



**Naperville Campus, LLC &
Monarch Landing, Inc.
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>

← Project Summary

Naperville Campus, LLC

Project Overview

Project Description

Naperville Campus is a 76 acre project located in Naperville, Illinois. The community is marketed under the name Monarch Landing and will consist of approximately 1498 independent living apartments, 84 assisted living apartment and 132 skilled nursing beds.

Financing Overview

- In December of 2007, Monarch Landing, Inc. issued \$178.7 million in municipal bonds. The bonds have a \$50.6M Letter of Credit enhancement from Fifth Third Bank, M&T Bank is serving as bond trustee.
- The bond issuance provided Monarch Landing, Inc with the funds to place a \$162M purchase deposit with Naperville Campus, LLC. Naperville Campus, in turn, paid off the \$85M construction revolver with Bank of America/Lasalle and the \$25M of sub debt financing with Morgan Stanley.
- In addition, a “Special Tax District” Bond Issue for \$15 million closed in June of 2006.
- Erickson has funded approximately \$30M in equity to date.
- Erickson has funded approximately \$7.3M in short term funding to cover project expenses in excess of entrance fees other operational deficits.

Executive Summary

Marketing Overview

The community received 17 deposits, 9 net reservations and settled 5 apartments this month. The pipeline is currently 84 standbys and 119 futures. They currently have 72 units reserved.

Naperville Campus, LLC

Critical Issues

Lien:

- On 1/23/08, Illini Hi-Reach, Inc. filed a lien in the amount of \$9,960.00 on the RB1.2 project. Illini Hi-Reach rented equipment (lifts) to A-Tech Stucco EIFS Co., a subcontractor to Erickson Construction on the project. The issue involves non-payment for the equipment rented to A-Tech Stucco. A-Tech Stucco has been paid for this work by Erickson Construction. Illini's lien rights as an equipment rental supplier are questionable in the state of Illinois.
- 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

No Active Phases.

Proforma Update

**** in millions

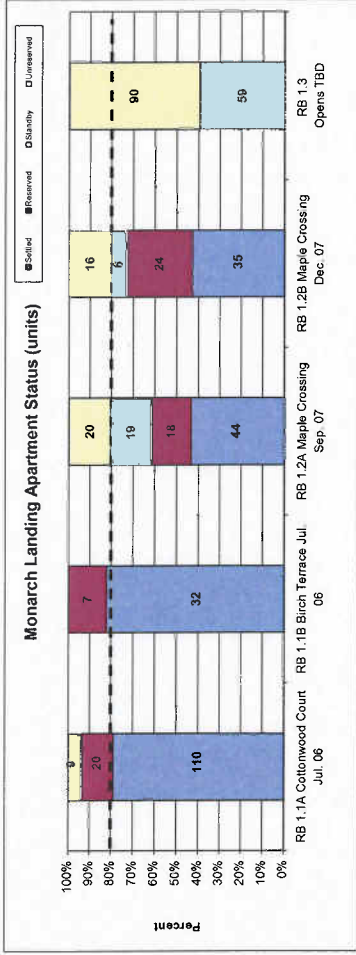
	Original Budget	CURRENT 3/31/2009 Budget
Entrance Deposits	543	592 ⁽¹⁾
Purchase Price	105	131 ⁽²⁾
Total Funds	<u>647</u>	<u>722</u>
Project Costs (excludes financing costs & dev. fee:	462	547 ⁽³⁾
Financing Costs	53	161 ⁽⁴⁾
Operations Start Up (Working Capital) Ex. Reserve	(12)	12 ⁽⁵⁾
Development Fees	27	30
Total Costs	<u>531</u>	<u>749</u>
Enterprise Margin	<u>116</u>	<u>(27)</u>

(1) (2) (3) (4) (5) Variance is due primarily to slower project schedule, which increased deposit & costs due to inflation, and bond issuance.

(3) Variance is mainly due to steel cost increases and slower project schedule.

2 Marketing Reports

Apartment Status by Building as of 4-02-09



Total Units
 Flex Pay
 Flex Pay Ratio

139
 1
 2.2%

	2005		2006		2007		2007		2007		2008		2008		2008		2009		
	Year End	Year End	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	
Settled	0	82	86	86	108	133	150	178	200	215	200	178	200	215	221	215	215	215	221
Reservations	99	16	30	45	61	59	57	62	56	56	62	56	56	42	69	56	42	69	69
Standby	40	93	79	74	88	91	100	91	76	84	100	91	76	78	84	76	78	84	84
Futures	21	61	71	74	81	84	94	100	128	119	128	128	119	128	119	128	119	128	119
Total	160	252	280	296	338	367	401	431	460	463	431	460	463	483	483	460	463	483	483
Monthly Trends	11.6	4.3	6.0	4.3	11.0	9.3	8.0	8.0	8.0	0.3	8.0	8.0	0.3	1.0	13.0	8.0	0.3	1.0	13.0
Net Settlements/Reservations/Standbys	0	6.8	1.3	4.0	3.3	8.3	5.7	9.3	7.3	5.0	9.3	7.3	5.0	2.0	2.0	7.3	5.0	2.0	2.0

Test to Break Escrow:
 (Buildings with at least 50% Sold or bond posted for 50% of entrance fees)

Building	Total Units	# of Units Required (50%)	Settled/Reserved	# of Units Needed
RB 1.1A	139	70	130	Test Satisfied
RB 1.1B	39	20	39	Test Satisfied
RB 1.2A	101	51	62	Test Satisfied
RB 1.2B	81	41	59	Bonded
Total	360	192	310	Bonded

Project Phasing Test:

Can I commence construction on a Residential Building until the Commitment ratio is at least 80%?
 The Commitment Ratio is the sum of Settled Units, Reserved Units, Standbys and Futures divided by sum of all Completed Residential Units plus the Units of the Residential Building for which the ratio is being computed.

Building	Total Units	# of Units Required (80%)	Settled/Reserved	# of Units Needed
RB 1.1A	221	139	139	Test Satisfied
RB 1.1B	69	39	39	Test Satisfied
RB 1.2A	84	101	101	Bonded
RB 1.2B	100	81	81	Test Satisfied
RB 1.3	149	149	149	Bonded
Total	623	509	509	Bonded

Bond Commitment Ratio = $\frac{474}{509} = 93\%$

*Settlement vs. Covenant

Original Covenant Requirement N/A
 PTD Monthly Average as of 3/31/09 6.9

Maximum Number of Units Completed & Under Construction Within Compliance:
 $\frac{474}{80\%} = 592.5$

NOTES:



2009 Monthly Marketing Trend Report

Campus: Monarch Landing

Monthly Activity	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Average
1 Net Apt Reservations (MS)*	14	10	9										33	11.00
* New	14	10	9										33	11.00
* Resale	0	0	0										0	0
2 Gross Reservations (MS)	21	16	29										66	22.00
3 No. of Total Settlements (MS)*	0	1	5										6	2.00
* New	0	1	5										6	2.00
* Resale	0	0	0										0	0
4 No. of Initial Deposits (MS)	11	10	17										38	12.67
5 Requests for Refunds (MS)	2	1	7										10	3.33
6 Total Kit Requests (OT)	326	333	342										1,001	333.67
* MJO (OT)	155	158	127										440	146.67
* Sales Office (OT)	148	152	206										506	168.67
* Walk-ins (OT)	23	23	9										55	18.33
HC Kit Requests	1	0	0										1	0.33
7 Total Appts (OT)**	43	55	72										170	56.67
* First Time Appts (OT)	14	27	30										71	23.67
* Non Depositor Repeat Appts (OT)	13	15	19										47	15.67
* Depositor Appts (OT)	16	13	23										52	17.33
* Online Appts (OT)	0	0	0										0	0
8 Walk-in Appts (OT)	0	0	0										0	0
Pipeline														
9 Reserved but Unsettled (P)	59	68	72										72	66.33
* New	56	65	69										69	63.33
* Resale	3	3	3										3	3.00
FPP	3	3	3										3	3.00
10 Standby (P)	77	78	84										84	79.67
11 Futures (P)	127	126	119										119	124.00
12 Total Deposits w/o Settled Appts (C) [9+10+11]	263	272	275										275	270.00
13 Total Settled Appts (P)	208	208	213										213	209.67
Total New Settled Appts (BS)	215	216	221										221	217.33
14 No. of Unsettled Appts (PRU)	152	153	149										149	151.33
15 Appts released by keys not turned in	0	1	1										1	0.67
Ratio (Line 12/14) (C)	1.73	1.78	1.85	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.85	1.78

Notes

* Net Reservations = Gross Reservations - Reservations withdrawn



Marketing Summary

Date Range [>=3/1/09 and <=3/31/09]

MLN

LOC: Independent

Settlements	Count	Cash Collected	Current P-Note Due	Total
New	5	\$422,650	\$652,850	\$1,075,500
Resale	0	\$0	\$0	\$0
Total	5	\$422,650	\$652,850	\$1,075,500

Reservations	Initial Deposits	Priority List	Left To Settled	Withdraw	Net	Deposits Reserved	Reservations Settled	Reservations Withdrawn	Net Reservations
New	8	20	5	19	4	\$8,167,500	\$1,075,500	\$5,397,800	\$1,694,200
Resale	0	1	0	1	0	\$314,900	\$0	\$269,000	\$45,900
Total	8	21	5	20	4	\$8,482,400	\$1,075,500	\$5,666,800	\$1,740,100

Waiting Lists	Initial Deposits	Priority List	Changed Status	Net Change
Futures	1	0	8	-7
Standby	8	5	7	6
Total	9	5	15	-1

Initial Deposits	Initial Deposits	Requests for Refund
Initial Deposits	17	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
Naperville Campus
Total Anticipated Budget
As of Mar 31, 2009**

	Actual Costs <u>JTD</u>	% Complete <u>to Budget</u>	Estimate to <u>Complete</u>	As of 03/31/09 Estimate at <u>Completion</u>	Original <u>Budget</u>	Favorable/ <u>(Unfavorable)</u>	Notes
Entrance Deposits	67,748,235	11%	523,837,766	591,586,001	542,559,462	49,026,539	
Operating Lease	490,189	3%	13,626,330	14,116,519	20,281,314	(6,164,795)	
Funds Held/W/C Loan Repayment	(31,969,685)	21%	(118,679,642)	(150,649,327)	-	(150,649,327)	
Total Deposits	36,268,739	8%	418,784,454	455,053,193	562,840,776	(107,787,583)	A
Hard Costs - Building	93,962,070	25%	282,735,885	376,697,955	325,683,141	(51,014,814)	
Hard Costs - Sitework	14,217,165	60%	9,440,782	23,657,948	23,394,543	(263,405)	
Architecture	9,174,244	67%	4,580,280	13,754,524	12,310,747	(1,443,777)	
Engineering	3,024,373	78%	830,571	3,854,944	3,444,962	(409,982)	
Builder's Risk	151,627	21%	568,608	720,235	637,797	(82,438)	
Fees, Permits & Bonds	3,474,758	45%	4,224,325	7,699,083	11,183,040	3,483,957	
Development Fee	3,387,412	11%	26,191,888	29,579,300	27,127,975	(2,451,325)	
Outside Legal	761,423	65%	409,029	1,170,452	666,284	(504,168)	
Phase Costs Before Contingency	128,153,072	28%	328,981,369	457,134,441	404,448,489	(52,685,952)	
Contingency	0	0%	9,142,103	9,142,103	10,965,661	1,823,558	
Total Phase Costs	128,153,072	27%	338,123,472	466,276,544	415,414,150	(50,862,394)	B
Department Costs							
Administration Department	1,982,078	52%	1,815,858	3,797,936	2,530,035	(1,267,901)	
Acquisitions and Development	6,454,421	42%	9,086,877	15,541,298	11,235,995	(4,305,303)	
Construction Services	834,824	14%	5,144,130	5,978,954	0	(5,978,954)	
Finance	197,651	7%	2,629,359	2,827,010	839,945	(1,987,065)	
Marketing Department	19,251,480	36%	34,389,881	53,641,361	30,661,482	(22,979,879)	
Information Services	571,479	26%	1,624,704	2,196,183	188,392	(2,007,791)	
Legal Department	198,659	35%	361,250	559,909	375,807	(184,102)	
Total Departmental Costs	29,490,591	35%	55,052,060	84,542,651	45,831,656	(38,710,995)	C
Total Hard & Soft Costs	157,643,663	29%	393,175,532	550,819,195	461,245,806	(89,573,389)	
Other Development Costs							
Land	22,970,488	100%	-	22,970,488	22,951,000	(19,488)	
Interest Costs	29,486,401	83%	6,011,121	35,497,522	34,790,867	(706,655)	
Financing Costs - L.O.C	3,821,896	105%	(171,985)	3,649,911	1,959,500	(1,690,411)	
Property Taxes	1,437,957	53%	1,284,632	2,722,589	2,078,167	(644,422)	
Capital Expenditures/	776,910	51%	738,049	1,514,958	1,206,910	(308,048)	
Community Loan Interest	(2,461,053)	0%	2,461,053	-	(8,298,079)	(8,298,079)	
Total Other Development Costs	56,032,599	84%	10,322,869	66,355,468	54,688,365	(11,667,103)	D
Total Costs	213,676,261	35%	403,498,401	617,174,663	515,934,171	(101,240,492)	
Profit Margin	(177,407,522)		15,286,052	(162,121,470)	46,906,605	(209,028,075)	
Profit Margin %				-35.63%	8.33%	-43.96%	
Purchase Price				130,700,000			
Adjustment to Funds Held/W/C Loan Repayment Net of \$120M Bond Financing				30,730,913			
Start Up Loss Adjustment				(12,000,000)			
Operating Lease Adjustment				(14,116,519)			
Total Adjustments				135,314,394			
Enterprise Value				(26,807,076)			

Naperville Campus, LLC

\$'s in Millions

Variances to Original Proforma by Reason

	<u>Category</u>	<u>\$ Detail</u>	<u>\$ Summary</u>
1 Naperville Road Impact Fees, and Park District Fees were renegotiated and thus lower than originally anticipated (2005) Phase Costs	B	<u>1.4</u>	1.4
2 Naperville Campus enters into ground lease agreement with Morgan Stanley, which had not been anticipated in original budget (2005) Other Development Costs	D	<u>(18.2)</u>	(18.2)
3 Increases of CB1.0, RB1.1 and PKD1.0 cost per square foot as well as projected costs for RB1.5 through RB3.4 (from \$102.91 to \$103) due to increases in steel costs. Also, adjustment of CB2.0 and CB3.0 cost per square foot (from \$180.35 to \$200) due to projected increases in materials costs (2005 & 2006) Phase Costs	B	(7.8)	
Other Development Costs	D	<u>(5.0)</u>	(12.9)
4 Updated G&A cost assumptions and lowered monthly pricing for the Chicago area (2005) Funds Held/WC Loan	A	(1.5)	
Community Loan Interest	D	<u>(8.3)</u>	(9.8)
5 Updated absorption schedule (from 17/mo to 15/mo) due to Chicago market challenges (2005) Entrance Deposits	A	2.4	
Operating Lease	A	<u>0.4</u>	2.8
6 Increase in construction loan rates from 8.5% to 9% (2005/2007) Other Development Costs	D	<u>(3.9)</u>	(3.9)
7 Delay of project schedule due to weak market demand (2006/2007) Entrance Deposits	A	33.1	
Operating Lease	A	2.5	
Development Fees	B	(1.7)	
Funds Held/WC Loan	A	(4.7)	
Phase Costs	B	(19.2)	
Departmental Costs	C	(22.8)	
Other Development Costs	D	<u>(14.9)</u>	(27.7)
8 Adjustment of funds held related to updating metrics with historical performance (2007) Funds Held/WC Loan	A	(7.9)	
Other Development Costs	D	<u>(2.1)</u>	(10.0)
9 Unanticipated Adverse Field Conditions in construction of RB1.2 and in SW10 work (2007) Phase Costs	B	(2.1)	
Other Development Costs	D	<u>(0.5)</u>	(2.6)
10 RB2.1 through RB3.4 construction plans changed from steel to woodframe due to rising cost of steel - \$10M, and also included a change from parking decks to underground parking for RB2.1 through RB3.4 - (\$10.1M) (2007) Phase Costs	B	<u>(0.7)</u>	(0.7)
11 Change of RG1 from mainstreet to household model (2007) Entrance Deposits	A	(1.5)	
Funds Held/WC Loan	A	14.0	
Phase Costs	B	(8.0)	
Other Development Costs	D	<u>(7.0)</u>	(2.5)
12 Maximum Construction Line Increased from \$68M to \$85M (2007) Other Development Costs	D	<u>(12.0)</u>	(12.0)
13 Update RG assumptions to 100% collection of deposits based on historical experience (2007) Entrance Deposits	A	<u>4.0</u>	4.0
14 RB, CB, bridge costs escalation due to materials cost increases and unanticipated conditions 2007 Phase Costs	B	(10.2)	
Other Development Costs	D	(4.7)	
2008 Phase Costs	B	<u>(0.5)</u>	(15.4)
15 Slow absorption schedule from 12.85 to 11.35 average settlements per month (2007) Entrance Deposits	A	11.0	
Operating Lease	A	(2.0)	
Phase Costs	B	(7.7)	
Departmental Costs	C	(7.1)	
Other Development Costs	D	<u>(1.5)</u>	(7.3)
16 Bond Issuance (2007) Operating Lease	A	(6.9)	

Naperville Campus, LLC

\$'s in Millions

Variances to Original Proforma by Reason

	<u>Category</u>	<u>\$ Detail</u>	<u>\$ Summary</u>
Funds Held/WC Loan	A	(150.6)	
Financing Costs (Construction Loan)	D	<u>68.0</u>	(89.5)
17 Increase departmental costs due to proforma update with 2008 budget (2007)			
Departmental Costs	C	<u>(2.0)</u>	(2.0)
18 Interest on working capital loan is not part of enterprise value calculation (2007)			
Other Development Costs	D	<u>(1.6)</u>	(1.6)
10 Reclass of construction management services (2008)			
Phase Costs	B	6.0	
Departmental Costs	C	<u>(6.0)</u>	0.0
19 Other			
Phase Costs	B	(0.4)	
Departmental Costs	C	<u>(0.8)</u>	(1.2)
			<u>(209.0)</u>

Variance by line item (reference category code)

	<u>Total</u>
A Total Deposits (Deposits/ Working Capital/ Operating Lease)	(107.8)
B Phase Costs	(50.9)
C Departmental Costs	(38.7)
D Other Development Costs	<u>(11.7)</u>
Total Variance	<u>(209.0)</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>	
Active Phases				
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	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	
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	4/1/2010	7/1/2011	
Maris Grove (Concord)				
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	
Wind Crest (Denver)				
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	
Sedgebrook (Lincolnshire)				
EC 1.0	132	11/1/2007	7/1/2009	***
SW 4.0	-	11/2/2007	8/1/2009	
Linden Ponds (Hingham)				
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	
No Active Phases				
Eagle's Trace (Houston)				
Fox Run (Novi)				
Monarch Landing (Naperville)				
Tallgrass Creek (Kansas)				
Highland Springs (Dallas)				
Pending Financing				
Ann's Choice (Warminster)				
Seabrook (Tinton Falls)				
Not Started				
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

5 Landowner Financial Statements

ERICKSON RETIREMENT COMMUNITIES
Naperville Campus
Landowner Balance Sheet
Mar, FY09

09 09:04 AM

	<u>Current Balance</u>	<u>Prior Year End Balance</u>	<u>Change from Prior Year</u>
ASSETS			
Current Assets			
Cash	82,178	15,375	66,803
Assets Limited as to Use	32,499,472	32,662,314	(162,842)
Other Current Assets	874,680	1,055,686	(181,006)
Total Current Assets	33,456,330	33,733,375	(277,045)
Fixed Assets			
Land and Improvements	25,485,569	25,485,569	-
Buildings	118,170,413	118,156,055	14,358
Other Fixed Assets	2,271,959	2,235,927	36,032
Total Fixed Assets	145,927,941	145,877,551	50,390
Accumulated Depreciation	(8,079,562)	(7,205,775)	(873,787)
Total Fixed Assets net of Depreciation	137,848,379	138,671,776	(823,397)
Construction in Progress	30,494,700	29,256,050	1,238,650
Total Fixed Assets, Net and CIP	168,343,079	167,927,826	415,253
Other Assets			
Community Note Receivable	6,942,263	6,779,460	162,803
Deferred Financing Costs, net	683,493	692,215	(8,722)
Total Other Assets	7,625,756	7,471,675	154,081
TOTAL ASSETS	209,425,165	209,132,876	292,289
LIABILITIES & MEMBERS' CAPITAL			
Current Liabilities			
Accounts Payable	86,437	280,970	(194,533)
Construction G.C. Payable	1,608	58,448	(56,840)
Retainage Payable	0	0	-
Other Current Liabilities	438,459	561,493	(123,034)
ERC Short-Term Funding	7,304,486	4,302,192	3,002,294
Development Fees Payable	62,998	-	62,998
Intercompany	1,451,528	1,656,876	(205,348)
Total Current Liabilities	9,345,516	6,859,979	2,485,537
Long-Term Liabilities			
Mortgage Payable	35,775,000	35,775,000	-
Bonds Payable	14,755,000	15,000,000	(245,000)
Purchase Option Deposit	162,000,000	162,000,000	-
Total Long-Term Liabilities	212,530,000	212,775,000	(245,000)
Total Liabilities	221,875,516	219,634,979	2,240,537
Members' Capital			
Members' Capital	20,118,496	20,118,496	-
Members' Capital Sub-Debt Interest	10,163,728	10,163,728	-
Development Fee Distributions	(3,387,412)	(3,244,351)	(143,061)
Retained Earnings	(37,539,976)	(37,539,976)	-
Current Year's Income (Loss)	(1,805,187)	-	(1,805,187)
Total Members' Capital	(12,450,351)	(10,502,103)	(1,948,248)
TOTAL LIABILITIES & MEMBERS' CAPITAL	209,425,165	209,132,876	292,289

ERICKSON RETIREMENT COMMUNITIES
Naperville 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
Departmental Expenses						
Development Administration	108,208	72,787	(35,422)	378,003	216,351	(161,652)
Construction Management Services	6,352	5,224	(1,128)	25,576	15,671	(9,905)
Administration	56,800	56,800	-	170,399	170,399	-
Marketing	366,514	357,399	(9,116)	1,084,310	1,072,196	(12,115)
Sales and Information	70,325	94,841	24,516	306,508	275,255	(31,253)
Information Services	16,550	16,550	-	49,650	49,650	-
Legal	4,839	4,839	-	14,518	14,518	0
Capitalized Costs	(263,074)	-	263,074	(944,654)	-	944,654
Net Departmental Expense	366,514	608,439	241,925	1,084,310	1,814,040	729,729
Other Operating Expenses						
Bank Charges/Other Fees	812	-	(812)	91,734	-	(91,734)
Depreciation	291,258	-	(291,258)	873,787	-	(873,787)
Amortization	2,907	-	(2,907)	8,722	-	(8,722)
Total Other Operating Expenses	294,977	-	(294,977)	974,243	-	(974,243)
Total Operating Expenses	661,491	608,439	(53,052)	2,058,554	1,814,040	(244,514)
Non-Operating Revenue						
Note Rec/Other Interest	62,679	-	62,679	374,081	-	374,081
Community Lease Revenue	152,378	-	152,378	443,903	-	443,903
Total Non-Operating Revenue	215,058	-	215,058	817,984	-	817,984
Non-Operating Expenses						
Interest Expense LOC, net(Sub-debt)	0	-	0	0	-	0
Mortgage Interest Expense	136,729	-	(136,729)	396,955	-	(396,955)
Financing Costs	1,000	-	(1,000)	68,089	-	(68,089)
Real Estate & Other Taxes	33,191	-	(33,191)	99,573	-	(99,573)
Total Non-Operating Expenses	170,920	-	(170,920)	564,617	-	(564,617)
NET INCOME (LOSS)	(617,354)	(608,439)	(8,915)	(1,805,187)	(1,814,040)	8,853

ERICKSON RETIREMENT COMMUNITIES
Naperville Campus
Landowner Cash Flow Statement
Mar, FY09

04/22/09 9:04 AM

	<u>Period Activity</u>	<u>Year-to-Date</u>
Cash Flows from Operating Activities:		
Net Income (Loss)	(617,354)	(1,805,187)
Adjustments to reconcile Net Income (Loss) to Net Cash (Used In) Provided by Operating Activities:		
Depreciation	291,258	873,787
Amortization	2,907	8,722
Changes in:		
Assets Limited as to Use	28,853	162,842
Other Current Assets	773,706	181,006
Current Liabilities	198,799	(317,566)
ERC Short-Term Funding	326,294	3,002,294
Development Fees Payable	34,833	62,998
Intercompany	(507,580)	(205,348)
Net Cash (Used In) Provided by Operating Activities	531,717	1,963,548
Cash Flows from Investing Activities:		
CIP and Other Fixed Assets	(396,364)	(1,289,040)
Net Cash (Used In) Provided by Investing Activities	(396,364)	(1,289,040)
Cash Flows from Financing Activities:		
Deferred Financing Costs	-	-
Community Note Receivable	(121,314)	(162,803)
Retainage Withheld (Released)	-	-
Mortgage Proceeds	-	-
Change in General Contractor Payable	(714)	(56,840)
Proceeds (Repay) of Purchase Deposit	-	-
Members' Capital	-	-
Members' Drawing	(62,998)	(143,061)
Net Cash (Used In) Provided by Financing Activities	(185,026)	(362,705)
Change in Cash	(49,672)	66,803
Beginning Cash Balance	131,851	15,375
Ending Cash Balance	82,178	82,178

9 Community Financial Statements

MLN
Comparative Balance Sheet
(in thousands)

	YTDMar FY09	YTDFeb FY09	Change	YTDDec FY08	Change
Assets					
<i>Current Assets</i>					
Cash	1,295	384	911	142	1,153
Designated Cash	211	182	29	203	8
Accounts Receivable	86	103	(17)	183	(97)
Inventory	37	39	(2)	47	(10)
Prepays	123	129	(5)	76	48
14100-Promissory Notes	1,273	877	395	2,136	(863)
Total Current Assets	3,025	1,715	1,311	2,787	238
<i>Limited Use Cash and Investments</i>					
Escrow Deposits	1,398	1,878	(480)	1,796	(398)
Restricted Fund Accounts	17,458	17,340	118	17,087	371
Total Limited Use Cash & Investments	18,856	19,218	(362)	18,883	(27)
<i>Non-Current Assets</i>					
Work-In-Process	43,304	43,304	-	43,304	-
Fixed Assets- Net	2,289	2,358	(70)	2,503	(214)
Capitalized Bond Interest	2,671	2,495	176	2,156	515
Deferred Assets	3,289	3,295	(7)	3,309	(20)
LT Mortgage & Note Receivables	197,775	197,775	-	197,775	-
Total Non-Current Assets	249,327	249,227	100	249,046	281
Total Assets	271,208	270,159	1,049	270,716	492
Liabilities					
<i>Current Liabilities</i>					
Accounts Payable and Accrued Liabilities	777	720	58	851	(74)
Short Term Obligations Debt	4,559	3,705	854	2,407	2,152
Total Current Liabilities	5,337	4,425	912	3,258	2,079
<i>Non-Current Liabilities</i>					
Advance Deposits	1,191	1,067	124	944	247
Capital	69,191	68,140	1,051	67,853	1,338
Amort of Capital	(2,885)	(2,736)	(149)	(2,444)	(441)
Long Term Liabilities	226,251	226,193	57	226,086	165
Total Non-Current Liabilities	293,748	292,665	1,083	292,440	1,309
Total Liabilities	299,085	297,090	1,995	295,697	3,387
Net Assets					
Unrestricted Net Assets	(25,146)	(25,146)	-	(11,074)	(14,072)
Temporarily Restricted	174	159	15	164	10
Current Year Increase (Decrease) In Net Assets	(2,906)	(1,944)	(962)	(14,072)	11,166
Total Net Assets	(27,877)	(26,931)	(947)	(24,982)	(2,896)
Total Liabilities and Net Assets	271,208	270,159	1,049	270,716	492

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

	Mar		YTD(Mar)		YTDDec	
	Actual	BudVar	Actual	BudVar	JanForecas	JanFcstVar
Operating Revenue						
Resident Monthly Fees	388	(35)	1,154	(77)	5,395	(4,241)
Departmental Revenues	149	17	432	52	1,689	(1,270)
Total Operating Revenue	537	(18)	1,587	(25)	7,084	(5,511)
Operating Expense						
Wages	293	53	887	96	3,435	2,533
Employee Benefits	62	18	192	35	782	598
Other Employee Expense	14	(2)	51	7	204	149
Contract Labor Expense	90	7	271	10	1,307	982
Supplies Expense	67	15	203	32	1,027	794
Repairs and Maintenance Expense	11	11	44	22	229	181
Professional Fee Expense	11	(3)	16	8	114	93
Purchased Services Expense	184	3	552	8	2,223	1,671
Resident Related_	16	(16)	18	(18)	-	(19)
Administrative Related Expense	14	(9)	37	(20)	55	14
Insurance_	15	(1)	0	42	149	155
Utilities_	64	8	178	93	797	626
Rent and Lease Expense	1	(1)	1	(1)	-	(1)
684-Taxes	22	-	65	-	260	195
59200-Management Fees	19	2	58	4	270	192
Operating Reserve Expense	0	8	0	25	50	50
Other Expenses	-	29	-	80	254	254
Total Operating Expense	881	122	2,572	422	11,157	8,468
Operating Income	(345)	104	(986)	397	(4,072)	2,957
Non-Operating Income						
Investment Income	6	6	(20)	(20)	-	(20)
47770-Amortization Income	149	6	441	28	1,957	(1,516)
Total Non-Operating Income	154	12	421	7	1,957	(1,536)
Non-Operating Expense						
Net Rent	16	0	47	(1)	185	138
Interest Expense	668	(613)	1,969	(1,797)	3,006	1,037
59910-Amortization Expense	7	(1)	20	(2)	72	52
59950-FF&E Depreciation Expense	81	10	244	(27)	956	712
68300-Letter of Credit Fees	-	34	61	41	408	347
Total Non-Operating Expense	772	(569)	2,341	(1,786)	4,628	2,287
Increase (Decrease) in Net Assets	(962)	(454)	(2,906)	(1,382)	(6,743)	3,707

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

Current Month Occupancy

	Independent	Assisted Living	Skilled Nursing
Billed Units	206	#MISSING	#MISSING
Available Units	362	#MISSING	#MISSING
Occupancy %	56.9%	#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	(20)	-	100.00	-
Total	(20)	-	100.00%	-

MLN
Statement of Cash Flows
Mar , FY09
(in thousands)

	Current	YTD
Cash Flows from Operating Activities		
Net Income	(962)	(2,906)
Adjustments to Reconcile Income		
Depreciation and Amortization Expense	88	264
Amortization Income	(149)	(441)
Unrealized (Gain) Loss on Investments	(5)	25
(Increase)/Decrease in Accounts Receivable	17	97
(Increase)/Decrease in Inventory	2	10
(Increase)/Decrease in Prepaid Expenses	5	(48)
Increase/(Decrease) in Accounts Payable and Accrued Liabilities	58	(74)
Net Cash Provided by Operating Activities	(945)	(3,072)
Cash Flows from Investing Activities		
(Increase)/Decrease in Promissory Notes Receivable	(395)	863
(Increase)/Decrease in Other Short-Term Notes Receivable	-	-
(Increase)/Decrease in Limited Use Cash and Investments	377	38
(Increase)/Decrease in Designated Cash	(29)	(8)
(Increase)/Decrease in Designated Securities	5	(25)
(Increase)/Decrease in Work-In-Process	-	-
(Increase)/Decrease in Fixed Assets	(12)	(29)
(Increase)/Decrease in Capitalized Bond Interest	(176)	(515)
(Increase)/Decrease in Deferred Assets	-	-
(Increase)/Decrease in LT Mortgage & Note Receivables	-	-
Net Cash Used in Investing Activities	(230)	323
Cash Flows from Financing Activities		
Increase/(Decrease) in Advance Deposits Payable	124	247
Increase/(Decrease) in Resident Deposits	1,051	1,338
Increase/(Decrease) in Short Term Debt Payable	854	2,152
Increase/(Decrease) in Long Term Liabilities	57	165
Net Cash Provided by Financing Activities	2,086	3,902
Increase (Decrease) in Cash	911	1,153
Aggregate Other Items to Reconcile Cash	-	-
Cash Beginning of Period	384	142
Cash End of Period	1,295	1,295

<u>Cash From Resident Deposits</u>		
Increase/(Decrease) in Resident Deposits	1,051	1,338
Increase/(Decrease) in Resident Refunds Payable	-	-
(Increase)/Decrease in Promissory Notes Receivable	(395)	863
Net Cash From Resident Deposits*	656	2,201
<i>* Includes Initial Entrance Deposits</i>		

ERICKSON RETIREMENT COMMUNITES
DEBT SERVICE COVERAGE SUMMARY

I. Debt Service Revenue:

- A. Net Income (Loss) per Statement of Operations
- B. Add: Interest Expense per Statement of Operations
- C. Add: Letter of Credit Fees per Statement of Operations
- D. Add: Building & FF&E Depreciation Expense per Statement of Operations
- E. Add: Amortization Expense per Statement of Operations
- F. Subtract: Amortization on Resident Deposits (Deferred Revenue) per Statement of Operations
- G. If applicable, Add: Unrealized Losses or Subtract: Unrealized Gains

II. Net Entrance Fees: (please see V. below):

- A. Change in Deposits – Residents’ Capital per Statement of Cash Flows (Balance Sheet)
- B. Change in Resident Refunds Payable per Statement of Cash Flows (Balance Sheet)
- C. Change in Promissory Notes Receivable per Statement of Cash Flows (Balance Sheet)
- D. Change in Initial Entrance Deposits per Statement of Cash Flow Resident Deposit Summary

III. Debt Service Numerator = Debt Service Revenue + Net Entrance Fees

IV. Debt Service = Denominator

- A. Add: Interest Expense per Statement of Operations
- B. Add: Letter of Credit Fees per Statement of Operations
- C. Add: Principal Repayment on Bond

V. Net Entrance Fee Terms:

A. Deposits – Residents’ Capital

- 1. Initial Entrance Deposits (**EXCLUDE** from Net Entrance Fee Calculation) (please see D. below)
 - a. Pay the deposit in full when moving into the apartment. Cash and Resident Capital are recorded at this time.
 - b. “Flex Pay” to defer full payment - someone wants to move in but has not sold their home or is unsure how they want to pay the deposit. “Flex Pay” is **NOT** recorded as an entrance deposit until the full deposit is paid.
 - c. Promissory Note Receivable covers all or part of the entrance deposit. This is for someone who has sold their home but hasn’t closed and wants interim funding. Cash and/or Promissory Note Receivable and Resident Capital are recorded at this time.
- 2. Resale Entrance Deposits (**INCLUDE** in Net Entrance Fee Calculation)

- a. Pay the deposit in full when moving into the apartment. Cash and Resident Capital are recorded at this time.
- b. "Flex Pay" to defer full payment - someone wants to move in but has not sold their home or is unsure how they want to pay the deposit. "Flex Pay" is **NOT** recorded as an entrance deposit until the full deposit is paid.
- c. Promissory Note Receivable covers all or part of the entrance deposit. This is for someone who has sold their home but hasn't closed and wants interim funding. Cash and/or Promissory Note Receivable and Resident Capital are recorded at this time.

B. Resident Refunds Payable

1. Resident A's entrance deposit from Independent Living Unit (ILU) or Assisted Living Unit (ALF) is reclassified to from Residents' Capital to Residents' Refunds Payable after Resident B's entrance deposit is paid in full. Resident B's re-occupancy of the unit is documented by:
 - a. Cash received (date of final deposit)
 - b. Promissory Note Receivable (date the P-Note is signed by the community and Resident B)
 - c. Flex Pay addendum (date addendum is signed by both parties)
 - d. Unit release-transfer addendum (date of move in to unit)
2. Skilled Nursing Facility (SNF) – If resident is a permanent SNF resident, their deposit is associated with a SNF unit.
 - a. The resident refund is recorded as a payable on the date the SNF room is vacated.
 - b. Resident deposit is "moved" to a SNF unit from an ILU for accounting purposes when the ILU is reoccupied.

C. Resident Refunds

1. ILU or ALF refunds are typically paid to residents or their estates within one week of the receipts of the new entrance deposit for the apartment.
2. SNF refunds are typically paid to residents or their estates within 30 days of their death or departure regardless of the status of the receipt of the new entrance deposit for a resident's previous ILU or SNF unit.

D. Initial Entrance Deposits

1. Erickson campuses are developed over a long time period.
2. Some campuses do not have material unit resales, while some are not complete but have a material number of unit resales.
3. Revisions are underway to report initial entrance deposit receipts differentiated from unit resale entrance deposit receipts.
4. This information should be helpful to bondholders at Ann's Choice and Cedar Crest Village and lenders at Fox Run Village.
5. Bondholders at Linden Ponds, Sedgebrook, and Monarch Landing should assume that substantially all the entrance deposits received are initial entrance deposits and should be excluded from the debt service coverage calculation.

MONARCH LANDING®

MONARCH LANDING COMPLIANCE CERTIFICATE

Monarch Landing, Inc. ("Monarch Landing") HEREBY CERTIFIES that:

1. This Certificate is furnished pursuant to Section 8.08 (c) of the Loan Agreement dated as of December 1, 2007 (the "Agreement") among Monarch Landing, Inc. and the Illinois Finance Authority.
2. The financial statements attached hereto have been prepared in accordance with generally accepted accounting principles and, to the best of my knowledge, reflect accurately and completely the financial condition and results of operation of the Borrower as of and for the period ended on the date of such statements.
3. As of March 31, 2009, Monarch Landing was in compliance with the covenants set forth in the Loan Agreement.

IN WITNESS WHEREOF, we have executed this Certificate as of April 30, 2009.

MONARCH LANDING, INC.

By: _____


Jeffrey A. Jacobson
Asst. Treasurer