/1/2011
Hickory Chase (Hilliard)			
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	12/1/2009	3/1/2011
Maris Grove (Concord)			
RB 2.2	131	3/1/2008	5/1/2009
RB 2.4	105	6/1/2008	6/1/2009
RB 2.5	84	3/1/2009	1/1/2010
CB 3.0	-	12/1/2009	12/1/2010
RB 3.1	123	12/1/2009	12/1/2010
RB 3.2	60	4/1/2010	4/1/2011
RB 3.3	67	8/1/2010	8/1/2011
EC 1.0	132	3/1/2008	7/1/2009
Wind Crest (Denver)			
CB 2.0	-	2/1/2009	10/1/2009 *
RB 2.1	124	9/1/2009	6/1/2010
RB 2.2	84	2/1/2009	10/1/2009 *
Sedgebrook (Lincolnshire)			
EC 1.0	132	11/1/2007	7/1/2009 **
SW 4.0	-	11/2/2007	8/1/2009
Linden Ponds (Hingham)			
RB 2.5	120	4/1/2009	4/1/2010
		Last Completed Building/Info	
Eagle's Trace (Houston)		RB 1.4; RB 2.1 & SW 2 Stopped	
Fox Run (Novi)		RB 2.2	
Monarch Landing (Naperville)		RB 1.2	
Tallgrass Creek (Kansas)		RB 1.2	
Highland Springs (Dallas)		RB 1.3	
Ann's Choice (Warminster) NH 4		Pending Financing	
Seabrook (Tinton Falls) NH 3		Pending Financing	
Grant's Farm (St. Louis)		Not Started	
Tanglewood Creek (Westminster)		Not Started	
Windsor Run (Matthews)		Not Started	

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

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

5 Landowner Financial Statements

ERICKSON RETIREMENT COMMUNITIES
Columbus Campus
Landowner Balance Sheet
Dec, FY08

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	<u>Current Balance</u>	<u>Change from Prior Year</u>
ASSETS		
Current Assets		
Cash	1,496	1,496
Assets Limited as to Use	2,510,985	2,510,985
Total Current Assets	2,512,481	2,512,481
Fixed Assets		
Land and Improvements	11,626,980	11,626,980
Other Fixed Assets	476,123	476,123
Total Fixed Assets	12,103,103	12,103,103
Accumulated Depreciation	(85,366)	(85,366)
Total Fixed Assets net of Depreciation	12,017,737	12,017,737
Construction in Progress	44,094,314	44,094,314
Total Fixed Assets, Net and CIP	56,112,051	56,112,051
Other Assets		
Community Note Receivable	2,426,563	2,426,563
Deferred Financing Costs, net	1,476,135	1,476,135
Total Other Assets	3,902,698	3,902,698
TOTAL ASSETS	62,527,230	62,527,230
LIABILITIES & MEMBERS' CAPITAL		
Current Liabilities		
Accounts Payable	323,124	323,124
Construction G.C. Payable	2,530,280	2,530,280
Retainage Payable	1,400,532	1,400,532
Other Current Liabilities	218,559	218,559
Short-Term Interest Payable	420,568	420,568
Derivative Instrument	1,290,584	1,290,584
ERC Short-Term Funding	2,031,889	2,031,889
Intercompany	(324,825)	(324,825)
Total Current Liabilities	7,890,710	7,890,710
Long-Term Liabilities		
Line of Credit Payable	41,520,444	41,520,444
Sale/Leaseback Payable	21,350,000	21,350,000
Total Long-Term Liabilities	62,870,444	62,870,444
Total Liabilities	70,761,154	70,761,154
Members' Capital		
Members' Capital	(2,500,000)	(2,500,000)
Members' Capital Sub-Debt Interest	1,995,047	1,995,047
Current Year's Income (Loss)	(7,728,971)	(7,728,971)
Total Members' Capital	(8,233,924)	(8,233,924)
TOTAL LIABILITIES & MEMBERS' CAPITAL	62,527,230	62,527,230

ERICKSON RETIREMENT COMMUNITIES
Columbus Campus
Landowner Income Statement
Dec, FY08

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	Period Activity	Period Budget	Period Variance	Year-to-Date Actual	Year-to-Date Budget	Year-to-Date Variance
Departmental Expenses						
Development Administration	101,713	104,147	2,434	1,368,044	1,240,977	(127,068)
Construction Management Services	5,149	3,647	(1,502)	60,495	43,761	(16,734)
Administration	(896,987)	47,808	944,796	573,701	573,700	0
Marketing	388,127	140,921	(247,206)	2,414,597	1,685,140	(729,456)
Sales and Information	113,119	101,495	(11,624)	1,000,526	1,158,470	157,943
Information Services	(374,253)	16,884	391,137	149,163	202,613	53,450
Legal	(74,371)	3,914	78,286	46,971	46,971	-
Capitalized Costs	1,125,631	-	(1,125,631)	(3,198,901)	-	3,198,901
Net Departmental Expense	388,127	418,817	30,690	2,414,597	4,951,632	2,537,036
Other Operating Expenses						
Depreciation	11,653	-	(11,653)	85,366	-	(85,366)
Amortization	20,898	-	(20,898)	1,086,962	-	(1,086,962)
Total Other Operating Expenses	32,551	-	(32,551)	1,172,328	-	(1,172,328)
Total Operating Expenses	420,678	418,817	(1,861)	3,586,925	4,951,632	1,364,707
Non-Operating Revenue						
Note Rec/Other Interest	9,723	-	9,723	44,073	-	44,073
Total Non-Operating Revenue	9,723	-	9,723	44,073	-	44,073
Non-Operating Expenses						
Interest Expense LOC, net(Sub-debt)	1,290,584	-	(1,290,584)	1,722,731	-	(1,722,731)
Equity Partner Interest Expense	275,771	-	(275,771)	2,270,818	-	(2,270,818)
Financing Costs	4,050	-	(4,050)	191,719	-	(191,719)
Real Estate & Other Taxes	-	-	-	850	-	(850)
Total Non-Operating Expenses	1,570,405	-	(1,570,405)	4,186,118	-	(4,186,118)
NET INCOME (LOSS)	(1,981,360)	(418,817)	(1,562,543)	(7,728,971)	(4,951,632)	(2,777,339)

ERICKSON RETIREMENT COMMUNITIES
Columbus Campus
Landowner Cash Flow Statement
Dec, FY08

01/22/09 12:55 PM

	Period Activity	Year-to-Date
Cash Flows from Operating Activities:		
Net Income (Loss)	(1,981,360)	(7,728,971)
Adjustments to reconcile Net Income (Loss) to Net Cash (Used In) Provided by Operating Activities:		
Depreciation	11,653	85,366
Amortization	20,898	1,086,962
Changes in:		
Assets Limited as to Use	2,497,606	(2,510,985)
Current Liabilities	46,954	541,683
Interest Payable	21,358	420,568
ERC Short-Term Funding	(2,600,000)	2,031,889
Intercompany	(1,449,139)	(324,825)
Net Cash (Used In) Provided by Operating Activities	(3,432,030)	(6,398,313)
Cash Flows from Investing Activities:		
CIP and Other Fixed Assets	(2,033,076)	(56,197,417)
Net Cash (Used In) Provided by Investing Activities	(2,033,076)	(56,197,417)
Cash Flows from Financing Activities:		
Deferred Financing Costs	-	(2,563,097)
Community Note Receivable	(873,329)	(2,426,563)
Retainage Withheld (Released)	121,273	1,400,532
Change in General Contractor Payable	(737,665)	2,530,280
Proceeds (Repay) LOC Sub-Debt	5,270,234	62,870,444
Members' Capital	-	21,109,305
Members' Drawing	-	(23,609,305)
Net Cash (Used In) Provided by Financing Activities	3,780,512	59,311,596
Change in Cash	(127,135)	1,496
Beginning Cash Balance	128,631	-
Ending Cash Balance	1,496	1,496

9 Community Financial Statements

HCH

Comparative Balance Sheet

(in thousands)

	YTDDec FY08	YTDNov FY08	Change	YTDDec FY07	Change
Assets					
<i>Current Assets</i>					
Cash	98	128	(30)	16	82
Accounts Receivable	2	-	2	-	2
Prepays	1	1	0	0	1
<i>Total Current Assets</i>	<u>101</u>	<u>129</u>	<u>(28)</u>	<u>16</u>	<u>85</u>
<i>Limited Use Cash and Investments</i>					
Escrow Deposits	689	683	6	137	552
Restricted Fund Accounts	27	-	27	-	27
<i>Total Limited Use Cash & Investments</i>	<u>715</u>	<u>683</u>	<u>33</u>	<u>137</u>	<u>579</u>
<i>Non-Current Assets</i>					
Fixed Assets- Net	150	98	52	-	150
<i>Total Non-Current Assets</i>	<u>150</u>	<u>98</u>	<u>52</u>	<u>-</u>	<u>150</u>
Total Assets	<u>966</u>	<u>910</u>	<u>57</u>	<u>153</u>	<u>813</u>
Liabilities					
<i>Current Liabilities</i>					
Accounts Payable and Accrued Liabilities	133	69	64	32	101
<i>Total Current Liabilities</i>	<u>133</u>	<u>69</u>	<u>64</u>	<u>32</u>	<u>101</u>
<i>Non-Current Liabilities</i>					
Advance Deposits	686	680	6	134	552
Long Term Liabilities	2,427	1,553	873	-	2,427
<i>Total Non-Current Liabilities</i>	<u>3,113</u>	<u>2,233</u>	<u>879</u>	<u>134</u>	<u>2,979</u>
Total Liabilities	<u>3,246</u>	<u>2,302</u>	<u>944</u>	<u>166</u>	<u>3,080</u>
Net Assets					
Unrestricted Net Assets	(13)	(13)	-	-	(13)
Current Year Increase (Decrease) In Net Assets	(2,266)	(1,379)	(887)	(13)	(2,253)
Total Net Assets	<u>(2,279)</u>	<u>(1,392)</u>	<u>(887)</u>	<u>(13)</u>	<u>(2,266)</u>
Total Liabilities and Net Assets	<u>966</u>	<u>910</u>	<u>57</u>	<u>153</u>	<u>813</u>

HCH
Statement of Operations by Natural Expense
All LOB, All Entities
Dec, FY08
(in thousands)

 **DRAFT**

	Dec		YTD(Dec)		YTDDec	
	Actual	BudVar	Actual	BudVar	Forecast	FcstVar
Operating Revenue						
Departmental Revenues	3	3	34	34	27	27
Total Operating Revenue	3	3	34	34	27	27
Operating Expense						
Wages	15	(15)	76	(76)	44	(44)
Employee Benefits	4	(4)	13	(13)	6	(6)
Other Employee Expense	11	(11)	11	(11)	1	(1)
Contract Labor Expense	79	(79)	187	(187)	106	(106)
Supplies Expense	3	(3)	3	(3)	0	0
Repairs and Maintenance Expense	1	(1)	1	(1)	-	-
Professional Fee Expense	16	(16)	67	(67)	47	(47)
Purchased Services Expense	746	(746)	1,896	(1,896)	1,583	(1,583)
Other Expense	5	(5)	17	(17)	10	(10)
Total Operating Expense	880	(880)	2,271	(2,271)	1,796	(1,796)
Operating Income	(877)	(877)	(2,237)	(2,237)	(1,769)	(1,769)
Interest Expense	7	(7)	33	(33)	13	(13)
Investment Income	2	2	7	7	4	4
59950-FF&E Depreciation Expense	4	(4)	4	(4)	-	-
Total Non-Operating Income	(10)	(10)	(30)	(30)	(9)	(9)
Increase (Decrease) in Net Assets	(887)	(887)	(2,266)	(2,266)	(1,778)	(1,778)

HCH
Statement of Operations by Natural Expense
 All LOB, All Entities
 Dec, FY08
 (in thousands)

 **DRAFT**

Current Month Occupancy

	Independent	Assisted Living	Skilled Nursing
Billed Units	#MISSING	#MISSING	#MISSING
Available Units	#MISSING	#MISSING	#MISSING
Occupancy %	#MISSING	#MISSING	#MISSING

YTD Payor Mix

	SNF Totals		SNF %'s	
	Operating Revenue	Resident Days	Opt Rev %'s	Resident Days%'s
Private	-	-	-	-
Medicare A	-	-	-	-
Medicaid	-	-	-	-
Other Insurance	-	-	-	-
Total	-	-	-	-

HCH
Statement of Cash Flows
 Dec , FY08
 (in thousands)

	Current	YTD
Cash Flows from Operating Activities		
Net Income	(887)	(2,266)
Adjustments to Reconcile Income		
Depreciation and Amortization Expense	4	4
(Increase)/Decrease in Accounts Receivable	(2)	(2)
(Increase)/Decrease in Prepaid Expenses	0	(1)
Increase/(Decrease) in Accounts Payable and Accrued Liabilities	64	101
Net Cash Provided by Operating Activities	(820)	(2,163)
Cash Flows from Investing Activities		
(Increase)/Decrease in Limited Use Cash and Investments	(33)	(579)
(Increase)/Decrease in Fixed Assets	(56)	(154)
Net Cash Used in Investing Activities	(89)	(733)
Cash Flows from Financing Activities		
Increase/(Decrease) in Advance Deposits	6	552
Increase/(Decrease) in Long Term Liabilities	873	2,427
Net Cash Provided by Financing Activities	879	2,979
Increase (Decrease) in Cash	(30)	82
Aggregate Other Items to Reconcile Cash	-	-
Cash Beginning of Period	128	16
Cash End of Period	98	98

7 Supplemental Information

Columbus Campus, LLC Loan Covenant Compliance Summary

As of December 31, 2008

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	\$ 129.9	
Letter of Credit Sub-Limit (in millions)	Maximum	\$ 5.0	-	
Working Capital Loan Sub-Limit (in millions)	Maximum	\$ 44.0	\$ 2.4	
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

January 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.


Jeffrey A. Jacobson
Executive Vice President
& Chief Financial Officer

Columbus Campus, LLC

Balance Test

Projected: As of December 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
Extended Care 1A	10/1/2011		36	163,328	5,879,818	0	5,879,818	
Extended Care 1B	8/1/2014		48	178,473	8,566,714	0	8,566,714	
Extended Care 2	10/1/2016		132	189,342	24,993,175	0	24,993,175	

Minimum Coverage Amount

9,000,000

1,745

488,772,858

0

488,772,858

21,000,000

BALANCE TEST COMPUTATIONS

Estimate at Completion

Future Deposits Remaining to Be Collected

Through 2020

488,772,858

Less : Working Capital

(28,463,584)

Operating Lease through December 2011

13,562,227

Purchase Option³

47,601,916

Total Future Deposit/Lease Cash Receipts

521,473,418

Total Future Anticipated Cash Receipts**521,473,418**

Cost to Complete: (Cash Basis)

Hard Costs¹

249,090,243

Soft Costs²

147,992,032

Total Costs to Complete

397,082,276

Cash on Hand

2,512,481

Other Current Liabilities

Construction G.C. Payable

2,530,280

Retainage Payable/Current Liabilities *

4,069,847

Total Other Current Liabilities

6,600,126

Long - Term Liabilities

Line of Credit Payable/Subordinate Debt

41,520,444

Sale/Leasback Payable

21,350,000

Total Long - Term Liabilities

62,870,444

Balance Test Coverage Amount

21,000,000

Total Future Anticipated Cash Disbursements**485,040,365****BALANCE TEST****36,433,053 Passes Test**

* 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.

^{1/} Hard Costs Include Building and Sitework.

^{2/} 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

^{3/} Represents 50% of Purchase Option

ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
01/06/2009 14:50

PRODUCER
Riggs, Counselman, Michaels & Downes
555 Fairmount Avenue
Towson, MD 21286-5497
410-339-7263

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED
Erickson Retirement Communities, LLC
c/o Risk Management
991 Corporate Blvd.
Linthicum, MD 21090

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: Valley Forge Insurance Company	20508
INSURER B: American Zurich Insurance Company	40142
INSURER C:	
INSURER D:	
INSURER E:	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR	INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
		GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC				EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$
A		AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	C2091777844	10/15/2008	10/15/2009	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
		GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EA ACC \$ AGG \$
		EXCESS/UMBRELLA LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DEDUCTIBLE <input type="checkbox"/> RETENTION \$				EACH OCCURRENCE \$ AGGREGATE \$ \$ \$ \$
B		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below OTHER	WC343390605	1/1/2009	1/1/2010	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ 500,000 E.L. DISEASE - EA EMPLOYEE \$ 500,000 E.L. DISEASE - POLICY LIMIT \$ 500,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS
Columbus Campus, LLC and Hickory Chase, Inc. are listed as Additional Insured. KeyBank National Association and its successors and assigns are listed as Mortgagee and Loss Payee.

CERTIFICATE HOLDER

KeyBank National Association, as Lead Arranger and Administrative Agent for Other Lenders
127 Public Square

Cleveland, OH 44114

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Albert R. Counselman

ACORD 25 (2001/08)

© ACORD CORPORATION 1988

Client # 13387 Mst # 08-09 ERC Auto & WC Only Cert # 194416

ACORD EVIDENCE OF PROPERTY INSURANCE

DATE (MM/DD/YY)
01/14/2009

THIS IS EVIDENCE THAT INSURANCE AS IDENTIFIED BELOW HAS BEEN ISSUED, IS IN FORCE, AND CONVEYS ALL THE RIGHTS AND PRIVILEGES AFFORDED UNDER THE POLICY.

PRODUCER Riggs, Counselman, Michaels & Downes 555 Fairmount Avenue Towson, MD 21286-5497 410-339-7263		PHONE (A/C No, Ext): 443-921-2548 ext. 1378	COMPANY Travelers Property Casualty Company of America	
CODE:	SUB CODE:			
AGENCY CUSTOMER ID #: 13387		LOAN NUMBER	POLICY NUMBER QT6605484C978	
INSURED Columbus Campus, LLC c/o Risk Management 991 Corporate Blvd. Linthicum, MD 21090		EFFECTIVE DATE 1/1/2009	EXPIRATION DATE 1/1/2010	<input type="checkbox"/> CONTINUED UNTIL TERMINATED IF CHECKED
THIS REPLACES PRIOR EVIDENCE DATED:				

PROPERTY INFORMATION

LOCATION/DESCRIPTION
 Property located in the City of Hilliard, OH for Columbus Campus, LLC

COVERAGE INFORMATION Insuring against risks of direct physical loss or damage subject to policy terms, conditions and exclusions.

COVERAGE/PERILS/FORMS	AMOUNT OF INSURANCE	DEDUCTIBLE
Builder's Risk-Blanket per Project Limit/Repl. Cost/Special Form/No Co-Ins./Incl. Boiler & Machinery	\$75,000,000	\$25,000
Earthquake	\$5,000,000	\$50,000
Flood (A,A1-A30, AH,A99, V, V1-V30 & VE Excluded)	\$5,000,000	\$50,000
Insuring Against Risks of Direct Physical Loss except as Modified or Excluded		
Soft Costs	\$6,000,000	5 Days
Temporary Off Site Storage	\$1,000,000	\$25,000
Transit Limit	\$1,000,000	\$25,000

REMARKS (Including Special Conditions)

General Proof of Insurance

CANCELLATION

THE POLICY IS SUBJECT TO THE PREMIUMS, FORMS, AND RULES IN EFFECT FOR EACH POLICY PERIOD. SHOULD THE POLICY BE TERMINATED, THE COMPANY WILL GIVE THE ADDITIONAL INTEREST IDENTIFIED BELOW 30 DAYS WRITTEN NOTICE, AND WILL SEND NOTIFICATION OF ANY CHANGES TO THE POLICY THAT WOULD AFFECT THAT INTEREST, IN ACCORDANCE WITH THE POLICY PROVISIONS OR AS REQUIRED BY LAW.

ADDITIONAL INTEREST

NAME AND ADDRESS KeyBank National Association, as Lead Arranger and Administrative Agent for Other Lenders 127 Public Square Cleveland, OH 44114	<input checked="" type="checkbox"/>	MORTGAGEE	ADDITIONAL INSURED
	<input type="checkbox"/>	LOSS PAYEE	
LOAN #			
AUTHORIZED REPRESENTATIVE 