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Erickson Retirement Communities, LLC
Consolidated Balance Sheets (Audit Format)
As of December 31, 2008
(in 000s)

	As of December 31, 2008 (unaudited)	As of December 31, 2007 (audited)
Current Assets		
Cash and cash equivalents	$ 32,281	$ 189,598
Restricted Cash	23,050	18,792
Short term investments, available for sale	94,425	48,084
Assets limited as to use	38,323	41,304
Receivable on the sale of assets	34,682	67,292
Bond Proceeds Receivable	813	2,205
Accounts Receivable	6,246	14,112
Prepaid expenses and other	4,328	8,624
Total current assets	234,148	390,011
Property, plant and equipment, net	2,195,699	2,051,338
Investment in new sites	106,905	57,487
Deferred financing costs, net	12,781	13,363
Notes receivable from Communities	185,508	157,102
Note receivable, BBV	17,558	-
Note receivable, RWV	13,449	13,449
Deferred Growth Participation Plan fund	3,242	5,954
Deferred management fees	-	500
Cash surrender value - officer's life insurance	136	136
Total assets	$ 2,769,426	$ 2,689,340
Liabilities and Members' equity		
Current liabilities:		
Construction accounts payable and accrued expenses	$ 36,114	$ 44,455
Corporate accounts payable and accrued expenses	12,599	5,975
Accrued payroll and benefits	19,671	17,885
Accrued insurance claims	4,642	3,495
Interest Payable	5,041	6,175
Corporate line of credit	15,817	1,647
Current portion of Growth Participation Plan Payable	-	24,799
AR Deposit clearing	541	-
Total current liabilities	94,425	104,431
Borrowings under construction lines of credit	469,896	345,532
Corporate revolver	236,500	236,500
Land financings	41,952	13,190
Special tax district financing, net of current portion	44,715	44,950
Borrowings under community loans, net of current portion	1,238,106	1,245,516
Purchase Deposits	507,000	562,000
Real estate financing obligation	223,350	202,000
Preferred Debt Financing	25,000	25,000
Subordinated debt	47,845	47,845
Accrued interest rate swap liability	8,596	3,228
Growth Participation Plan payable - net of current portion	26,364	33,932
Total Liabilities	2,963,749	2,864,124
Total members' equity (deficit)	(194,322)	(174,784)
Total liabilities and members' equity	$ 2,769,426	$ 2,689,340

Erickson Retirement Communities
Consolidating Balance Sheet
As of December 31, 2008
(unaudited)
(in 000s)

	Erickson Retire. Comm.	Senior Campus Services	SCL Realty II	Senior Campus Care	Landowners	Erickson Construction LLC	SCL Realty	Totals	Elimination Entries		Consolidated
Current Assets											
Cash and cash equivalents	25,610	-	-	1,170	-	5,501	-	32,281	-		32,281
Restricted Cash	862	-	-	-	20,598	1,590	-	23,050	-		23,050
Short term investments, available for sale	94,425	-	-	-	-	-	-	94,425	-		94,425
Receivable on the sale of assets	-	-	-	-	34,682	-	-	34,682	-		34,682
Bond Proceeds Receivable	-	-	-	-	813	-	-	813	-		813
Accounts receivable	3,224	-	-	157	(423)	(77)	-	2,881	-	A	2,881
Other receivables	171,031	-	-	534	816	25,315	-	197,696	(194,331)	B,C,D,L,M	3,365
Prepaid expenses and other	2,607	-	14	3	1,629	39	36	4,328	-		4,328
Assets limited as to use	-	-	-	-	38,323	-	-	38,323	-		38,323
Total current assets	297,759	-	14	1,864	96,438	32,368	36	428,479	(194,331)		234,148
Property plant and equipment, net	29,747	-	4,271	86	2,217,592	1,424	1,001	2,254,121	(58,422)	E,F,H,I,N,3	2,195,699
Investment in new sites, net	106,905	-	-	-	-	-	-	106,905	-		106,905
Deferred financing costs, net	3,149	-	-	-	9,632	-	-	12,781	-		12,781
Investment in subsidiaries	(405,194)	-	-	-	-	-	-	(405,194)	405,194	J	-
Community working capital line of credit receivable	11,042	-	-	-	174,466	-	-	185,508	-		185,508
Note receivable, BBV	17,558	-	-	-	-	-	-	17,558	-		17,558
Note receivable, RWV	13,449	-	-	-	-	-	-	13,449	-		13,449
Deferred Growth Participation Plan fund	3,242	-	-	-	-	-	-	3,242	-		3,242
Deferred management fees	-	-	-	-	-	-	-	-	-		-
Cash surrender value - officer's life insurance	136	-	-	-	-	-	-	136	-		136
Total assets	77,793	-	4,285	1,950	2,498,128	33,792	1,037	2,616,985	152,441		2,769,426
Liabilities and Members' equity											
Current liabilities:											
Community construction payables and accrued expenses	-	-	-	-	70,482	24,878	-	95,360	(59,246)	A,B,C,K	36,114
Corporate accounts payable and accrued expenses	12,489	-	-	110	-	-	-	12,599	-		12,599
Accrued insurance claims	4,642	-	-	-	-	-	-	4,642	-		4,642
Interest payable	4,789	-	-	-	5,804	-	-	10,593	(5,552)	D	5,041
Current portion of long term debt, lines of credit and other	15,817	-	-	-	-	-	-	15,817	-		15,817
Growth Participation Plan payable, current portion	-	-	-	-	-	-	-	-	-		-
Accrued payroll and benefits	12,620	-	-	1,747	2,840	2,464	-	19,671	-		19,671
AR Deposit Clearing	541	-	-	-	-	-	-	541	-		541
Project Funding	-	-	996	-	128,239	-	312	129,547	(129,547)	M	-
Due to / (DueFrom) Consolidating Entities	(26,112)	32	61	15,380	11,278	(406)	(228)	7	(7)	K	(0)
Total current liabilities	24,786	32	1,057	17,237	218,643	26,936	84	288,777	(194,352)		94,425
Community long term debt - net of current portion											
Borrowings under construction lines of credit	-	-	-	-	469,896	-	-	469,896	-		469,896
Community mortgage loans	-	-	-	-	1,238,106	-	-	1,238,106	-		1,238,106
Total community long term debt - net of current portion	-	-	-	-	1,708,002	-	-	1,708,002	-		1,708,002
Other non-current liabilities											
Deposits for purchase of community assets	-	-	-	-	507,000	-	-	507,000	-		507,000
Corporate revolver	236,500	-	-	-	-	-	-	236,500	-		236,500
Notes Payable	-	-	3,559	-	38,393	-	-	41,952	-		41,952
Real estate financing obligation	-	-	-	-	248,350	-	-	248,350	-		248,350
Subordinated Debt	47,845	-	-	-	-	-	-	47,845	-		47,845
Special tax district financing	-	-	-	-	44,715	-	-	44,715	-		44,715
Accrued interest rate swap liability	7,305	-	-	-	1,291	-	-	8,596	-		8,596
Growth Participation Plan payable - net of current portion	26,364	-	-	-	-	-	-	26,364	-		26,364
Total other non-current liabilities	318,014	-	3,559	-	839,749	-	-	1,161,322	-		1,161,322
Total liabilities	342,800	32	4,616	17,237	2,766,394	26,936	84	3,158,101	(194,352)		2,963,749
Net Income Year to Date	(130,767)	19	(331)	(1,927)	(2,405)	10,718	(102)	(124,795)	105,220	P&L	(19,575)
Members Capital	297,368	(51)	-	961	376,327	(74,812)	1,769	601,562	241,573	I, J, L	843,135
Members Distributions	-	-	-	-	(327,491)	-	-	(327,491)	-		(327,491)
Retained Earnings	(431,799)	-	(0)	(14,321)	(298,046)	70,950	(714)	(673,931)	-	F,I, J, L	(673,931)
Sub Debt	-	-	-	-	105,538	-	-	105,538	-	I, J, L	105,538
Development Distributions	-	-	-	-	(122,189)	-	-	(122,189)	-	I, J, L	(122,189)
Unrealized gain (loss) on investments	191	-	-	-	-	-	-	191	-		191
Total Members Equity	(265,007)	(32)	(331)	(15,287)	(268,266)	6,856	953	(541,115)	346,793		(194,322)
Total liabilities and members' deficit	77,793	0	4,285	1,950	2,498,128	33,792	1,037	2,616,985	152,441		2,769,426

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Exhibit T Pt 4 to Exhibit A to Plan Page 3 of 3

Erickson Retirement Communities
Consolidating Balance Sheet- Landowners
As of December 31, 2008
(unaudited)
(In 000s)

	TFC	PVC	CCL	CC	HC	LNC	WMC	WBP	PBC	NC	KC	COL	DAL	HOU	LTN	NAP	ASH	WTC	STL	Total
Current Assets																				
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted Cash	52	4,880	-	805	822	5	8,568	-	-	1,531	64	1	593	2,053	2,970	15	119	-	-	20,598
Short term investments, available for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivable on the sale of assets	-	34,682	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	34,682
Bond Proceeds Receivable	-	-	-	-	-	-	-	-	-	-	813	-	-	-	-	-	-	-	-	813
Accounts receivable	(28)	(27)	-	6	(82)	(39)	28	-	-	(213)	(9)	-	(8)	(13)	(6)	(17)	(14)	-	-	(423)
Other receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable-other	12	-	-	-	-	-	-	-	-	135	-	-	-	-	50	74	545	-	-	816
Prepaid expenses	-	-	-	85	-	308	145	-	-	101	-	-	-	-	-	982	-	-	-	1,629
Assets limited as to use	-	-	-	-	-	1,176	-	-	-	-	1,974	2,511	-	-	-	32,662	-	-	-	38,323
Total current assets	36	39,635	-	906	740	1,448	8,761	-	-	1,554	2,842	2,512	585	2,040	3,014	33,716	650	-	-	96,438
Property and equipment, net	8,946	-	15,865	240,239	301,754	198,038	296,150	-	-	194,688	101,042	56,112	126,758	125,156	199,316	167,928	152,634	12,165	19,300	2,217,592
Investment in new sites	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred financing costs, net	-	-	29	708	-	425	-	-	-	13	2,019	1,476	243	398	804	692	2,713	-	12	8,632
Investment in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community working capital line of credit receivable	-	-	-	18,813	-	11,967	-	-	-	39,526	13,890	2,427	23,041	32,705	18,684	6,778	6,834	-	-	174,466
Total assets	8,982	39,635	15,894	260,666	302,494	211,878	304,911	-	-	235,981	119,793	62,527	152,627	160,299	219,818	209,115	162,831	12,165	19,312	2,496,128
Liabilities and Members' equity																				
Current liabilities:																				
Community construction payables and accrued expenses	7,886	740	34	11,169	1,990	3,411	762	-	-	5,395	2,281	4,735	4,897	4,810	9,762	533	11,889	17	71	70,482
Interest payable	5,552	-	-	-	-	-	-	-	-	-	252	-	-	-	-	-	-	-	-	5,804
Accrued payroll and benefits	189	244	-	214	243	182	228	-	-	170	183	157	228	189	181	237	194	-	-	2,040
Project Funding	9,127	-	-	-	7,847	29,660	21,976	-	-	22,316	5,799	2,032	-	24,960	-	4,302	-	-	-	128,239
Due to / (Due from)	749	645	33	813	763	1,724	871	-	-	927	862	(325)	706	699	480	1,640	692	-	(1)	11,278
Total current liabilities	23,502	1,629	67	12,196	10,843	35,177	23,837	-	-	28,808	9,377	6,599	5,832	30,678	10,423	6,712	12,775	17	71	218,843
Long term debt - net of current portion:																				
Borrowings under construction lines of credit	-	-	-	63,423	-	-	-	-	-	40,037	64,688	41,520	62,054	49,239	72,197	-	76,736	-	-	469,896
Community mortgage loans	-	-	-	182,553	171,963	73,797	249,735	-	-	157,529	27,639	-	78,067	82,403	117,823	35,775	61,022	-	-	1,238,106
Total long term debt, net of current portion	-	-	-	245,976	171,963	73,797	249,735	-	-	197,566	92,327	41,520	140,121	131,642	189,820	35,775	137,760	-	-	1,708,002
Deposits for Purchase of Community Assets	-	-	-	-	145,000	125,000	75,000	-	-	-	-	-	-	-	-	162,000	-	-	-	507,000
Notes Payable	-	-	10,000	-	-	-	-	-	-	-	-	-	3,826	-	-	-	-	9,724	14,843	38,393
Real estate financing obligation	-	25,000	-	25,000	-	-	19,500	-	-	17,000	25,000	21,350	17,500	23,000	25,000	-	50,000	-	-	248,350
Special tax district funding	-	-	-	-	-	14,765	-	-	-	-	14,950	-	-	-	-	15,000	-	-	-	44,715
Accrued interest rate swap liability	-	-	-	-	-	-	-	-	-	-	-	1,291	-	-	-	-	-	-	-	1,291
Total liabilities	23,502	26,629	10,067	283,172	327,806	248,739	368,072	-	-	243,374	141,654	70,760	167,378	185,320	225,243	219,487	200,535	9,741	14,914	2,768,394
Net Income Year to Date	(1,560)	208	(177)	(6,496)	(8,090)	(6,629)	(12,039)	-	101,691	(7,449)	(9,531)	(7,728)	(8,087)	(7,925)	(7,281)	(7,786)	(11,303)	(546)	(675)	(2,405)
Common Stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Partner Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Members Capital	25,751	16,000	6,104	25,000	38,213	22,000	22,000	449	(36,168)	40,000	15,000	21,109	22,500	18,000	48,689	58,928	25,880	3,840	5,073	376,327
Members Distributions	-	-	-	(24,919)	(29,991)	(23,700)	(17,800)	-	-	(15,500)	(25,000)	(23,609)	(18,538)	(21,000)	(39,858)	(36,809)	(52,567)	-	-	(327,491)
Retained Earnings	(25,385)	17,007	-	(15,842)	(27,164)	(35,500)	(40,010)	(449)	(47,212)	(31,481)	(6,774)	-	(14,123)	(24,186)	(9,328)	(29,625)	(7,104)	(670)	-	(298,048)
Sub Debt	-	-	-	10,993	10,875	12,150	-	-	-	14,997	5,826	1,995	6,399	14,210	7,468	10,164	10,461	-	-	105,538
Development Distributions	(13,326)	(20,209)	-	(9,240)	(11,155)	(5,181)	(15,212)	-	(18,291)	(7,990)	(1,382)	-	(3,803)	(4,120)	(5,915)	(3,244)	(3,051)	-	-	(122,189)
Unrealized gain (loss) on investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total members' equity (deficit)	(14,520)	13,006	5,927	(22,506)	(25,312)	(36,860)	(63,161)	-	-	(7,393)	(21,861)	(8,233)	(14,752)	(25,021)	(8,325)	(10,372)	(37,704)	2,424	4,398	(268,266)
Total liabilities and members' deficit	8,982	39,635	15,994	260,666	302,494	211,878	304,911	-	-	235,981	119,793	62,527	152,627	160,299	219,818	209,115	162,831	12,165	19,312	2,496,128

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Erickson Retirement Communities, LLC
Consolidated Income Statements (Audit Format)
For the Periods Ending December 31, 2008 and 2007
(in 000s)

	2008 (unaudited)	2007 (audited)
Operating revenues and gains		
Facility rent	$ 84,524	$ 104,070
Interest expense on community mortgage loans	(70,603)	(88,766)
Net facility rent	13,921	15,304
Gain on distribution of subsidiary	121,280	238,270
Management fees	25,715	22,475
Total revenue and gains	160,916	276,049
Expenses:		
Landowner selling, general and adminstrative	20,739	29,571
Corporate general and adminstrative	31,930	12,215
Growth Participation Plan	-	13,363
Depreciation and amortization	57,998	63,535
Total expenses	110,667	118,684
Operating income (loss)	50,249	157,365
Interest revenue	16,559	17,802
Interest expense	(96,040)	(76,515)
Other income (expense)	9,657	(7,374)
Total other revenue (expense)	(69,824)	(66,087)
Net income (loss)	$ (19,575)	$ 91,278

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Erickson Retirement Communities
Consolidating Income Statement
For the Period Ending December 31, 2008
(unaudited)
(in 000s)

	Erickson Retire. Comm.	Senior Campus Services	Senior Campus Care	SCL Realty II	Landowners	Erickson Construction LLC	SCL Realty	Total	Elimination Entries	Consolidated
Operating revenues and gains										
Facility rent	-	-	-	-	84,524	-	-	84,524	-	84,524
Interest exp on community mortgage loans	-	-	-	-	(70,603)	-	-	(70,603)	-	(70,603)
Net facility rent	-	-	-	-	13,921	-	-	13,921	-	13,921
Construction income net	-	-	-	-	-	10,501	-	10,501	(10,501) E	-
Gain on distribution of subsidiary	7,430	-	-	-	109,418	-	-	116,848	4,432	121,280
Management fees	25,715	-	-	-	-	-	-	25,715	-	25,715
Total revenue and gains	33,145	-	-	-	123,339	10,501	-	166,985	(6,069)	160,916
Expenses:										
Landowner selling, general and adminstrative	-	-	-	-	20,739	30	-	20,769	(30)	20,739
Corporate selling, general and adminstrative	23,975	(19)	7,893	17	-	-	64	31,930	- E	31,930
Depreciation and amortization	6,707	-	48	80	51,387	-	38	58,260	(262) H	57,998
Total expenses	30,682	(19)	7,941	97	72,126	30	102	110,959	(292)	110,667
Operating income (loss)	2,463	19	(7,941)	(97)	51,213	10,471	(102)	56,026	(5,777)	50,249
Other revenue (expense)										
Interest revenue	6,188	-	28	-	10,096	247	-	16,559	-	16,559
Interest expense	(28,400)	-	-	(234)	(67,406)	-	-	(96,040)	-	(96,040)
Other income (expense)	(111,018)	-	5,986	-	3,692	-	-	(101,340)	110,997 J	9,657
Total other revenue (expense)	(133,230)	-	6,014	(234)	(53,618)	247	-	(180,821)	110,997	(69,824)
Net income (loss)	(130,767)	19	(1,927)	(331)	(2,405)	10,718	(102)	(124,795)	105,220	(19,575)

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Erickson Retirement Communities
Consolidating Income Statement- Landowners
For the Period Ending December 31, 2008
(unaudited)
(in 000s)

	TFC	PVC	CCL	CC	HC	LNC	WMC	WBP	PBC	NC	KC	COL	DAL	HOU	LTN	NAP	ASH	WTC	STL	Total
Operating revenues and gains																				
Facility rent	-	-	-	10,229	12,365	4,614	18,094	-	10,382	10,417	1,186	-	4,341	4,436	6,168	1,802	491	-	1	84,524
Interest exp on community mortgage loans	-	-	-	(7,657)	(9,025)	(3,736)	(16,348)	-	(8,227)	(9,060)	(1,002)	-	(4,146)	(4,239)	(5,124)	(1,614)	(425)	-	-	(70,603)
Net facility rent	-	-	-	2,572	3,340	878	1,746	-	2,155	1,357	184	-	195	197	1,042	188	66	-	1	13,921
Construction income net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain on Distribution of Subsidiary	(133)	6,395	-	-	-	-	-	-	103,156	-	-	-	-	-	-	-	-	-	-	109,418
Management fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenue and gains	(133)	6,395	-	2,572	3,340	878	1,746	-	105,311	1,357	184	-	195	197	1,042	188	66	-	1	123,339
Expenses:																				
Landowner selling, general and adminstrative	2,692	3,034	(25)	626	3,499	3,312	2,919	-	47	787	336	1,528	646	579	(1,778)	3,780	(1,234)	-	(9)	20,739
Corporate general and adminstrative	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	39	4,633	6,408	4,233	8,250	-	3,826	5,068	2,438	1,172	3,258	3,087	3,560	3,564	1,729	24	98	51,387
Total expenses	2,692	3,034	14	5,259	9,907	7,545	11,169	-	3,873	5,855	2,774	2,700	3,904	3,666	1,782	7,344	495	24	89	72,126
Operating income (loss)	(2,825)	3,361	(14)	(2,687)	(6,567)	(6,667)	(9,423)	-	101,438	(4,498)	(2,590)	(2,700)	(3,709)	(3,469)	(740)	(7,156)	(429)	(24)	(88)	51,213
Other revenue (expense)																				
Interest revenue	8	63	-	837	118	1,008	233	-	253	1,803	729	44	1,139	1,583	842	1,252	184	-	-	10,096
Interest expense	(3)	(3,844)	(163)	(6,693)	(45)	(1,060)	(3,343)	-	-	(5,113)	(7,700)	(5,072)	(6,652)	(6,151)	(7,426)	(1,972)	(11,058)	(522)	(587)	(67,406)
Other income (expense)	1,260	628	-	45	404	90	494	-	-	359	30	-	135	112	45	90	-	-	-	3,692
Total other revenue (expense)	1,265	(3,153)	(163)	(5,811)	477	38	(2,616)	-	253	(2,951)	(6,941)	(5,028)	(5,378)	(4,456)	(6,541)	(630)	(10,874)	(522)	(587)	(53,618)
Net income (loss)	(1,560)	208	(177)	(8,498)	(6,090)	(6,629)	(12,039)	-	101,691	(7,449)	(9,531)	(7,728)	(9,067)	(7,925)	(7,281)	(7,786)	(11,303)	(546)	(675)	(2,405)

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Erickson Retirement Communities, LLC
Consolidated Statement of Changes in Members' Equity
For the Period Ending December 31, 2008
(in 000s)
(unaudited)

	Additional Paid in Capital	Accumulated Earnings	Unrealized Gain on Investments	Total Members' Deficit
Balance, December 31, 2007	$ 1,055	$ (175,993)	$ 154	$ (174,784)
Net Income (loss)	-	(19,575)	-	(19,575)
Change in unrealized gain on investments		-	37	37
Balance, December 31, 2008	$ 1,055	$ (195,568)	$ 191	$ (194,322)

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ERICKSON RETIREMENT COMMUNITIES, LLC
CONSOLIDATED STATEMENT OF CASH FLOWS (AUDIT FORMAT)
For the Periods Ending December 31, 2008 and 2007
(In 000s)

	2008	2007
	Unaudited	
Cash flows from operating activities		
Net Income (Loss)	$ (19,575)	$ 107,869
Adjustments to reconcile Net Income (Loss)		
to Net Cash provided by Operating Activities		
Depreciation & amortization	29,935	16,844
Gain on distribution of subsidiary	(115,139)	(202,212)
(Increase) decrease in receivable on the sale of assets	32,610	30,870
(Increase) decrease in accounts receivables	7,866	(3,525)
(Increase) decrease in prepaid expenses	4,061	4,088
(Increase) decrease in deferred GPP fund	2,712	(1,652)
Increase (decrease) in corporate accounts payable and accrued expenses	(7,959)	40,108
Increase (decrease) in accrued payroll and benefits	1,786	2,310
Increase (decrease) in AR Deposit Clearing	153	(45)
Distribution of GPP liability	(32,367)	(37,032)
Increase (decrease) in accrued insurance claims	1,147	693
Increase (decrease) in interest payable	(1,134)	(1,564)
Net Cash Provided (Used) by Operating Activities	$ (95,904)	$ (43,248)
Cash Flows From Investing Activities		
(Increase) decrease in restricted cash	(4,258)	7,420
(Increase) decrease in investment in assets limited as to use	2,981	(28,606)
Purchase of securities available for sale, net	(46,304)	7,304
Purchase of property, plant and equipment	(416,132)	(486,809)
(Increase) decrease in Investments in New Sites	(49,418)	(37,054)
(Increase) decrease in cash surrender value-officer's life insurance	-	(10)
(Increase) decrease in note and line of credit receivable	(38,406)	(69,296)
(Increase) decrease in deferred management fees receivable	500	(386)
Increase in community construction payables and accrued exp	6,624	(62,837)
Net Cash Provided (Used) by Investing Activities	$ (544,413)	$ (670,274)
Cash Flows From Financing Activities		
Decrease in current portion of long term debt, lines of credit and other	14,170	(253)
Borrowings on long-term debt	651,151	790,583
Repayments of long-term debt	(244,547)	(544,967)
Decrease in subordinated debt	-	(64,665)
Borrowings on corporate revolver	-	236,500
Increase in real estate financing obligations	21,350	3,300
Increase in deposits for purchase of community assets	-	432,000
(Increase) decrease in bonds receivable	1,392	10,008
(Increase) decrease in deferred financing costs	(4,370)	(10,152)
Increase (decrease) in notes payable	38,486	10,050
Increase (decrease) in interest rate swap liability	5,368	-
Distribution of Common B	-	762
Net Cash Provided (Used) by Financing Activities	$ 483,000	$ 863,166
Change in Cash	(157,317)	149,644
Beginning Cash Balance	189,598	49,724
Ending Cash Balance	$ 32,281	$ 199,368

Supplemental disclosure of cashflow information and non-cash financing activities:	
Corporate accounts payable and accrued expenses	$ 6
Note Receivable BBV	$ (7,558)
Purchase of property, plant and equipment	$ 246,787
Borrowings on long-term debt	$ (305,839)
Repayments of long-term debt	$ 6,465
Deposits for purchase of community assets	$ (55,000)

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ERICKSON RETIREMENT COMMUNITIES, LLC

Management's Discussion of Operations and Cashflows
As of December 31, 2008

GENERAL

Erickson Retirement Communities, LLC ("Erickson"), is a Maryland limited liability Company which is 100% owned or controlled by the Ericksons (John and Nancy and their four children, Mark, Craig, Scott and Andrea). Erickson is a developer and manager of large continuing care retirement communities offering affordable living accommodations, related health care and support services to a target market of middle-income seniors age 70 and older. Erickson currently manages six completed continuing care retirement communities which serve a total population of approximately 12,000 residents. Erickson is currently developing fourteen additional continuing care retirement communities which currently serve approximately 10,700 residents. Expected total population is approximately 41,000 residents if these projects are completed as planned.

RESULTS OF OPERATIONS

Distribution of Subsidiaries – 2008

During 2008, Brooksby Village (BBV) exercised its purchase option entering into a Purchase and Redemption Agreement resulting in the sale of Erickson's membership interest in Peabody Campus. BBV purchased the land and the facility for a price that included the forgiveness of the outstanding mortgage plus the purchase deposit as well as future net cash flows from entrance deposits. Total gains as a result of the transaction were $115.1 million for 2008. This project was substantially complete as of June 30, 2008.

Distribution of Subsidiaries - 2007

During 2007, Riderwood Village (RWV) exercised its purchase option entering into a Purchase and Redemption Agreement resulting in the sale of Erickson's membership interest in Silver Oaks Campus. RWV purchased the land and the facility for a price that included the forgiveness of the outstanding mortgage plus the purchase deposit as well as future net cash flows from entrance deposits. Total gains as a result of the transaction were $230.3 million for 2007. This project was substantially complete as of December 31, 2007.

Distribution of Subsidiaries - 2006

During 2006, both Cedar Crest Village (CCV) and Seabrook Village (SBV) exercised their respective purchase options entering into a Purchase and Redemption Agreement resulting in the sale of Erickson's membership interests in Point View Campus and Tinton Falls Campus, respectively. Both CCV and SBV purchased the land and the facility for a price that included the forgiveness of the outstanding mortgage plus the purchase deposit as well as future net cash flows from entrance deposits. The facilities were not 100% complete and Erickson plans on completing these projects in subsequent years.

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Generally Accepted Accounting Principles (GAAP) does not allow for full recognition of the gain on the distribution of the subsidiaries discussed above for 2006 due to the sale of the real estate occurring prior to the completion of the projects. The gains for both transactions are being recognized on the percentage of completion method of accounting, for financial reporting purposes. Outlined below is the total anticipated gain on the transfer of assets to CCV and SBV.

($ millions)	CCV	SBV	Total
Outstanding community loan	$ 189.3	$ 195.0	$ 384.3
Costs, net of entrance deposits (Nov - Dec 2006)	(1.4)	-	(1.4)
Additional initial entrance deposits	71.2	3.4	74.6
Purchase deposit	55.0	55.0	110.0
Revenue	314.1	253.4	567.5
Fixed Assets	(319.4)	(197.5)	(516.9)
Non-GAAP project margin as of Dec. 31, 2007	(5.3)	55.9	50.6
Anticipated future entrance deposits	97.6	159.2	256.8
Anticipated future costs	(12.4)	(124.0)	(136.4)
Future non-GAAP project margin as of Dec. 31, 2007	85.2	35.2	120.4
Anticipated total GAAP gain as of Dec. 31, 2007	$ 79.9	$ 91.1	$ 171.0
2006 GAAP gain recognized	$ 56.9	$ 52.8	$ 109.7
2007 GAAP gain recognized	5.1	3.1	8.2
2008 GAAP gain recognized	6.4	(0.1)	6.3
Total GAAP gain recognized to date	$ 68.4	$ 55.8	$ 124.2
Anticpated future GAAP gains	$ 11.5	$ 35.3	$ 46.8

Ordinary Operations
Unrealized appreciation on Erickson developments is not included in the consolidated financial statements. Erickson had a net loss of $19.6 million in 2008 compared to a net income of $91.3 million in 2007. Depreciation and amortization were $58.0 million and $63.5 million in 2008 and 2007, respectively.

KEY ERICKSON OPERATIONS, CONSTRUCTION AND DEVELOPMENT CASH FLOW FACTORS
Erickson provides the day-to-day management oversight of the development, construction, operations, medical and staff services. Each Erickson community under development is individually financed through a separate single purpose subsidiary (landowner). As a requirement of the financings, Erickson is tasked to maintain proper control of consolidated, non–Landowner cash flows and required liquidity levels. From that perspective, a plain language statement and analysis of the major factors affecting unrestricted consolidated cash follows. The cash balances reflected include per the financial statements; consolidated cash, short-term investments available for sale and cash designated but not restricted for funding of an employee deferred benefit plan, all of which can be used in meeting Erickson's liquidity requirements. A reconciliation of ending cash for the two years presented herein is shown below.

Erickson uses a non-GAAP Cash Flow and other financial measures found in the Management's Discussion of Operations and Cashflows to assist investors in analyzing the company's operating performance and liquidity balance. Because Erickson's calculations of these measures may differ from similar measures used by other organizations, investors should be careful when comparing Erickson's non-GAAP and other financial measures to those of other organizations. These measures are intended to supplement, not replace, Erickson's presentation of its financial results in accordance with GAAP.

Reconciliation of Unrestricted Cash:

($ millions)	As of 12/31/2008	12/31/2007
Cash and cash equivalents	$ 32.3	$ 189.6
Short term investments available for sale	94.4	48.1
Designated (but not restricted) cash	3.2	6.0
	$ 129.9	$ 243.7

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ERICKSON CONSOLIDATED CASHFLOW STATEMENT (Non-Gaap)

	Periods ended December 31	
($ millions)	**2008**	**2007**
Beginning unrestricted cash and securities	$ 243.7	$ 109.0
Ending unrestricted cash and securities	129.9	243.7
Change in unrestricted cash and securities	$ (113.8)	$ 134.7
Sources and (Uses) of cash		
Operations		
Management fees	$ 26.2	$ 21.8
Corporate SG&A / capital expenditures	(39.8)	(14.2)
Change in working capital and other	7.7	(7.5)
Net cash from operations	(5.9)	0.1
Development and Construction		
Construction fees	10.5	14.4
Development fee distributions	31.7	20.7
Investment in new sites	(70.2)	(52.7)
Net cash from development and construction	(28.0)	(17.6)
Financing		
Project Equity Financings		
Ashburn Campus	2.0	41.5
Columbus Campus	23.6	-
Kansas Campus	-	26.1
Littleton Campus	0.3	-
Novi Campus	(10.3)	(9.9)
Peabody Campus	-	2.3
Point View Campus II	12.6	20.6
Silver Oaks Campus	-	8.7
Springfield Campus	-	14.0
Interest on project equity financings	(29.2)	(29.2)
Subtotal - Project Equity Financings	(1.0)	74.1
Other Project Financings		
Ashburn land financing	-	9.0
Charlotte land purchase, net of financing	(4.3)	-
St. Louis land purchase, net of financing	(3.5)	-
Westminster land purchase, net of financing	-	(1.5)
Interest on land financings	(1.9)	(2.3)
Sub Debt-Ziegler bond repayment/ interest expense	(4.2)	(125.7)
Proceeds from Bonds, net of financing	-	46.5
Corporate construction line of credit	14.4	-
Corporate Revolver, net of financing	-	234.7
Corporate Revolver, interest paid	(11.4)	(6.8)
Derivative swap, interest paid	(2.2)	-
Project funding	(32.2)	(38.3)
Subtotal - Other Project Financings	(45.3)	115.6
Net cash from financing	(46.3)	189.7
Other Activities		
Interest income	6.5	5.5
Working Capital Loan to Seabrook Village	1.3	(2.8)
Working Capital Loan to Brooksby Village	(0.7)	-
Purchase Note - Brooksby Village	(6.3)	-
Erickson Advantage	(1.9)	(3.5)
Growth Participation Plan Distributions	(32.4)	(37.0)
Other	(0.1)	0.3
Net cash from other activities	(33.6)	(37.5)
Total sources and (uses) of cash and securities	$ (113.8)	$ 134.7

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ERICKSON CONSLIDATED CASHFLOW ANALYIS

Operations

Management Fees
Management fees earned through December 2008 increased to $26.2 million from $21.8 million for the same period of 2007. The following chart outlines the fees by community. Erickson enters into a management agreement ("Management Agreement") with the not-for-profit operator of each community to manage all aspects of the operations. Management fees are generally calculated at 5% of the monthly occupancy fees received at each community plus reimbursement of all costs incurred for managing, marketing and sales. At communities where bonds have been issued, management fees are fixed to the extent required by the financing.

($ millions)	2008	2007	Var
Ann's Choice	$ 1.7	$ 1.2	$ 0.5
Brooksby Village	2.4	2.1	0.3
Cedar Crest Village	2.4	2.0	0.4
Charlestown	2.4	2.4	-
Eagles Trace	0.4	0.3	0.1
Fox Run Village	1.0	0.7	0.3
Greenspring Village**	3.0	2.9	0.1
Henry Ford Village*	2.0	0.9	1.1
Highland Springs	0.3	0.2	0.1
Linden Ponds	0.9	0.7	0.2
Maris Grove	0.5	0.3	0.2
Monarch Landing	0.2	0.1	0.1
Oak Crest Village	2.8	2.7	0.1
Riderwood Village	3.3	3.0	0.3
Seabrook Village	2.1	2.0	0.1
Sedgebrook	0.4	0.3	0.1
Tallgrass Creek	0.1	-	0.1
Wind Crest	0.3	-	0.3
Total	$ 26.2	$ 21.8	$ 4.4

*In 2008, HFV repaid $0.5 million in fees that were deferred during 2007.

**According to "Management and Marketing Agreements", GSV is allowed to retain 5% of the management fees due to ERC until the year end audit confirms the occupancy fees are correct. Management fees held by GSV were $0.2 million in 2008.

Corporate SG&A / Capital Expenditures
Corporate SG&A and capital expenditures for 2008 increased to $39.8 million from $14.2 million in 2007, mostly due to $4.2 million in fixed asset additions for SCL Realty II, increased corporate fixed asset additions, and higher retained costs in 2008.

Change in Working Capital and Other
The change in working capital and other during 2008 was up $14.8 million, mostly due to the collection of prior year receivables.

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Construction Fees

Erickson Construction, LLC ("Construction"), a 100% owned subsidiary of Erickson, performs as either the general contractor or the construction manager for all projects under development. For these services, Construction receives a fee of 1.5% to 4.0% of construction costs from each Landowner. In 2008, cash from construction income was $10.5 million compared to $14.4 million in 2007. GAAP requires that these amounts be eliminated upon consolidation to the extent paid by a controlled Landowner.

($ millions)	**2008**	**2007**	**Var**
Ashburn Campus (ASH)	$ 2.9	$ 0.6	$ 2.3
Columbus Campus (COL)	0.3	-	0.3
Concord Campus (CC)	2.2	2.0	0.2
Dallas Campus (DAL)	0.1	0.8	(0.7)
Hingham Campus (HC)	0.6	1.5	(0.9)
Houston Campus (HOU)	-	0.3	(0.3)
Kansas Campus (KC)	0.5	1.2	(0.7)
Lincolnshire Campus (LNC)	0.8	0.5	0.3
Littleton Campus (LTN)	1.3	2.2	(0.9)
Naperville Campus (NAP)	-	1.1	(1.1)
Novi Campus (NC)	0.2	0.2	-
Peabody Campus (PBC)	-	0.1	(0.1)
Point View Campus (PVC)	0.1	0.6	(0.5)
Silver Oaks Campus (SOC)	-	0.2	(0.2)
Warminster Campus (WMC)	0.3	2.2	(1.9)
Other	1.2	0.9	0.3
Total	$ 10.5	$ 14.4	$ (3.9)

Development Fee Distributions

Development fee distributions increased in 2008 to $31.7 million from $20.7 million in 2007. The following chart outlines the activity by campus. The distributions are generally paid by the Landowner based on 5.0% of all entrance deposits collected. Development distributions are paid current unless limited by a financing. GAAP requires that these amounts be eliminated upon consolidation to the extent paid by a controlled Landowner. As of December 2008 and 2007, development distributions were as follows:

($ millions)	**2008**	**2007**	**Var**
Concord Campus (CC)	$ 5.5	$ -	$ 5.5
Hingham Campus (HC)	2.3	2.0	0.3
Lincolnshire Campus (LNC)	1.0	4.2	(3.2)
Littleton Campus (LTN)	1.1	-	1.1
Naperville Campus (NAP)	3.2	-	3.2
Novi Campus, (NOVI)	1.8	1.2	0.6
Peabody Campus (PBC)	0.4	0.8	(0.4)
Point View Campus (PVC)	14.2	4.7	9.5
Silver Oaks Campus (SOC)	-	0.9	(0.9)
Tinton Falls Campus II (TFC II)	-	3.9	(3.9)
Warminster Campus (WMC)	2.2	3.0	(0.8)
Total	$ 31.7	$ 20.7	$ 11.0

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Investment in New Sites

Investment in New Sites consists of costs incurred prior to the acquisition of land and obtaining of construction financing for new sites. A separate landowner entity is created to take title to the land when it is purchased. These predevelopment costs are transferred from Erickson to the Landowner as an equity investment in the project once financing occurs.

Investment in New Sites is as follows:

($ millions)	**2008 Total Investment**	**2008 Settlements**	**2008 YTD Investment**	**2007 Total Investment**	**2007 Settlements**	**2007 YTD Investment**	**2006 Total Investment**
Ashburn Campus	$ -	$ -	$ -	$ -	$ 12.0	$ 6.2	$ 5.8
Columbus Campus	-	17.4	5.9	11.5	-	9.8	1.7
Charlotte Campus	12.0	1.8	11.4	2.4	-	2.1	0.3
St. Louis Campus	7.4	1.6	9.0	-	-	-	-
UMBC	30.9	-	24.3	6.6	-	6.6	-
Westminster Campus	-	-	-	-	1.0	-	1.0
Mid Atlantic	7.2	-	1.9	5.3	-	3.8	1.5
Southwest	19.7	-	11.3	8.4	-	6.2	2.2
Northwest	3.8	-	1.0	2.8	-	2.6	0.2
Southeast	11.1	-	3.0	8.1	-	3.9	4.2
Northeast	14.3	-	3.3	11.0	-	5.9	5.1
Midwest	5.4	-	(1.1)	6.5	-	5.5	1.0
Other	0.5	-	0.2	0.3	-	0.1	0.2
Total Investment	112.3	20.8	70.2	62.9	13.0	52.7	23.2
Less Allowance	(5.4)	-	-	(5.4)	-	-	(2.8)
Total	$ 106.9	$ 20.8	$ 70.2	$ 57.5	$ 13.0	$ 52.7	$ 20.4

During 2007, there was a non cash transfer from Investment in New Sites to Ashburn Campus (shown as 2007 Settlements above). During 2008, there was a non cash transfer from Investment in New Sites to Columbus Campus (shown as 2008 Settlements above). The year-to-date Investment in New Sites was $70.2 million in 2008 compared to $52.7 million for the same period in 2007.

*Note: The costs related to the Westminster Campus land are recorded in 2007 as land purchase, net of financing.

*Note: The costs related to the St. Louis Campus and Charlotte Campus land are recorded in 2008 as land purchase, net of financing.

Financing

Project Equity Financing

Ashburn Campus (ASH) Equity (ASH)

During 2008, ASH returned excess equity of $2.0 million to ERC. During 2007, Erickson acquired sub-debt resulting in net proceeds of $41.5 million from Morgan Stanley for the ASH project.

Columbus Campus (COL) Equity (HCH)

During 2008, Erickson acquired sub-debt resulting in net proceeds of $21.2 million from Windsor Healthcare Equity for the Columbus project. In addition, COL returned excess equity of $2.4 million to ERC.

Kansas Campus (KC) Equity (TGC)

During 2007, Erickson acquired sub-debt resulting in net proceeds of $25.0 million from Morgan Stanley for the KC project. In addition, KC returned excess equity of $1.1 million for prior year interest on the land loan.

Littleton Campus (LTN) Equity (WCD)

During 2008, LTN returned certificate of deposit proceeds of $0.3 million to Erickson.

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Novi Campus (NC) Equity (FRV)
During 2008, Erickson financed the interim cash needs of the project, to the extent that NC was unable to draw on the construction loan for costs related to the 2nd community building and Residential Building 2.2. Net financing during 2008 and 2007 was $10.3 million and $9.9 million, respectively.

Peabody Campus (PBC) Equity (BBV)
During 2007, PBC distributed $2.3 million in margin / equity to Erickson.

Point View Campus II (PVC II) / Equity (CCV)
Erickson is currently financing the interim cash needs of the project, to the extent that monthly resident deposits do not cover such costs. During 2008 and 2007 respectively PVC II was able to repay $12.6 million and $20.6 million of financing from previous years to Erickson.

Silver Oaks Campus (SOC) Equity (RWV)
During 2007, SOC distributed $8.7 million in margin / equity to Erickson.

Springfield Campus (SFC) / Equity (GSV)
During 2007, ERC received $14 million from GSV for the repayment of the note receivable, which was established in 2004 as a result of the purchase of the facility.

Interest on Project Equity Financing
Due to various construction loan requirements, Erickson is required to pay the interest due on the sub-debt. Erickson paid interest as shown in the chart below.

($ millions)	**2008**	**2007**	**Var**
Ashburn Campus (ASH)	$ 7.1	$ 3.4	$ (3.7)
Columbus Campus (COL)	2.0	-	(2.0)
Concord Campus (CC)	3.5	3.5	-
Dallas Campus (DAL)	2.5	2.4	(0.1)
Hingham Campus (HC)	-	1.7	1.7
Houston Campus (HOU)	3.5	3.5	-
Kansas Campus (KC)	3.5	2.3	(1.2)
Lincolnshire Campus (LNC)	-	2.7	2.7
Littleton Campus (LTN)	3.5	3.5	-
Naperville Campus (NAP)	1.0	3.6	2.6
Novi Campus (NC)	2.6	2.6	-
Total	$ 29.2	$ 29.2	$ 0.0

Other Project Financing

Ashburn Land Financing
During 2007, ERC received an additional $9.0 million in financing towards the purchase of land for Ashburn Campus.

Charlotte Land Purchase, net of financing
ERC purchased the land for Charlotte Campus during 2008 for $16.0 million, less a deposit of $1.7 million. Charlotte Campus received financing for the purchase of the land resulting in proceeds of $10.0 million during 2008. Net funding by ERC during 2008 was $4.3 million.

St. Louis Campus (STL) Equity (GFM)
ERC purchased the land for St. Louis Campus during 2008 for $19.0 million, less a deposit of $1.3 million. St. Louis Campus received financing for the purchase of the land resulting in proceeds of $14.2 million during 2008. Net funding by ERC during 2008 was $3.5 million.

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Westminster Land Purchase, net of financing

ERC purchased the land for Westminster Campus during 2007 for $12.2 million, less a deposit of $1.0 million. Westminster Campus received financing for the purchase of the land resulting in proceeds of $9.7 million during 2007. Net funding by ERC during 2007 was $1.5 million.

Interest on Land Financing

As a result of land financings, Erickson paid interest as shown in the chart below.

($ millions)	**2008**	**2007**	**Var**
Ashburn Campus (ASH)	$ -	$ 1.1	$ 1.1
Charlotte Campus (CCL)	0.1	-	(0.1)
Columbus Campus (COL)	0.5	-	(0.5)
Kansas Campus (KC)	-	0.6	0.6
Westminster Campus (WTC)	1.3	0.6	(0.7)
Total	$ 1.9	$ 2.3	$ 0.4

Sub Debt – Ziegler Private Placement 2003 & 2005 / Interest Expense

During 2007, Erickson repaid $112.5 million in Ziegler bonds along with interest of $5.5 million and a make whole amount of $2 million using funding from the corporate revolver. In addition, Erickson paid semiannual interest expense totaling $5.7 million in 2007.

Sub Debt – Ziegler Private Placement 2007 / Interest Expense

During 2007, Erickson received net proceeds of $46.5 million for a bond issuance. Erickson paid semiannual interest expense totaling $4.2 million in 2008.

Corporate Construction Line of Credit

During 2008, Erickson received $14.4 million in funding from a building loan. These funds are used to pay General Contractor Payables for the new corporate building at UMBC. The project costs are shown in Investment in New Sites.

Corporate Revolver, Net of Financing / Interest Expense

During 2007, Erickson closed on a revolving line of credit of $250.0 million with PNC bank. Erickson was funded $236.5 million less $1.8 million in financing costs for a total cash advance of $234.7 million. In 2008, Erickson paid interest expense totaling $11.4 million on this loan.

Derivative Swap Interest Expense

Erickson paid monthly interest expense totaling $2.2 million in 2008.

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Project Funding

Erickson finances interim cash needs for the various projects to the extent that existing cash along with monthly resident deposits do not cover such costs in a given month. Net funding for 2008 was $32.2 million and net funding in 2007 was $38.3 million. Amounts (funded) recovered are shown below. Note: certain amounts in prior year have been reclassified to the financing section for 2007.

($ millions)	**2008**	**2007**	**Var**
Ashburn Campus (ASH)	$ 0.4	$ (0.4)	$ 0.8
Columbus Campus (COL)	(2.0)	-	(2.0)
Hingham Campus (HC)	(4.3)	6.4	(10.7)
Houston Campus (HOU)	(8.8)	(2.0)	(6.8)
Kansas Campus (KC)	(5.8)	0.7	(6.5)
Lincolnshire Campus (LNC)	(25.6)	21.7	(47.3)
Littleton Campus (LTN)	(4.7)	(4.3)	(0.4)
Naperville Campus (NAP)	3.8	(12.0)	15.8
Peabody Campus (PBC)	(0.7)	(5.2)	4.5
Tinton Falls Campus II (TFC II)	(4.2)	(4.9)	0.7
Warminster Campus (WMC)	19.7	(38.3)	58.0
Total	$ (32.2)	$ (38.3)	$ 6.1

Notes to project funding:

Ashburn Campus (ASH)

During 2008, ERC was able to recover $0.4 million in costs previously funded.

Columbus Campus (COL)

During 2008, Columbus needed $2.0 million in funding from ERC to cover costs unfunded by the construction line of credit.

Hingham Campus (HC)

During 2008, Hingham needed $4.3 million in funding from ERC as costs exceeded net entrance deposits. During 2007 Hingham received proceeds from the Linden Ponds purchase deposit and as a result repaid ERC a net, $6.4 million for costs previously funded by ERC.

Houston Campus (HOU)

During 2008 Houston's construction loan was at maximum capacity, requiring funding from ERC. Costs unfunded during 2008 and 2007 were $8.8 million and $2.0 million, respectively.

Kansas Campus (KC)

During 2008 the Kansas construction loan was at maximum capacity, requiring funding from ERC. Costs unfunded during 2008 were $5.8 million. During 2007 Kansas received bond proceeds and was able to repay ERC $0.7 million.

Lincolnshire Campus (LNC)

During 2008, Lincolnshire needed $25.6 million in funding from ERC as costs exceeded net entrance deposits. During 2007 Lincolnshire received proceeds from the Sedgebrook purchase deposit and as a result repaid ERC a net, $21.7 million for costs previously funded by ERC.

Littleton Campus (LTN)

During 2008 and 2007 respectively, Littleton needed $4.7 million and $4.3 million in funding from ERC due to project costs resulting from change orders not being funded by the construction lender.

Naperville Campus (NAP)

During 2008, ERC was able to recover $3.8 million in costs previously funded. During 2007 Naperville needed $12.0 million in funding from ERC as costs exceeded net entrance deposits.

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Peabody Campus (PBC)
During 2008, Peabody needed $0.7 million in funding from ERC as costs exceeded net entrance deposits. During 2007, Peabody received funding from ERC allowing PBC to fund the working capital loan for $5.2 million.

Tinton Falls Campus II (TFC II)
During 2008 and 2007 respectively, Tinton Falls needed $4.2 million and $4.9 million in funding from ERC as costs exceeded net entrance deposits.

Warminster Campus (WMC)
During 2008, ERC was able to recover $19.7 million in costs previously funded. During 2007 Warminster needed $38.3 million in funding from ERC as costs exceeded net entrance deposits.

Other Activities

Interest Income
Consolidated cash is invested in high quality, governmental and agency instruments and some industrials with maturities of less than three years. The average monthly return is approximately 0.7% and 4.1% for 2008 and 2007, respectively.

Working Capital Loan to Seabrook Village
In 2008, Seabrook Village repaid $1.3 million of their working capital loan with Erickson. In 2007, Erickson loaned Seabrook Village $2.8 million in the form of a working capital loan.

Purchase Note from Brooksby Village
In 2008, Erickson loaned Brooksby Village $0.7 million in the form of a working capital loan. In addition, during 2008, Erickson loaned Brooksby Village $6.3 million in the form of a purchase note and a portion of the working capital loan due to Erickson from Brooksby Village was reclassified as a purchase note in a non-cash transaction.

Erickson Advantage
During 2005, Erickson and United Healthcare Insurance Company jointly began Erickson Advantage which is a Medicare Advantage health plan to the residents of the managed communities. During 2008 and 2007, the plan has needed $1.9 million and $3.5 million, respectively, of funding which is anticipated to be recovered as the health plan develops.

Growth Participation Plan Distributions / Redemptions
The 2008 and 2007 amounts, of $32.4 million and $37.0 million, respectively, consist of redemptions by participants.