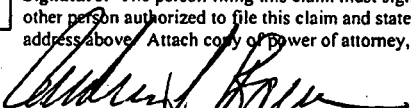


B 10 (Official Form 10) (12/08)

UNITED STATES BANKRUPTCY COURT Northern District of Texas		PROOF OF CLAIM
Name of Debtor: Littleton Campus, LLC		Case Number: 09-37023
NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A request for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.		
Name of Creditor (the person or other entity to whom the debtor owes money or property): MSRESS III Denver Campus, LLC		<input type="checkbox"/> Check this box to indicate that this claim amends a previously filed claim. Court Claim Number: _____ (If known) Filed on: _____
Name and address where notices should be sent: Andrew Bauman, 1585 Broadway, 37th Floor, New York, New York 10036, and Matthew G. Summers, Esquire, Ballard Spahr LLP, 300 E. Lombard Street, 18th Floor, Baltimore, Maryland 21202 Telephone number: (410) 528-5679		
Name and address where payment should be sent (if different from above): Telephone number:		
<div style="border: 1px solid black; padding: 5px; display: inline-block;"> RECEIVED FEB 25 2010 BMC GROUP </div>		<input type="checkbox"/> Check this box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars. <input type="checkbox"/> Check this box if you are the debtor or trustee in this case.
1. Amount of Claim as of Date Case Filed: \$ <u>26,650,000.00</u> If all or part of your claim is secured, complete item 4 below; however, if all of your claim is unsecured, do not complete item 4. If all or part of your claim is entitled to priority, complete item 5. <input checked="" type="checkbox"/> Check this box if claim includes interest or other charges in addition to the principal amount of claim. Attach itemized statement of interest or charges.		
2. Basis for Claim: <u>See Schedule</u> (See instruction #2 on reverse side.) 3. Last four digits of any number by which creditor identifies debtor: _____ 3a. Debtor may have scheduled account as: _____ (See instruction #3a on reverse side.)		
4. Secured Claim (See instruction #4 on reverse side.) Check the appropriate box if your claim is secured by a lien on property or a right of setoff and provide the requested information. Nature of property or right of setoff: <input checked="" type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input checked="" type="checkbox"/> Other Describe: Value of Property: \$ _____ Annual Interest Rate _____ % Amount of arrearage and other charges as of time case filed included in secured claim, If any: \$ _____ Basis for perfection: <u>See Schedule</u> Amount of Secured Claim: \$ <u>26,650,000.00</u> Amount Unsecured: \$ _____		5. Amount of Claim Entitled to Priority under 11 U.S.C. §507(a). If any portion of your claim falls in one of the following categories, check the box and state the amount. Specify the priority of the claim. <input type="checkbox"/> Domestic support obligations under 11 U.S.C. §507(a)(1)(A) or (a)(1)(B). <input type="checkbox"/> Wages, salaries, or commissions (up to \$10,950*) earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier – 11 U.S.C. §507 (a)(4). <input type="checkbox"/> Contributions to an employee benefit plan – 11 U.S.C. §507 (a)(5). <input type="checkbox"/> Up to \$2,425* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use – 11 U.S.C. §507 (a)(7). <input type="checkbox"/> Taxes or penalties owed to governmental units – 11 U.S.C. §507 (a)(8). <input type="checkbox"/> Other – Specify applicable paragraph of 11 U.S.C. §507 (a)(). Amount entitled to priority: \$ _____ <small>*Amounts are subject to adjustment on 4/1/10 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.</small>
6. Credits: The amount of all payments on this claim has been credited for the purpose of making this proof of claim. 7. Documents: Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. You may also attach a summary. Attach redacted copies of documents providing evidence of perfection of a security interest. You may also attach a summary. (See instruction 7 and definition of "redacted" on reverse side.) DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING. If the documents are not available, please explain:		
Date: <u>02/23/2010</u> Signature: The person filing this claim must sign it. Sign and print name and title, if any, of the creditor or other person authorized to file this claim and state address and telephone number if different from the notice address above. Attach copy of power of attorney, if any. Andrew Bauman 		
		FOR COURT USE ONLY

Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

Erickson Ret. Comm. LLC



01294

Schedule to Proof of Claim

**In re: *Erickson Retirement Communities, LLC, et al.*,
Case No. 09-37010 (Chapter 11) (Jointly Administered)**

**In re: *Littleton Campus, LLC*
Case No. 09-37023 (Chapter 11)**

United States Bankruptcy Court for the Northern District of Texas

Creditor: MSRESS III Denver Campus, LLC ("MSRESS Denver")

This Schedule supplements the information stated in the accompanying Proof of Claim and shall constitute part of the Proof of Claim.

I. Basis for the Claim

In October 2006, MSRESS Denver entered into a transaction with Littleton Campus, LLC (the "Littleton Debtor"), and Erickson Retirement Communities, LLC ("ERC"), whereby MSRESS Denver purchased the land on which the Wind Crest Retirement Community is located (the "Land") pursuant to a Purchase Agreement dated October 11, 2006 (the "Purchase Agreement"), and a Quit Claim Deed dated October 11, 2006 (the "Deed"). MSRESS Denver currently holds legal title to the Land and leases the Land to the Littleton Debtor pursuant to the terms of a Ground Lease Agreement dated October 11, 2006 (as amended and restated, the "Ground Lease") and a Memorandum of Ground Lease dated October 11, 2006. True and correct copies of the Purchase Agreement, the Deed, the Ground Lease, and the Memorandum of Ground Lease are attached hereto as Exhibits A, B, C, & D, respectively, and incorporated herein by reference.

Pursuant to the Ground Lease, should the Littleton Debtor fail to make payments to MSRESS Denver, MSRESS Denver may require the Littleton Debtor to exercise the purchase option and pay \$25,000,000.00 to MSRESS Denver, plus certain additional amounts. See Ground Lease, Article 24.2 & 24.2(f). The obligations under the Ground Lease are also secured on a subordinated basis by, among other things, an Assignment of Licenses, Permits, Plans, Contracts, and Warranties (the "License Assignment"). A true and correct copy of the License Assignment is attached hereto as Exhibits E and incorporated herein by reference.

A number of related agreements were entered into by MSRESS Denver and the Littleton Debtor in connection with the Ground Lease. ERC pledged its member interest in the Littleton Debtor to MSRESS Denver as security for the obligations of the Littleton Debtor under the Ground Lease pursuant to a Member Interest Pledge Agreement dated October 11, 2006. A true and correct copy of the Member Interest Pledge Agreement and related UCC financing statement are attached hereto as Exhibits F & G, respectively, and incorporated herein by reference. ERC executed and delivered a Limited Guaranty and Indemnity Agreement dated October 11, 2006 (the "Guaranty"), in favor of MSRESS Denver by which it guaranteed the full and prompt

performance of all obligations of the Littleton Debtor to MSRESS Denver. A true and correct copy of the Guaranty is attached hereto as Exhibit H and incorporated herein by reference.

On or about October 19, 2009 (the "Petition Date"), ERC, the Littleton Debtor, the Debtor and certain of their affiliates and subsidiaries (collectively, the "Debtors") filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code.

The Littleton Debtor has failed to meet its payment obligations to MSRESS Denver under the Ground Lease and, as a result of this failure, the Littleton Debtor and ERC are obligated to pay the sum of \$25,000,000.00 plus additional charges in the amount of \$1,650,000.00 to MSRESS Denver.

On December 21, 2009, the Littleton Debtor and ERC filed a Complaint for Declaratory Judgment, commencing Adversary Proc. No. 09-03466 (the "Adversary Proceeding"), in which the Littleton Debtor and ERC seek a declaration recharacterizing the Ground Lease as a disguised financing transaction. MSRESS Denver maintains that it owns the Land; however, in the event that the Littleton Debtor and ERC are successful and the Ground Lease is recharacterized as a result of the Adversary Proceeding or otherwise, MSRESS Denver's claim will become a secured claim.

II. Calculation and Classification of the Claim

MSRESS Denver asserts a claim, as of the Petition Date, in the aggregate amount of \$26,650,000.00, consisting of \$25,000,000.00 due under the purchase option the Littleton Debtor is required to exercise and \$1,650,000.00 for other charges due under the Ground Lease and related documents. Under the Guaranty, ERC also is liable for the full amount claimed herein.

III. Notices

All notices concerning this claim and/or any objections to this claim should be served on all of the following:

Mr. Andrew S. Bauman
Executive Director
Morgan Stanley
1585 Broadway, 37th Floor
New York, New York 10036

-and-

Matthew G. Summers, Esquire
Ballard Spahr LLP
300 E. Lombard Street, 18th Floor
Baltimore, Maryland 21202

III. Reservation of Rights

In early February 2010, MSRESS Denver and certain affiliated entities reached a settlement agreement in principle with, *inter alia*, the Debtors which settlement agreement would resolve the disputes in the Adversary Proceeding and other disputes involving MSRESS Denver in the bankruptcy case. MSRESS Denver has filed this proof of claim in order to preserve its rights in the event that the settlement agreement in principle does not become a fully executed settlement agreement or the settlement is not consummated.

MSRESS Denver reserves the right to amend this proof of claim in the event that the obligations described herein are recharacterized as a result of the Adversary Proceeding or to include amounts not stated above, including, without limitation, costs, expenses, attorneys' fees, and any other charges or amounts due, as appropriate, under applicable bankruptcy and non-bankruptcy law. MSRESS Denver reserves all of its rights and remedies, including, without limitation, the right to amend this proof of claim to include additional charges, adjustments and the like, due and payable under the Ground Lease, as the same become quantified, known or available. MSRESS Denver further reserves the general right to amend, supplement, or modify this claim (including, but not limited to, the classification and amount of the claim asserted herein). MSRESS Denver further reserves the right to file requests for payment of administrative expenses or other claims entitled to priority.

The filing of this Proof of Claim is not: (a) a waiver or release of MSRESS Denver's rights against any person, entity or property; (b) a consent by MSRESS Denver to the jurisdiction of the Bankruptcy Court with respect to any matter other than the subject matter of this claim; (c) a consent by MSRESS Denver to any proceedings commenced in this case or otherwise involving MSRESS Denver; (d) a waiver of the right to withdraw the reference, or otherwise to challenge the jurisdiction of this Court, with respect to the subject matter of this claim, any objection or other proceedings in this case against or otherwise involving MSRESS Denver; or (e) an election of remedies.

PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT (this "Agreement") is made and entered into as of the 11th day of October 2006, by and among LITTLETON CAMPUS, LLC, a Maryland limited liability company ("LC"; LC is sometimes referred to herein as "Seller"), ERICKSON RETIREMENT COMMUNITIES, LLC, a Maryland limited liability company ("ERC"), and MSRESS III DENVER CAMPUS, LLC, a Delaware limited liability company ("Purchaser").

RECITALS

A. LC is the owner of that certain parcel of real property comprising approximately 135 acres located at 3480 West County Line Road, Highlands Ranch, Douglas County, Colorado, as more specifically described on Exhibit A attached hereto (the "Property").

B. Purchaser desires to purchase the Property from Seller and lease the Property to LC for the purposes described herein.

C. LC intends to develop the Property as a continuing care retirement community ("CCRC") known as the Wind Crest Retirement Community ("Wind Crest") to be comprised of approximately 1,587 independent living units and 228 health care units (of which amount 96 will be assisted living units and 132 will be nursing care beds) (individually, a "Unit" and collectively, the "Units") and accessory uses (collectively, the "Project"), in substantial conformance with all required zoning approvals and permits and health care approvals.

D. The Project is anticipated to be developed and operated on the Property consistent with the following outline:

(i) LC will, subject to certain management and financing arrangements described below, develop the Project for lease to Wind Crest, Inc., a Maryland non-stock corporation ("WCI") in accordance with the terms of a Master Lease and Use Agreement between WCI and LC, dated as of March 29, 2006 (the "Master Lease"). Under the Master Lease, WCI has the right to use and occupy the Property in connection with the operation of the Project, including the right to provide all necessary and desirable services in connection with the operation of the Project on the Property. In consideration for such right, WCI will pay rent to LC in the amounts more specifically set forth in the Master Lease.

(ii) LC (a) will retain Erickson Retirement Communities, LLC, a Maryland limited liability company ("Developer") to manage the development of the Project in accordance with a Development Agreement dated March 29, 2006 (the "Development Agreement"); (b) will retain an architect (the "Architect") to design the Project pursuant to an agreement between the architect and LC (the "Architect Agreement"); and (c) will retain one or more construction contractors (each a "Construction Contractor") to construct the Project pursuant to certain construction agreements (each a "Construction Contract") and other contracts to be entered into as the Project progresses.

(iii) Residents of the Units (individually, a "Resident" and collectively, the "Residents") will be entitled to occupy a Unit and to receive various services pursuant to terms

EXHIBIT

A

of an agreement (the "Residence and Care Agreement") between each Resident and WCI. Residents will be required to deliver certain funds upon obtaining residency of their Unit ("Entrance Deposits"), which may be refunded under the terms of the Residence and Care Agreement. In addition, Residents will be required to make certain monthly payments ("Monthly Fees"), which can include the cost of services acquired, as more fully described in the Residence and Care Agreement.

(iv) Upon the completion of the Project by LC and the lease of the Project to WCI, the Project will be managed by ERC pursuant to that certain Management and Marketing Agreement dated March 29, 2006 between ERC and WCI (the "Management Agreement"; the Master Lease, Development Agreement, Construction Contract, Residence and Care Agreement and the Management Agreement are collectively referred to herein as the "Lease and Development Documents").

E. The development of the Project is anticipated to be financed consistent with the following outline:

(i) WCI will lend to LC the proceeds from the Entrance Deposits provided by Residents (the "Community Loan") under the terms of a loan agreement and note (the "Community Loan Agreement" and the "Community Note," respectively), which Community Loan shall be secured, in part by the Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Community Loan) by LC for the benefit of WCI, dated March 29, 2006 (the "Community Mortgage"), which is subordinate to the Construction Loan (as defined below), the proceeds of which will be used, among other things, to finance the development, improvement and construction of the Property and the Project. After closing under this Agreement, Purchaser's fee ownership interest in the Property will be subject to the Community Mortgage. The Community Loan Agreement, Community Note and Community Mortgage are collectively referred to herein as the "Community Loan Documents."

(ii) LC has obtained a construction loan in the form of a senior secured revolving line of credit in the amount of Eighty-Three Million Dollars (\$83,000,000) (the "Construction Loan") under the terms of that certain Construction Loan Agreement dated as of March 29, 2006 between LC and Capmark Finance, Inc. f/k/a GMAC Commercial Mortgage Corporation ("Construction Lender") which Construction Loan is secured by that certain Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing, dated March 29, 2006, by LC to Construction Lender (to which Purchaser's fee interest shall be subordinate) and a pledge of ERC's membership interest in LC. ERC is the guarantor of the Construction Loan. The documents evidencing or securing the Construction Loan are collectively referred to herein as the "Construction Loan Documents."

(iii) Using proceeds of the Community Loan, the Construction Loan, and such other resources as it may have available to it, LC will (a) pay rent under the Ground Lease (defined below), (b) develop the Property for the Project in accordance with the zoning approvals and permits and the health care approvals, and (c) lend funds to WCI from time to time, but not exceeding at any one time the amount of Thirty-Seven Million Six Hundred Forty-One Thousand Dollars (\$37,641,000) to be used for the purchase of insurance for the Property, payment of taxes

on the Property and to otherwise make any and all valid operating expenditures necessary for maintaining the Property (the "Working Capital Loan"), the terms of which are set forth in that certain Working Capital Loan Agreement, dated March 29, 2006, by and between WCI and LC, as evidenced by that certain Working Capital Promissory Note, dated March 29, 2006 by WCI to LC (the "Working Capital Loan Agreement" and the "Working Capital Note," respectively). WCI assigned to LC all of its right, title and interest in and to the Property, all inventory, accounts, general intangibles, chattel paper, equipment and fixtures, licenses, Residence and Care Agreements, and cash and deposits, but only such of the foregoing which is now located at, or are used in connection with or relate to, or arise from the Project, its development, financing and operation, and which is subject to the terms of a Lockbox Account Agreement, dated March 29, 2006, between WCI and LC (the "Lockbox Account Agreement"). The Working Capital Loan Agreement, Working Capital Promissory Note, and Lockbox Account Agreement are collectively referred to herein as the "Working Capital Loan Documents".

F. LC currently intends to develop the Project in phases substantially in accordance with a development plan and project budget included in the Development Agreement (the "Development Plan" and "Project Budget", respectively).

G. Seller desires to sell and Purchaser desires to purchase the Property, on the terms set forth herein. ERC is an affiliate of LC, and as such, will benefit from all transactions contemplated under this Agreement.

NOW, THEREFORE, in consideration of the premises and the respective agreements set forth herein, and in reliance upon the respective representations and warranties made hereunder, the parties agree as follows:

1. **PURCHASE AND SALE OF THE PROPERTY.** Subject to the terms and conditions of this Agreement, the parties agree to effect the following transactions:

1.1 **Sale of the Property by Seller.** The Seller agrees to sell and deliver to Purchaser at the Closing (as defined in Section 5.1 below) the Property, free and clear of any lien, pledge, security interest, charge, encumbrance, right of first refusal, option, rights-of-way, adverse claim, restriction or limitation of any kind whatsoever (collectively, "Liens"), except the Permitted Encumbrances (as defined in Section 2.12(a) below).

1.2 **Purchase Price.** As consideration for the sale of the Property specified in Section 1.1, and the representations and warranties by ERC and LC contained herein, Purchaser agrees to pay to Seller at Closing Twenty-Five Million Dollars (\$25,000,000) (the "Purchase Price"). The Purchase Price shall be paid at Closing by wire transfer of immediately available funds to one or more account(s) designated by the Seller.

1.3 **Ground Lease.** Upon Closing of the transaction described herein, Purchaser shall lease the Property to LC, upon terms which shall be mutually agreed to by Purchaser and Seller, as more fully described in that certain Ground Lease, dated as of the date of Closing, attached hereto as **Schedule 1.3** (the "Ground Lease").

1.4 Tax Treatment. The parties recognize that the economic arrangement between LC and Purchaser created by virtue of this Agreement, the Ground Lease, and the documents implementing the transaction described herein and in the Ground Lease, is a loan for Generally Accepted Accounting Principles ("GAAP") and federal income tax purposes. The parties agree that they will each report such economic arrangement as a Loan for such financial accounting and tax purposes.

2. REPRESENTATIONS AND WARRANTIES OF LC AND ERC. Subject to the limitations in Section 6.14 hereof, LC and ERC, jointly and severally, each hereby represents and warrants to the Purchaser that, as of the date hereof:

2.1 Structure, Organization and Good Standing. LC and ERC are each a limited liability company, respectively, validly existing and in good standing under the laws of the State of Maryland and each has full power and all necessary licenses and permits, to enter into, deliver and perform its obligations under this Agreement and any other document, instrument or agreement noted in the recitals or executed and delivered in conjunction with the Project (the "Transaction Documents"), as applicable, and carry on its business as now conducted and as presently proposed to be conducted. LC is also qualified to conduct business as now conducted and as presently proposed to be conducted in the state in which the Property is located. LC has no subsidiaries. All of the issued and outstanding interests in LC are or will after the Closing be owned by the individuals and entities shown on the Second Amended and Restated Operating Agreement of Littleton Campus, LLC, dated as of September 25, 2006, as amended (the "Operating Agreement").

2.2 Authority and Consents. LC and ERC each have full power to enter into this Agreement and the Transaction Documents, as applicable, and have taken all action, corporate and otherwise, necessary to authorize the execution, delivery and performance of this Agreement and the Transaction Documents, as applicable, the completion of the transactions contemplated hereby and thereby, and the execution and delivery of any and all instruments necessary or appropriate in order to effectuate fully the terms and conditions of this Agreement and the Transaction Documents. No consent or approval of any court, governmental agency, other public authority, financial institution or third party is required as a condition to (a) the authorization, execution, delivery and performance of this Agreement, the Transaction Documents or any other instructions necessary to effectuate this Agreement; or (b) the consummation by LC and ERC of the transactions contemplated herein or therein. This Agreement has been, and the Transaction Documents, upon execution, will be, properly executed and delivered by the duly authorized officers of LC and ERC, as applicable, and will constitute the valid and legally binding obligation of LC and ERC, and are, or will be, as applicable, enforceable against LC and ERC in accordance with their respective terms, except as enforcement of such terms may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

2.3 No Conflict. Neither the execution and delivery of this Agreement and the Transaction Documents nor the carrying out of the transactions contemplated hereby and thereby will result in any violation, termination or modification of, or conflict with, either the organizational documents of LC or ERC, or any of the contracts or other instruments to which

any of LC or ERC is a party, or of any judgment, decree, order, regulation or law applicable to any of LC or ERC.

2.4 Litigation, Claims, Etc. There is no litigation, claim or assessment pending, or to LC's or ERC's knowledge, threatened, against or affecting LC, WCI or ERC in any court or before any governmental authority or arbitration board or tribunal which involve the possibility of materially and adversely affecting the Property, the Project, the financial condition of LC, WCI or ERC, or the ability of LC, WCI or ERC to perform their respective obligations under this Agreement and the Transaction Documents, or which may have a material adverse affect on this Agreement, the Project, LC, WCI, ERC or the transactions contemplated hereby, except as disclosed to Purchaser and listed in Schedule 2.4 attached hereto ("Disclosed Claims"). Neither LC, WCI nor ERC is in default with respect to any order of any court or governmental authority or arbitration board or tribunal which involve the possibility of materially and adversely affecting the Property, the Project, the financial condition of LC, WCI or ERC, or the ability of LC, WCI or ERC to perform their respective obligations under this Agreement and the Transaction Documents, or which may have an adverse affect on this Agreement, the Project, LC, WCI, ERC or the transactions contemplated hereby.

2.5 Sale is Legal and Authorized. The sale of the Property and compliance by ERC and LC with all of the provisions of this Agreement and the Transaction Documents (a) is within the limited liability company powers of each of ERC and LC, respectively; (b) will not violate any provisions of any law or any order of any court or governmental authority or agency and will not conflict with or result in any breach of any of the terms, conditions or provisions of, or constitute a default under the governing articles of each of ERC or LC or any indenture or any other agreement or instrument to which LC or ERC is a party or by which it or they may be bound or result in the imposition of any Liens or encumbrances on any property of either ERC or LC; and (c) has been duly authorized by all necessary limited liability company action on the part of ERC and LC, respectively. This Agreement, the Transaction Documents and any other documents executed and/or delivered by LC and/or ERC to the Purchaser in connection with the transaction contemplated hereby, have been duly executed by authorized officers of ERC or LC, as applicable, and delivered and constitute the legal, valid and binding contracts and agreements of both ERC and LC enforceable in accordance with their terms, except as enforcement of such terms may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

2.6 Documents. True and complete copies of the Lease and Development Documents, the Construction Loan Documents, the Community Loan Documents and the Working Capital Loan Documents (collectively, the "Project Documents") have been delivered to the Purchaser and, to the best knowledge of LC and ERC, each of the Project Documents is in full force and effect and there is no default existing, pending or threatened under any material provision of the Project Documents. LC acknowledges that any changes prior to the Closing in the Project Documents shall require Purchaser's approval.

2.7 Construction Loan Documents. LC and ERC represent that to the best knowledge of LC and ERC, the Construction Loan Documents are legally binding and in full

force and effect and that there are no events or conditions that with the giving of notice or passage of time, or both, would constitute a default under the Construction Loan Documents.

2.8 Incorporation of Representations and Warranties in Transaction Documents. Each representation and warranty made by ERC or LC in the Transaction Documents is incorporated herein by reference and shall be deemed to be made to the Purchaser, as if made again by each of ERC and LC, with such qualifications or limitations as are set forth therein.

2.9 Use of Proceeds. The proceeds from the sale of the Property will be used (a) to fund the development of the Project, and (b) for any other use of such proceeds permitted by the Ground Lease and applicable law. Any use of proceeds will, however, be set forth at the Closing on a settlement sheet approved by Purchaser.

2.10 Chief Executive Office. The chief executive office and principal place of business (as such terms are used in Article 9 of the Uniform Commercial Code) of LC is located at 701 Maiden Choice Lane, Catonsville, Maryland 21228.

2.11 Indebtedness. Other than the Community Loan and Construction Loan, LC has no indebtedness for borrowed money.

2.12 The Project and the Property.

(a) Title. LC has good and marketable fee simple title to the Property, insurable at general commercial rates, subject only to the encumbrances set forth on Schedule 2.12(a) attached hereto (the "Permitted Encumbrances") and to the Liens relating to the Construction Loan, the Community Loan and the Master Lease, and there are no unfulfilled covenants or obligations related to the sale of the Property to Purchaser.

(b) Governmental Approvals and Licenses. LC and WCI have received all of the governmental approvals and licenses relating to the development and operation of the Project on the Property listed on Schedule 2.12(b) (the "Received Approvals"). Except for those approvals required pursuant to Section 2.12(c) below, to LC's and ERC's best knowledge, after due inquiry, no other governmental approvals or licenses are required in order to develop and operate the Project on the Property in compliance with all applicable laws, rules and regulations.

(c) Required Approvals. To LC's and ERC's best knowledge, the permits and approvals required to complete the Project and to comply with all of LC's obligations under the Transaction Documents and the Project Documents set forth on Schedule 2.12(c) (the "Required Approvals") can and will be obtained in a timely fashion.

(d) The Property is a separate parcel for real estate tax assessment purposes.

2.13 Full Disclosure. To their best knowledge, after due inquiry, LC and ERC have provided to the Purchaser access to or copies of all material information available or known

to LC and ERC regarding the Property, the Project, WCI and ERC, however no formal disclosure document has been prepared by Seller or authorized for delivery to Purchaser. Without limitation of the foregoing, LC has delivered copies, certified by LC, of the Transaction Documents theretofore approved by Purchaser and executed by LC. To their best knowledge, all disclosures made to Purchaser have been true, complete and accurate in all material respects, and there are no material facts which have been deliberately withheld or unfairly presented to Purchaser.

2.14 No Defaults. No defaults have occurred under the Project Documents or the Transaction Documents and neither ERC, WCI nor LC is in default in the payment of principal of or interest on any indebtedness for borrowed money and none is in default under any instrument or instruments or agreements under and subject to which any indebtedness for borrowed money has been issued and no event has occurred and is continuing under the provisions of any such instrument or agreement which with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder, and which involve the possibility of materially and adversely affecting the Property, the Project, the financial condition of LC, WCI or ERC, or the ability of LC, WCI or ERC to perform their respective obligations under this Agreement, the Project Documents and the Transaction Documents, or which may have an adverse affect on this Agreement, the Project, Seller or the transactions contemplated hereby.

2.15 Governmental Consent. No approval, consent or withholding of objection on the part of, or filing, registration or qualification with, any regulatory body, state, federal or local, is necessary in connection with the execution and delivery by LC or ERC of any of the Transaction Documents, the Ground Lease, or this Agreement to which it is or they are a party or compliance by ERC or LC with any provision of such documents to which it is or they are a party.

2.16 Taxes.

(a) All Tax Returns required to be filed on or before the date hereof by or on behalf of ERC and LC have been filed, and such Tax Returns (defined below) are true, correct, and complete in all respects.

(b) ERC and LC have paid in full on a timely basis all Taxes (defined below) owed by them, whether or not shown on any Tax Return.

(c) There is no action, suit, proceeding, investigation, audit or claim now proposed or pending against or with respect to ERC or LC in respect of any Tax.

(d) ERC and LC have withheld and paid over to the proper governmental authorities all Taxes required to have been withheld and paid over, and complied with all information reporting and backup withholding requirements, including maintenance of required records with respect thereto, in connection with amounts paid to any employee, independent contractor, creditor, or other third party.

For purposes of this Agreement, (i) "Tax" (including with correlative meaning the terms "Taxes" and "Taxable") means (a) all foreign, federal, state, local and other income, gross

receipts, sales, use, ad valorem, value-added, intangible, unitary, transfer, franchise, license, payroll, employment, estimated, excise, environmental, stamp, occupation, premium, property, prohibited transactions, windfall or excess profits, customs, duties or other taxes, levies, fees, assessments or charges of any kind whatsoever, together with any interest and any penalties, additions to tax or additional amounts with respect thereto, (b) any liability for payment of amounts described in clause (a) as a result of transferee, liability, of being a member of an affiliated, consolidated, combined or unitary group for any period, or otherwise through operation of law, and (c) any liability for payment of amounts described in clause (a) or (b) as a result of any tax sharing, tax indemnity or tax allocation agreement or any other express or implied agreement to indemnify any other person for Taxes; and (ii) a "Tax Return" shall mean any return (including any information return), report, statement, schedule, notice, form, estimate, or declaration or estimated tax relating to or required to be filed with any governmental authority in connection with the determination, assessment, collection or payment of any Tax.

2.17 Investment Company Act Status. Neither ERC nor LC is an "investment company", or a company "controlled" by an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended.

2.18 Compliance with Law. To their best knowledge, LC and ERC are each in compliance with all laws, ordinances, governmental rules or regulations to which it is subject, including, without limitation, the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and all laws, ordinances, governmental rules or regulations relating to environmental protection, the violation of which would materially and adversely affect the Project, the Property, the business condition of LC or ERC, or any of ERC's or LC's ability to perform its obligations under this Agreement, the Ground Lease, and the Transaction Documents to which it or they are a party or any other document or instrument contemplated thereby.

2.19 Environmental Matters.

(a) Hazardous Materials. "Hazardous Materials" shall mean any substance which is or contains (i) any "hazardous substance" as now or hereafter defined in §101(14) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. §9601 *et seq.*) ("CERCLA") or any regulations promulgated under CERCLA; (ii) any "hazardous waste" as now or hereafter defined in the Resource Conservation and Recovery Act (42 U.S.C. §6901 *et seq.*) ("RCRA") or regulations promulgated under RCRA; (iii) any substance regulated by the Toxic Substances Control Act (15 U.S.C. §2601 *et seq.*); (iv) gasoline, diesel fuel, or other petroleum hydrocarbons; (v) asbestos and asbestos containing materials, in any form, whether friable or non-friable; (vi) polychlorinated biphenyls; (vii) radon gas; (viii) mold; and (ix) any additional substances or materials which are now or hereafter classified or considered to be hazardous or toxic under Environmental Requirements (as hereinafter defined) or the common law, or any other applicable laws relating to the Property. Hazardous Materials shall include, without limitation, any substance, the presence of which on the Property requires reporting, investigation or remediation under Environmental Requirements.

(b) Environmental Requirements. "Environmental Requirements" shall mean all laws, ordinances, statutes, codes, rules, regulations, agreements, judgments, orders

and decrees, now or hereafter enacted, promulgated, or amended, of the United States, the states, the counties, the cities, or any other political subdivisions in which the Property is located, and any other political subdivision, agency or instrumentality exercising jurisdiction over the owner of the Property, the Property, or the use of the Property, relating to pollution, the protection or regulation of human health, natural resources, or the environment, or the emission, discharge, release or threatened release of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or waste or Hazardous Materials into the environment (including, without limitation, ambient air, surface water, ground water or land or soil).

(c) Compliance. To LC's and ERC's best knowledge, and subject to the matters disclosed in the reports listed on Schedule 2.19(c), the Property and the Project are not in violation of any Environmental Requirements, and except for types and amounts that are used in the ordinary course of the development and operation of the Project (and consistent with Environmental Requirements), there are no Hazardous Materials on the Property or within the Project.

2.20 Insurance. LC has obtained and continues to maintain insurance that, in the event of any casualty or destruction of the Project, the proceeds from such insurance shall be sufficient to construct improvements substantially similar to the destroyed portions of the Project.

2.21 Financial Disclosure. LC and ERC have delivered to Purchaser all financial statements, other financial documents and disclosures regarding LC and such financial statements, documents and disclosures fairly present the financial condition and the results of operations, change in membership interests, and cash flow of LC as of the date of this agreement, all in accordance with GAAP (where applicable).

3. REPRESENTATIONS AND WARRANTIES OF PURCHASER. Purchaser hereby represents and warrants to Seller that, as of the date hereof:

3.1 Authorization.

(a) The person whose signature appears below for the Purchaser is duly authorized to execute and deliver this Agreement and all other documents, agreements and instruments executed and delivered on behalf of that Purchaser in connection with the purchase of the Property.

(b) This Agreement constitutes the valid and legally binding obligation of the Purchaser.

4. CONDITIONS TO CLOSING.

4.1 Seller's Deliveries. Prior to the Closing under Section 5, Seller shall deliver to Purchaser, at Seller's sole cost and expense, the following:

(a) Title Commitments. Commitment (the "Title Commitment") to the Seller for ALTA Form B (1992) Owner's Title Insurance Policy committing to insure, at

standard rates title to the Property as being good and marketable, subject only to the Permitted Encumbrances, in the amounts of not less than Twenty-Five Million Dollars (\$25,000,000), issued by the Chicago Title Insurance Company (the "Title Insurer"). The Title Commitment shall be effective as of the Closing Date, and shall reflect that fee simple title is held by LC and that the Owner's Title Insurance Policy to be issued to LC (the "Title Insurance Policy") shall contain an extended coverage endorsement over the general or standard exceptions which are a part of the printed form of the policy and subject only to the Permitted Encumbrances. The Title Insurance Policy shall, in addition, (a) not contain any exceptions for (i) Liens for labor or material, whether or not of record, (ii) parties in possession, (iii) unrecorded easements, (iv) taxes and special assessments not shown on the public records, and (v) any matter that the Survey (defined below) discloses; and (b) provide for the following endorsements: (A) an access endorsement insuring that there is direct and unencumbered access to the Property from all adjacent public streets and roads, (B) if applicable, a survey endorsement insuring that all foundations in place as of the date of such policy are within the lot lines and applicable setback lines, that the improvements do not encroach on adjoining land or any easements, and that there are no encroachments of improvements from adjoining land on the Property or any part thereof, except as shown on the Survey, (C) an endorsement insuring against loss if the Project is found to violate any covenants, conditions or restrictions affecting the Property, and (D) such other endorsements as Purchaser may reasonably require.

(b) *UCC Searches.* Written results of searches reflecting any Liens, judgments, tax Liens, bankruptcies, and open dockets (the "UCC Searches"), conducted by a company reasonably acceptable to the Purchaser. The UCC Searches shall name LC and ERC, and such other entities or individuals as Purchaser may reasonably require, and shall search the appropriate land records and central filing office for Uniform Commercial Code financing statements.

(c) *Copies of Documents.* Legible copies of all documents of record referred to in any Title Commitment or disclosed by the UCC Searches, and all other documents evidencing or relating to matters reflected in the Title Commitment or the UCC Searches.

(d) *Survey.* Current ALTA/ACSM land title survey of the Property (the "Survey") certified to LC, Purchaser and the Title Insurer (and such other persons or entities as the Seller and Purchaser may designate) by a surveyor registered in the state where the Property is located and acceptable to Purchaser. Purchaser agrees that Harris Kocher Smith is acceptable as the surveyor to provide the Survey. The Survey shall also contain a surveyor's certification in substantially the form attached hereto as Schedule 4.1(d).

(e) *Environmental Reports.* Environmental assessment, in form and substance acceptable to Purchaser, regarding the presence and condition of any Hazardous Materials on the Property, or conditions which have or could result in the violation of any Environmental Requirements.

(f) *Project Related Materials.* Such other information regarding the Project and the Property as may be requested by Purchaser to enable Purchaser to effect necessary due diligence with regard to the investment of funds by Purchaser.

4.2 Inspection. Purchaser shall be given full access to, and shall have the right to inspect, (a) the Project and the Property, (b) all financial records pertaining to the operation of the Project, and (c) files and records pertaining to the processing of approvals for the Project and the marketing of Units. All such materials shall be treated as confidential by Purchaser.

4.3 Limited Recourse. Notwithstanding anything to the contrary in this Agreement or in any documents delivered by Purchaser in connection with the consummation of the transaction contemplated hereby, it is expressly understood and agreed that the Purchaser's liability shall be limited to and payable and collectible only out of assets held by the Purchaser (including without limitation, the Property) and not any of Purchaser's directors, officers, employees, shareholders, contract holders or policyholders, shall be subject to any lien, levy, execution, setoff or other enforcement procedure for satisfaction of any right or remedy of Seller in connection with the transaction contemplated hereby. A provision comparable to the foregoing shall be inserted in such Transaction Documents as Purchaser shall require.

4.4 Conditions to the Closing. Purchaser's obligation to settle on this transaction shall be conditioned on the following and Purchaser's being satisfied, in Purchaser's sole discretion, with:

(a) the condition of title to the Property as evidenced by the Title Commitment and the Survey;

(b) the feasibility of the Project and investment considerations applicable to Purchaser;

(c) the disclosures provided by LC and ERC relative to the Property, the Project and ERC;

(d) the negotiation of the documents required by this Agreement, the Ground Lease, or the Transaction Documents;

(e) the absence of any casualty, condemnation or event involving any Hazardous Materials deemed by Purchaser to affect adversely and materially the Property or the Project;

(f) the form of the Project Documents, including each of the Master Lease, the Working Capital Loan Agreement and Working Capital Note, the Community Loan Agreement and Community Note, the Construction Loan Documents, the Development Agreement, the Management Agreement, the Construction Contract, and such other documents are necessary to develop the Project, including construction contracts and related assurances;

(g) the form of the Community Loan Documents and the form of the Construction Loan Documents, together with evidence satisfactory to Purchaser, in its sole and absolute discretion, that upon LC's compliance with the terms and conditions contained therein, the full principal amount of the Community Loan and Construction Loan will be available for disbursement to and use by LC;

(h) the form of the Ground Lease to be entered into at Closing, which shall require (i) a term of eleven (11) years commencing with the Closing Date, (ii) that the Premises be used and occupied by LC only as and for a continuing care retirement community and related ancillary uses as contemplated under the Master Lease, and (iii) that the annual minimum rental rate payable by LC during the term of the Ground Lease shall be Thirteen and Ninety-Five One Hundredths Percent (13.95%) of the Purchase Price, and (iv) that the Ground Lease shall remain subject and subordinate to the Construction Loan Documents and the Community Loan Documents;

(i) the form of the Non-Disturbance, Recognition, and Attornment Agreement, between Purchaser, LC and WCI (the "NDRA"), whereby WCI agrees that it will attorn to Purchaser and Purchaser agrees to recognize WCI as its tenant in the event that the Ground Lease is terminated;

(j) the form of the "Limited Guaranty and Indemnity Agreement," wherein ERC shall partially guarantee payment and performance by LC under the Ground Lease and indemnify Purchaser with regard to any failure by LC for such payment or performance, which Guaranty shall be secured by the "Membership Interest Pledge Agreement" by ERC to Purchaser;

(k) the form of the "Lessor-Developer Agreement" between ERC and Purchaser, pursuant to which Purchaser shall be granted certain rights with respect to the Development Agreement;

(l) the form of the "Post Closing Agreement" between Seller and Purchaser, which shall include such terms as are reasonably acceptable to Purchaser; and

(m) the form of the Ground Lessor Tri-Party Agreement between Purchaser, LC and the secured party(ies) under the Construction Loan Documents whereby in consideration of Purchaser's subordination of its interest in the Property and all security interests granted to Purchaser to those of the secured party, the secured party will provide the Purchaser with certain rights and remedies against assets other than the assets of Seller in the event of a default under the Ground Lease.

Should Purchaser determine, at any time prior to October 11, 2006, that one or more of the conditions have not, cannot or will not be complied with to Purchaser's sole and absolute satisfaction, Purchaser may terminate this Agreement.

5. CLOSING.

5.1 Time and Place. The closing of the transactions contemplated hereunder (the "Closing") shall take place on or before October 11, 2006, at a location selected by the Purchaser.

5.2 Deliveries by Seller and ERC. At the Closing, the Seller and ERC, as applicable, shall deliver to the Purchaser the following:

(a) An appropriate "Owner's Affidavit" or other acceptable evidence attesting to the absence of liens, rights of parties in possession, other than LC, WCI and existing commercial service tenants within Wind Crest (if any), the names and interests of which shall be disclosed to Purchaser in writing prior to Closing, and other encumbrances other than the Permitted Encumbrances, so as to enable Title Insurer to delete the "standard" exceptions for such matters from Purchaser's owner's policy of title insurance and otherwise insure any "gap" period occurring between the Closing and the recordation of the closing documents.

(b) A duly executed Quit Claim Deed of conveyance with respect to the Premises subject to no exceptions other than the Permitted Encumbrances, in substantially the form attached as Exhibit B, or as otherwise approved by Purchaser, Seller and the Title Insurer and revised as needed to conform to the requirements of state law for the state in which the Premises are located.

(c) An Assignment of Licenses, Permits, Plans, Contracts and Warranties with respect to the Premises in substantially the form attached as Exhibit C, or as otherwise approved by Purchaser and Seller, together with copies of the documents assigned thereby (as requested by Purchaser), reserving unto LC, however, (i) the right to use and enforce the same during the term of the Lease, (ii) all construction, development and operating licenses necessary for LC or WCI to continue the proper licensing, development, leasing and operation of the Project as contemplated hereunder and under the Master Lease, and (iii) any licenses, permits, plans, contracts and warranties necessary for LC to permit and construct the Project.

(d) Two (2) counterparts of the Ground Lease duly executed by LC.

(e) Three (3) signed counterparts of the closing statement.

(f) Two (2) counterparts of the NDRA duly executed by LC and WCI.

(g) Two (2) counterparts of the Lessor-Developer Agreement duly executed by ERC.

(h) Two (2) counterparts of the Limited Guaranty and Indemnity Agreement duly executed by ERC.

(i) Two (2) counterparts of the Membership Interest Pledge Agreement duly executed by ERC.

(j) Certified copies of the Articles of Organization of each of ERC and LC.

(k) Certificates, dated as of the Closing, in form and substance satisfactory to Purchaser and its counsel, executed by the members of LC and of ERC and certifying: (i) the incumbency of the members of LC and ERC who executed the Agreement; (ii) attaching copies of resolutions or consents adopted by the members of LC and ERC authorizing and approving the execution of this Agreement and the consummation of the

transactions contemplated hereby; and (iii) the authority of the members of LC and ERC who executed the Agreement.

(l) Title Commitment and Survey which comply with Sections 4.1 (a) and (b) above.

(m) Legal opinions of counsel to LC and ERC, to the Purchaser and its respective successors and assigns, including an opinion as to health care approvals and zoning approvals and permits for the Project, and the enforceability of the Ground Lease, satisfactory in form and substance to the Purchaser and its counsel.

(n) Estoppel from the Architect, in form reasonably satisfactory to Purchaser, that there is no default under the Architect Agreement, that the plans and specifications for the development of the Project are in accordance with the zoning approvals and permits and that Architect has no knowledge of any violations of such approvals by the Project.

(o) Estoppel from the Construction Contractor, in form reasonably satisfactory to Purchaser, that there is no default under the Construction Contract, that the Project is being constructed in accordance with the plans and specifications for the Project and that there are no claims or Liens outstanding related to the development of the Project.

(p) Estoppel and agreement from WCI, in form reasonably satisfactory to Purchaser, (i) that no default exists by LC under the Community Loan Documents, which has not been cured, and (ii) that there are not any litigation or claims pending, or on appeal, against WCI which affect WCI's financial stability or ability to perform its obligations under the Community Loan Documents, Working Capital Loan Documents or Master Lease.

(q) Estoppel from Developer that there are no defaults or violations under the Development Agreement.

(r) Certificate stating that the insurance maintained by WCI and LC complies with the requirements of the Project Documents and Construction Loan Documents.

(s) Copies of such of the Transaction Documents as shall be executed and delivered as of the Closing and approved forms of all other Transaction Documents.

(t) Certificate by the engineer of the Project certifying that all plans and specifications have been prepared in accordance with the Received Approvals and Required Approvals.

(u) Post Closing Agreement, if applicable.

(v) Such other documentation relating to the transactions contemplated hereby as may be reasonably requested by Purchaser or its counsel.

5.3 Further Assurances. In addition to the actions, documents and instruments specifically required to be taken or delivered hereby, prior to and after the date hereof, without

additional consideration, each of the parties hereto agrees to execute, acknowledge and deliver such other documents and instruments and take such other actions as the other party may reasonably request in order to complete and perfect the transactions contemplated in this Agreement.

6. MISCELLANEOUS

6.1 Survival. All representations, warranties and agreements contained in this Agreement shall survive the Closing.

6.2 Broker's Fees. Each of Purchaser and Seller hereby represents and warrants to the other that it has not entered into any agreement or taken any action that could cause the other to be liable for any broker's or finder's fees or commissions arising out of or relating to this Agreement. Each party hereby indemnifies and agrees to hold the other party harmless from any loss, liability, damage, claim, cost or expense (including, without limitation, reasonable attorneys' fees) resulting to the other party by reason of the breach of the representation and warranty made by such party under this Section 6.2.

6.3 Expenses. All expenses relating to this transaction shall be expenses of ERC and LC, such that ERC and LC shall pay (a) all of Seller's expenses relating hereto, including reasonable attorneys' fees, (b) all of the Purchaser's expenses relating hereto, including reasonable attorneys' fees, and (c) all expenses relating to the Survey, the Title Commitment and any title insurance obtained in connection with the transaction.

6.4 Notices. All notices and other communications hereunder or in connection herewith shall be in writing and delivered as set forth on Schedule 6.4. All such notices, requests, demands or communications shall be mailed postage prepaid, or delivered personally, to the addresses set forth above, and shall be sufficient and effective when delivered to or received at the address or number so specified. Any party may change the address at which it is to receive notice by like written notice to the other. Failure to deliver a copy of any notice to the persons (other than parties to this Agreement) identified above shall not affect the validity of notice properly delivered to any party to this Agreement.

6.5 Entire Agreement. This Agreement, including the Schedules and Exhibits hereto, constitutes the entire agreement among the parties and supersedes all prior agreements, correspondence, conversations and negotiations with respect to the subject matter hereof.

6.6 Severability. If any provision of this Agreement shall be declared by any court of competent jurisdiction illegal, void or unenforceable, the other provisions shall not be affected, but shall remain in full force and effect.

6.7 Modification and Amendment. This Agreement may not be modified or amended except by an instrument in writing duly executed by the parties hereto, and no waiver of compliance of any provision or condition hereof and no consent provided for herein shall be effective unless evidenced by an instrument in writing duly executed by the party hereto seeking to be charged with such waiver or consent.

6.8 Time of the Essence. Time is of the essence in every provision of this Agreement where time is a factor.

6.9 Governing Law and Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of Maryland.

6.10 Binding Effect/No Assignment. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors, legal representatives and assigns, as the case may be.

6.11 Enumerations and Headings. The enumerations and headings contained in this Agreement are for convenience of reference only and shall in no way be held or deemed to define, limit, describe, explain, modify, amplify or add to the interpretation, construction or meaning of any provision or the scope or intent of this Agreement, or in any way effect this Agreement.

6.12 Counterparts. This Agreement may be signed in two or more counterparts, all of which, taken together, shall be deemed to constitute one original Agreement.

6.13 Exhibits and Schedules. All of the Exhibits and Schedules are attached to this Agreement and are incorporated into this Agreement by this reference and made a part hereof for all purposes.

6.14 Limitation on Liability. In the event of a breach of any representation or warranty in Article 2, as between Purchaser and the parties providing the assurances, Purchaser shall not be entitled to receive more than the amount payable to Purchaser under an exercise by it of the Option to Purchase under Section 24.2 of the Ground Lease, and should such right under the Ground Lease be exercised in conjunction with a claim by Purchaser under Article 2, Purchaser shall not receive more than one such payment. However, such limitation shall not apply to any claims made on or against Purchaser by any other person, and Purchaser's right to be held harmless as to claims by others based on breaches of the representations and warranties in Article 2 shall not be limited by the terms of this section.

6.15 Use of Purchaser's Name. Any use of Purchaser's name (or an affiliate of Purchaser) or the name "Morgan Stanley" as investment advisor for Purchaser (or an affiliate of Morgan Stanley) in the marketing, promotion or publicizing of the Project, ERC or any other project undertaken by ERC or its affiliates, shall require the prior written consent of such party. Any press releases or other announcements with regard to this transaction or the involvement of Purchaser or affiliate of Purchaser or Morgan Stanley or affiliate of Morgan Stanley shall likewise require the prior written consent and approval of such party.

6.16 Legend. Notwithstanding anything contained herein to the contrary, the interests and rights of Purchaser pursuant to this Agreement are subject in all respects to terms, covenants and limitation as set forth in that certain Ground Lessor Tri-Party Agreement dated as of October 11, 2006 among Capmark Finance Inc., as Agent, Purchaser and Seller, the provisions of which Ground Lessor Tri-Party Agreement are incorporated herein by reference to the same extent as if fully set forth herein.

6.17 Exhibits and Schedules. The following Exhibits and Schedules are attached hereto and incorporated herein by reference:

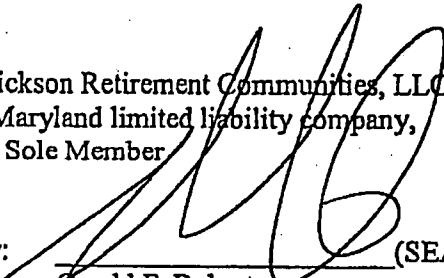
Exhibit A	Legal Description of Property
Exhibit B	Deed
Exhibit C	Assignment of Licenses, Permits, Plans, Contracts and Warranties
Schedule 1.3	Ground Lease
Schedule 2.4	Disclosed Claims
Schedule 2.12(a)	Permitted Encumbrances
Schedule 2.12(b)	Received Approvals
Schedule 2.12(c)	Required Approvals
Schedule 2.19(c)	Environmental Reports
Schedule 4.1(d)	Survey Requirements
Schedule 6.4	Notices Addresses

IN WITNESS WHEREOF, the undersigned have executed and delivered this Purchase Agreement as of the date first above written:

SELLER:

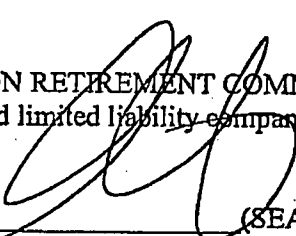
LITTLETON CAMPUS, LLC,
a Maryland limited liability company

By: Erickson Retirement Communities, LLC,
a Maryland limited liability company,
Its Sole Member

By:  (SEAL)
Gerald F. Doherty
Executive Vice President

ERC:

ERICKSON RETIREMENT COMMUNITIES, LLC,
a Maryland limited liability company

By:  (SEAL)
Gerald F. Doherty
Executive Vice President

PURCHASER:

MSRESS III DENVER CAMPUS, LLC, a Delaware
limited liability company

By: Morgan Stanley Real Estate Special Situations Fund
III, L.P., a Delaware limited partnership, Its Sole
Member

By: Morgan Stanley Real Estate Special
Situations III - GP, L.L.C., a Delaware
limited liability company, its General
Partner

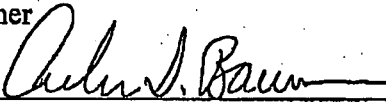
By: 
Andrew S. Bauman
Vice President

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

(SEE ATTACHED)

PARCEL ONE:

**LOTS 1 AND 2,
ERICKSON FILING NO. 1,
RECORDED JUNE 2, 2006 AT RECEPTION NO. 2006046418, AND TECHNICAL PLAT CORRECTION
CERTIFICATES RECORDED SEPTEMBER 13, 2006 AT RECEPTION NO. 2006079335 AND JUNE 13, 2006
AT RECEPTION NO. 2006049968,
COUNTY OF DOUGLAS,
STATE OF COLORADO.**

PARCEL THREE:

**RESERVATION OF ACCESS ACROSS THE LINES RELINQUISHED IN RULE AND ORDER IN CASE NO. 83
CV 274 IN THE DISTRICT COURT OF DOUGLAS COUNTY, COLORADO, RECORDED January 17, 1985 IN
BOOK 558 AT PAGE 587 WHERE PASSAGEWAYS UNDER THE ROADWAY HAVE BEEN PROVIDED, AS
MORE PARTICULARLY SET FORTH IN SAID RULE AND ORDER.**

EXHIBIT B

FORM OF DEED

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

SPACE ABOVE THIS LINE FOR RECORDER'S USE

QUIT CLAIM DEED

THIS QUITCLAIM DEED, made this _____ day of _____, 2006 between LITTLETON CAMPUS, LLC, a Maryland limited liability company, whose legal address is c/o Erickson Retirement Communities, LLC, 701 Maiden Choice Lane, Baltimore, Maryland 21228, Grantor, and MSRESS III DENVER CAMPUS, LLC, a Delaware limited liability company, whose legal address is c/o Morgan Stanley/US RE Investing Division, 1585 Broadway, Floor 37, New York, New York 10036, Grantee:

WITNESS, that the Grantor, for and in consideration of the sum of Ten Dollars (\$10.00), the receipt and sufficiency of which is hereby acknowledged, has remised, released, sold and QUITCLAIMED, and by these presents does remise, release, sell and Quitclaim, unto the Grantee, its heirs, successors and assigns forever, all the right, title, interest, claim and demand which the Grantor has in and to the real property situate, lying and being in the County of Douglas and State of Colorado described as follows:

See *Exhibit A* attached hereto

BEING A PORTION OF THAT SAME property conveyed to Grantor by Special Warranty Deed, recorded on September 14, 2004 in the public records of Douglas County, Colorado as document #2004095890.

THIS CONVEYANCE, however, is made and accepted subject to any and all validly existing encumbrances, conditions and restrictions, relating to the hereinabove described property as now reflected by the public records of Douglas County, Colorado.

TO HAVE AND TO HOLD the same, together with all and the singular the appurtenances and privileges thereunto belonging or in anywise thereunto appertaining, and all the estate, right, title, interest and claim whatsoever, of the Grantor, either in law or in equity, to the only proper use and benefit of the Grantee, its heirs and assigns forever. The singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

[Signatures on following page.]

IN WITNESS WHEREOF, the Grantor has executed this Deed on the date set forth above.

LITTLETON CAMPUS, LLC, a Maryland limited liability company

By: Erickson Retirement Communities,
LLC, a Maryland limited liability
company, its Sole Member

By: _____
Gerald F. Doherty
Executive Vice President

STATE OF MARYLAND)
)
CITY/COUNTY OF BALTIMORE)

The foregoing instrument was acknowledged before me this _____ day of _____, 2006, by Gerald F. Doherty as Executive Vice President of Erickson Retirement Communities, LLC, a Maryland limited liability company, the Sole Member of Littleton Campus LLC, a Maryland limited liability company.

Witness my hand and official seal.

My commission expires: _____.

Notary Public

Printed Name
Notary Commission No.: _____
My Commission Expires: _____

EXHIBIT A

LEGAL DESCRIPTION

(SEE ATTACHED)

EXHIBIT C

**FORM OF
ASSIGNMENT OF LICENSES, PERMITS PLANS, CONTRACTS
AND WARRANTIES**

THIS ASSIGNMENT OF LICENSES, PERMITS, PLANS, CONTRACTS AND WARRANTIES (this "Assignment") is made and entered into as of the ____ day of _____ 2006, by LITTLETON CAMPUS, LLC, a Maryland limited liability company, having a mailing address at 701 Maiden Choice Lane, Baltimore, Maryland 21228 ("Assignor"), in favor of MSRESS III DENVER CAMPUS, LLC, a Delaware limited liability company, having a mailing address at c/o Morgan Stanley/US RE Investing Division, 1585 Broadway, Floor 37, New York, New York 10036 ("Assignee");

WITNESSETH:

WHEREAS, Assignor has this day conveyed to Assignee certain real property located in Highlands Ranch, Douglas County, Colorado and more particularly described on Exhibit A attached hereto and made a part hereof (the "Land"); and

WHEREAS, in conjunction with the conveyance of the Land, Assignor has agreed to assign all of its right, title and interest in and to certain licenses, permits, plans, contracts and warranties relating to the design, development, construction, ownership, operation, management and use of the Land and the improvements located thereon (together, the "Real Property").

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties agree as follows:

1. Assignment. Assignor does, to the extent permitted by law, hereby transfer, assign and set over to Assignee to the extent assignable all of Assignor's right, title and interest in and to (i) all general intangibles relating to the design, development, construction, ownership, operation, management and use of the Real Property, (ii) all certificates of occupancy, zoning variances, licenses, building, use or other permits, approvals, authorizations and consents obtained from and all materials prepared for filing or filed with any governmental agency in connection with the design, development, construction, ownership, operation, management and use of the Real Property, (iii) all architectural drawings, plans, specifications, soil tests, feasibility studies, appraisals, engineering reports and similar materials relating to the Real Property, and (iv) all contract rights (including without limitation rights to indemnification), payment and performance bonds or warranties or guaranties relating to the Real Property, RESERVING UNTO ASSIGNOR, however, any right, title or interest in and to any of the foregoing which may be necessary or advisable in connection with Assignor's continued operation of its business at the Real Property as tenant under a Ground Lease (the "Ground Lease") between Assignee, as landlord, and Assignor, as tenant, dated on or about the date hereof (the items described in this Section 1 being hereinafter referred to as the "Licenses, Permits, Plans, Contracts and Warranties"); RESERVING, however, unto Assignor the right

to enforce the same during the term of the Ground Lease between Assignor, as tenant, and Assignee, as landlord, with respect to the Real Property.

2. Representations and Warranties of Assignor. Assignor represents and warrants to Assignee that (i) the Licenses, Permits, Plans, Contracts and Warranties are in full force and effect, (ii) Assignor has duly and punctually performed or caused to be performed all and singular the terms, covenants and conditions of the Licenses, Permits, Plans, Contracts and Warranties to be performed by or on behalf of Assignor, (iii) Assignor has not received any notice of default, nor is Assignor aware of any default (or facts which, with the passage of time would result in a default) under any of the Licenses, Permits, Plans, Contracts and Warranties, (iv) Assignor has not received any notice of non-renewal or revocation of any of the Licenses, Permits, Plans, Contracts and Warranties, and (v) except as contemplated by encumbrances and agreements permitted under the Ground Lease, Assignor has not sold, assigned, transferred, mortgaged or pledged its right, title and interest in any of the Licenses, Permits, Plans, Contracts and Warranties.

3. Further Assurances. Assignor covenants with Assignee that it will execute or procure any additional documents necessary to establish the rights of Assignee hereunder and shall, at the cost of Assignee, take such action as Assignee shall reasonably request to enforce any rights under any of the Licenses, Permits, Plans, Contracts and Warranties that are, by their terms, not assignable to Assignee.

4. Binding Effect. This Assignment shall be binding upon and inure to the benefit of Assignor, Assignee and their respective successors and assigns.

5. Legend. Notwithstanding anything contained herein to the contrary, the interests and rights of Assignee pursuant to this Assignment are subject in all respects to terms, covenants and limitation as set forth in that certain Ground Lessor Tri-Party Agreement dated as of October _____, 2006 among Capmark Finance Inc., as Agent, Assignee and Assignor, the provisions of which Ground Lessor Tri-Party Agreement are incorporated herein by reference to the same extent as if fully set forth herein.

IN WITNESS WHEREOF, Assignor has executed this Assignment as of the date set forth above.

Signed, sealed and delivered in the
presence of the following witness:

LITTLETON CAMPUS, LLC, a Maryland
limited liability company

By: **Erickson Retirement Communities, LLC**,
a Maryland limited liability company.
Its: Sole Member

Signature of Witness

Printed Name of Witness

By: _____
Gerald F. Doherty
Executive Vice President

Exhibit A

**to form of ASSIGNMENT OF LICENSES,
PERMITS, PLANS, CONTRACTS AND WARRANTIES**

Legal Description

SCHEDULE 1.3

FORM OF GROUND LEASE

(SEE TAB 3)

SCHEDULE 2.4

DISCLOSED CLAIMS

Robert Lee Butt, et. al., v. Erickson Retirement Communities, LLC, et. al., Case No.: 03-C-05-009447 OT, is currently pending in the Circuit Court of Baltimore County, Maryland. An Answer has been filed on behalf of all ERC defendants.

The case arises out of alleged carbon monoxide poisoning of the Plaintiff while he was performing services for an outside consultant at Oak Crest Village. The Plaintiff alleges permanent brain damage and loss of concentration and memory. Damages have been requested in the amount of \$20,000,000.

The claim is covered by insurance carried by Erickson (subject to a \$50,000 deductible). Plaintiff's attorney is not pushing case forward and is allowing Defendants time to investigate construction or manufacture concerns. Additional parties such as architect, HVAC contractor may be brought into case. The mediation is scheduled to be held by 3/31/07.

SCHEDULE 2.12(a)

PERMITTED ENCUMBRANCES

(SEE ATTACHED)

1. Any lien, or right to a lien, for services, labor, or material heretofore or hereafter furnished, imposed by law and not shown by the public records.
2. Taxes and assessments for the year 2006 and subsequent years, a lien, not yet due or payable.
3. Reservation of all mineral lands should any such be found in the tracts aforesaid, but this exclusion and exception according to the terms of the statute, shall not be construed to include "Coal and Iron land"; contained in Patent recorded September 20, 1883, in Book M at Page 316.
4. Right of way for Estacks, Babcock's and Marcy's Ditch now known as Keystone Ditch as evidenced by Instrument recorded April 8, 1888 in Book Q at page 267.
5. Right of Way for Legere Ditch as evidenced in Instrument recorded June 1, 1886 in Book Q at Page 312.
6. A right of way for Linhart Ditch and Linhart Reservoir as evidenced by Instrument recorded May 2, 1888 in Book S at Page 440.
7. Terms, conditions, provisions, agreements and obligations specified under the Deed and Agreement, which was recorded August 17, 1884 in Book S at Page 185.
8. The right of the proprietor of a vein or lode to extract or remove his ore, should the same be found to penetrate or intersect the premises thereby granted and rights-of-way for ditches and canals as reserved in United States Patent recorded December 18, 1896, in Book X at Page 458, and any and all assignments thereof or interests therein.
9. An easement for Wolhurst Ditch No. 1 and Wolhurst Ditch No. 2 as evidenced in Instrument recorded in Book 1 at Page 508.
10. Easements, together with the terms, conditions, provisions, agreements and obligations specified under the Right of Way Agreement, which was recorded March 23, 1972 in Book 229 at Page 256.
11. An easement for utility lines and incidental purposes granted to Public Service Company of Colorado by the Instrument recorded July 18, 1977 in Book 311 at Page 467.
12. Easements, together with the terms, conditions, provisions, agreements and obligations specified under the Grant of Water and Sewer Line Easement, which was recorded March 26, 1981 in Book 408 at Page 985.
13. Easements, together with the terms, conditions, provisions, agreements and obligations specified under the Grant of Water and Sewer Line Easement, which was recorded March 26, 1981 in Book 408 at Page 998.
14. Easements, together with the terms, conditions, provisions, agreements and obligations specified under the Grant Water and Sewer Line Easement, which was recorded March 26, 1982 in Book 408 at Page 1004.
15. An easement for one or more water pipelines and incidental purposes granted to City and County of

Denver, acting by and through its Board of Water Commissioners by the instrument recorded March 2, 1983 in Book 467 at Page 395.

16. No right of rights of access to and from the highway described in Rule and Order recorded January 17, 1985 in Book 558 at Page 587.
17. Terms, conditions, provisions, agreements and obligations specified under the Wastewater Service Agreement, which was recorded July 29, 1986 in Book 655 at Page 384.
18. The effect of the inclusion of the subject property in the Highlands Ranch Metropolitan District No. 3, as disclosed by the instrument recorded December 17, 1990 in Book 943 at Pages 997, 999 and 1001.
19. The effect of the inclusion of the subject property in the Littleton Fire District, as disclosed by the instrument recorded November 6, 1999 in Book 1774 at Page 1495.
20. Terms, conditions, provisions, agreements and obligations specified under the Erickson Planned Development, which was recorded August 1, 2005 at Reception No. 2005Q70640.
21. Terms, agreements, provisions conditions and obligations of a Memorandum of lease, executed by Littleton Campus, LLC, a Maryland limited liability company, as lessor(s), and Wind Crest, Inc., a Maryland nonstock corporation, as lessee(s), recorded March 30, 2006 at Reception No. 2006026271, and any and all parties claiming by, through or under said lessee(s).
22. Deed of trust from Littleton Campus, LLC, a Maryland limited liability company, to the public trustee of Douglas county, for the benefit of GMAC Commercial Mortgage Corporation, a California corporation, securing an original principal indebtedness of \$83,000,000.00, and any other amounts and/or obligations, dated March 28, 2006 and recorded March 30, 2006 at Reception No. 2006026263.
Assignment of the above Deed of Trust to Capmark Finance Inc., a California corporation (formerly known as GMAC Commercial Mortgage Corporation, a California corporation), recorded June 28, 2006 at Reception No. 2006054888.
Assignment of Rents and Leases recorded March 30, 2006 at Reception No. 2006026264.
23. Financing statement from Littleton Campus, LLC, debtor, to GMAC Commercial Mortgage Corporation, secured party, recorded March 30, 2006 at Reception No. 2006026265.
Amendment of the above Financing Statement changing the secured party to Capmark Finance, Inc., f/k/a GMAC Commercial Mortgage Corporation recorded June 6, 2006 at Reception No. 2006047765.
24. Financing statement from Erickson Retirement Communities, LLC, debtor, to GMAC Commercial Mortgage Corporation, secured party, recorded March 30, 2006 at Reception No. 2006026266.
Amendment of the above Financing Statement changing the secured party to Capmark Finance, Inc., f/k/a GMAC Commercial Mortgage Corporation recorded June 6, 2006 at Reception No. 2006047766.
25. Financing statement from Wind Crest, Inc., debtor, to Littleton Campus, LLC, secured party, recorded March 30, 2006 at Reception No. 2006026267.
Amendment of the above Financing Statement changing the secured party to GMAC Commercial Mortgage Corporation recorded March 30, 2006 at Reception No. 2006026268 and Amendment to change

the secured party to Capmark Finance, Inc. t/k/a GMAC Commercial Mortgage Corporation recorded June 6, 2006 at Reception No. 2006047787.

26. Deed of trust from Littleton Campus, LLC, a Maryland limited liability company, to the public trustee of Douglas county, for the benefit of Wind Crest, Inc., a Maryland nonstock corporation, securing an original principal indebtedness of \$556,770.00, and any other amounts and/or obligations, dated March 28, 2006 and recorded March 30, 2006 at Reception No. 2006026269.

Assignment of the above Deed of Trust to GMAC Commercial Mortgage Corporation, a California corporation recorded March 30, 2006 at Reception No. 2006026270.

27. All items set forth on the plat of Erickson Filing No. 1.
28. Terms, conditions, provisions, agreements and obligations specified under the Resolutions, which was recorded June 22, 2005 at Reception No. 2005056375 and July 26, 2005 at Reception No. 2005068795.
29. Terms, conditions, provisions, agreements and obligations specified under the Non-Exclusive Easement Agreements by and between Board of Water Commissioners and Highlands Ranch Metropolitan District, which was recorded May 3, 2006 at Reception No. 2006036960 and May 16, 2006 at Reception No. 2006041015.
30. Terms, conditions, provisions, agreements and obligations specified under the License Agreements, which was recorded March 27, 2006 at Reception No. 2006024526 and 2006024527.

Note: The above license agreements do not contain written legal descriptions for the property affected

31. Terms, conditions, provisions, agreements and obligations specified under the Ground Lessor Tri-Party Agreement among Capmark Finance Inc., a California corporation, as Collateral and Administrative Agent, MSRESS III Denver Campus, LLC, a Delaware limited liability company, as Ground lessor and Littleton Campus LLC, a Maryland limited liability company, as Borrower and Ground Lessee, which was recorded _____, 2006 at Reception No. _____.

SCHEDULE 2.12(b)

RECEIVED APPROVALS

1. Planned Development Agreement with Douglas County - Resolution R-005-76
2. Planned Development Agreement with Douglas County - Resolution R-005-98 - Attainable Housing Agreement
3. City of Littleton - Subdivision Improvement Agreement (two Littleton Parcels)
4. Erickson Subdivision Plat for two Parcels located in Littleton
5. State Highway Access Permit-Colorado Department of Transportation - Emergency Access
6. Special Use Permit - Colorado Department of Transportation - Erickson Blvd. Grading, Curb & Gutter, Paving
7. Utility Permit - Colorado Department of Transportation - Storm Water Install
8. Utility Permit - Colorado Department of Transportation - Erickson Blvd. Conduit Install & County Line Road
9. State of Colorado Storm Water Discharge Permit Erickson Blvd. & County Line Road
10. State of Colorado Storm Water Discharge Permit Permanent Bridge
11. State of Colorado Storm Water Discharge Permit Phase 1A
12. State of Colorado Storm Water Discharge Permit Marketing Center
13. Douglas County - Grading Erosion and Sediment Control Permit - Market Center Water Main
14. Douglas County - Grading Erosion and Sediment Control Permit - Market Center
15. Douglas County - Grading Erosion and Sediment Control Permit - Temporary Bridge
16. Douglas County - Grading Erosion and Sediment Control Permit - Permanent Bridge
17. Denver Water Pre-Easement Construction Permit - Permanent Bridge

18. Denver Water Pre-Easement Construction Permit - Two Twelve Inch Water Line Crossings
19. Douglas County Building Permit - Marketing Center
20. Littleton Fire Rescue Permit - Marketing Center
21. Certificate of Occupancy - Marketing Center
22. Douglas County - Grading, Erosion and Sediment Control Permit - Windcrest PH 1A
23. Douglas County Building Permit - Community Building 1.0
24. Douglas County Building Permit - Residential Building 1.1
25. Douglas County Building Permit - Residential Building Permit 1.2
26. Douglas County Building Permit Gate House
27. Littleton Fire Rescue Permit - Community Building 1.0
28. Littleton Fire Rescue Permit - Residential Building 1.1
29. Littleton Fire Rescue Permit - Residential Building 1.2
30. Littleton Fire Rescue Permit - Gate House
31. Denver Water License Agreement for 8" Water Irrigation Line Crossing

SCHEDULE 2.12(c)

REQUIRED APPROVALS

NONE

SCHEDULE 2.19(c)

ENVIRONMENTAL REPORTS

1. Phase I Environmental Site Assessment of Wind Crest, 3330 West County Line Road, Highlands Ranch, Colorado, dated February 24, 2006 prepared for Capmark Finance, Inc. f/k/a GMAC Commercial Mortgage Corporation by Terracon Consultants, Inc., 10625 West I-70 Frontage Road North, Suite 3, Wheat Ridge, Colorado, 80033

SCHEDULE 4.1(d)

SURVEY REQUIREMENTS

FORM OF SURVEYOR'S CERTIFICATE

Littleton Campus, LLC,
MSRESS III Denver Campus, LLC
their successors and/or assigns
as their interests may appear

Chicago Title Insurance Company

Description of property: _____

_____ (the "Property")

A. The undersigned has received a copy of Title Commitment No. _____
("Title Commitment"), issued for the Property by _____
("Title Company"), dated as of _____.

B. The undersigned has made a physical inspection of the Property by its representatives.

C. The undersigned has prepared a survey of the Property dated _____
and entitled " _____ " bearing Job No. _____
_____ (the "Survey").

D. The undersigned acknowledges that the above named parties, the Title Company, and their agents, successors and assigns may rely upon the representations contained in this certificate in purchasing, insuring and/or financing the Property.

The undersigned hereby certifies as follows:

1. The Survey is prepared in accordance with the Survey Requirements attached to this Certificate and correctly shows (a) the boundary lines of the Property and (b) the location of all easements and rights-of-way disclosed by the Title Report and the physical inspection of the Property made by the undersigned.

2. The Survey correctly shows the size, location, type and relation of buildings and other structures ("Improvements") to the property lines of the Property.

3. Except as shown on the Survey, there are no visible easements or rights-of-way across the Property or any other easements or rights-of-way across the Property of which the undersigned is advised.

4. The Improvements do not encroach in any manner into adjacent property or into easement areas of others.

5. Except as shown on the Survey, there are no visible encroachments, encroachments pursuant to recorded documents, nor encroachments of which the undersigned has knowledge by buildings and structures located on adjacent property onto the Property, or into the areas of any easements existing for the benefit of and appurtenant to the Property.

6. Except as shown on the Survey, none of the Improvements encroaches upon any building restriction line or set-back area established by any zoning ordinance or agreement disclosed by the Title Report.

7. The Property does not lie within flood hazard areas, in accordance with the document entitled "Department of Housing and Urban Development, Federal Insurance Administration - Special Flood Hazard Area Maps".

8. The Improvements shown on the Survey constitute all of the Improvements on the Property and are within the boundary lines of the Property.

9. All utility services required for the operation of the Property are available at the Property and enter either through public streets adjoining the Property or through private land or private streets pursuant to valid easements or rights of way. The Survey shows the location of all utilities and the point of entry of any utilities, including those which pass through or are located on adjoining private land.

10. The Improvements on the Property have direct vehicular and pedestrian access to the following dedicated public ways: _____.

11. The Survey shows on-site stormwater facilities and any off-site easements or facilities for storm and drainage systems.

12. The Survey shows any visible discharge into streams, rivers or other conveyance systems.

13. The Survey and the information courses and distances shown thereon, including, without limitation, all set-backs and yard lines, are correct.

14. The undersigned reviewed the Title Commitment, and the Survey reflects all of the exceptions contained in Schedule B of such Commitment or, if any such exceptions cannot be located, the same are indicated in the notes appearing on such Survey as being unlocatable.

15. The property surveyed is a separate and distinct parcel and is not part of a larger tract of land and represents a separate parcel for real estate tax purposes.

16. There does not appear to be any use of the property other than by its tenant occupants.

17. The property has a total of _____ on-site parking spaces, of which _____ are reserved for the handicapped.

IN WITNESS WHEREOF, the undersigned has executed this Surveyor's Certificate this _____ day of _____, 2006.

SURVEYOR:

By: _____

Name: _____

Title: _____

[SURVEYOR'S SEAL]

SURVEY REQUIREMENTS

All surveys to be submitted must include the following:

1. The certification of a licensed surveyor, who should affix his or her seal, date the survey with the date of its delivery, and manually sign the survey.
2. The naming of Littleton Campus, LLC, MSRESS III Denver Campus, LLC and Chicago Title Insurance Company as the recipients of the survey.
3. The location and dimensions of any buildings and distances to lot lines and building setback lines, curb cuts, fences, driveways, number, location of on-site parking spaces, covered and open (including number and type of vehicles that may be parked, e.g. standard or compact, as well as number of handicapped spaces), together with a total count of all parking spaces.
4. The location and dimensions of building foundations and all structures or improvements on the Property, including sidewalks, stoops, fences, parking areas, walls and street lighting, the square footage and number of stories of all structures. Specify which improvements are under construction, if any.
5. Full legal description and street address of the parcel, and a certification that the legal description is a true, correct and complete description of the parcel and all rights appurtenant thereto. The point of beginning of the property description and the relation thereof to the monument from which it is fixed should be shown.
6. The identification of all perimeter property lines and, where applicable, a description of all curbs.
7. The identification of the number of square feet and acres contained in the parcel. Any area coverage ratios or other acreage requirements applicable by virtue of zoning, subdivision or other regulations.
8. The identification of all public streets adjacent to the property, and any right-of-way lines, including their distance from the nearest intersecting public streets, and access routes from the property to public streets.
9. The location and dimensions, by metes and bounds or other legal description, of all easements which either benefit or burden the property and the identity of each such easement, including book and page number or document number of the instrument creating the easement.
10. The identification of all utility lines for sewer, water, gas and electric and telephone service, storm drains, sanitary sewers, light poles and cable television which serve the property and improvements thereon to the point of connection with the public system.

11. The location and dimensions of any visible encroachments, any encroachments pursuant to recorded documents or any encroachments of which the surveyor has knowledge, or a positive statement that there are no encroachments.

12. The location of all water courses and wetlands, by estimate (unless full wetlands delineation is requested and agreed upon separately).

13. The illustration of all roof and surface drainage lines, if any, including their outfalls.

14. The name and width of adjoining streets or alleys, with a statement as to whether such streets and alleys are public or private.

15. The street number of the property and improvements.

16. For retail projects, the perimeter (as estimated) of each tenant space at the Property, labeled with the name of the tenant occupying the space.

17. Any requirements set forth in ALTA/ACSM Land Title Surveys, Table A, Items, 2, 3, 6, 7(a), 7(b), 7(c), 8, 10, 11(b), 13, 14, and 16, which are not set forth above.

18. Six (6) copies of the survey are required.

SCHEDULE 6.4

NOTICES ADDRESSES

ERICKSON RETIREMENT COMMUNITIES, LLC

701 Maiden Choice Lane
Baltimore, Maryland 21228
Attention: General Counsel

LITTLETON CAMPUS, LLC

c/o Erickson Retirement Communities, LLC
701 Maiden Choice Lane
Baltimore, Maryland 21228
Attention: General Counsel

MSRESS III DENVER CAMPUS, LLC

Mr. Andrew Bauman
Morgan Stanley/US RE Investing Division
1585 Broadway, Floor 37
New York, New York 10036

With copies to:

Mr. Scott A. Brown
Executive Director and
Portfolio Manager - Concord
Morgan Stanley
3424 Peachtree Road, Northeast
Suite 800
Atlanta, Georgia 30326

and:

Mark Pollak, Esquire
Wilmer Cutler Pickering Hale and Dorr LLP
100 Light Street, Suite 1300
Baltimore, Maryland 21202

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Wilmer Cutler Pickering Hale and Dorr LLP
100 Light Street, Suite 1300
Baltimore, Maryland 21202
Attn: Jill R. Seidman, Esquire

SPACE ABOVE THIS LINE FOR RECORDER'S USE

QUIT CLAIM DEED

THIS QUITCLAIM DEED, made this 11th day of October, 2006 between LITTLETON CAMPUS, LLC, a Maryland limited liability company, whose legal address is c/o Erickson Retirement Communities, LLC, 701 Maiden Choice Lane, Baltimore, Maryland 21228, Grantor, and MSRESS III DENVER CAMPUS, LLC, a Delaware limited liability company, whose legal address is c/o Morgan Stanley/US RE Investing Division, 1585 Broadway, Floor 37, New York, New York 10036, Grantee:

WITNESS, that the Grantor, for and in consideration of the sum of Ten Dollars (\$10.00), the receipt and sufficiency of which is hereby acknowledged, has remised, released, sold and QUITCLAIMED, and by these presents does remise, release, sell and Quitclaim, unto the Grantee, its heirs, successors and assigns forever, all the right, title, interest, claim and demand which the Grantor has in and to the real property situate, lying and being in the County of Douglas and State of Colorado described as follows:

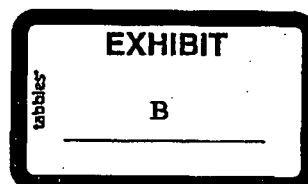
See Exhibit A attached hereto

BEING A PORTION OF THAT SAME property conveyed to Grantor by Special Warranty Deed, recorded on September 14, 2004 in the public records of Douglas County, Colorado as document #2004095890.

THIS CONVEYANCE, however, is made and accepted subject to any and all validly existing encumbrances, conditions and restrictions, relating to the hereinabove described property as now reflected by the public records of Douglas County, Colorado.



US1DOCS 5861616v2



RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Wilmer Cutler Pickering Hale and Dorr LLP
100 Light Street, Suite 1300
Baltimore, Maryland 21202
Attn: Jill R. Seidman, Esquire

SPACE ABOVE THIS LINE FOR RECORDER'S USE

QUIT CLAIM DEED

THIS QUITCLAIM DEED, made this 11th day of October, 2006 between LITTLETON CAMPUS, LLC, a Maryland limited liability company, whose legal address is c/o Erickson Retirement Communities, LLC, 701 Maiden Choice Lane, Baltimore, Maryland 21228, Grantor, and MSRESS III DENVER CAMPUS, LLC, a Delaware limited liability company, whose legal address is c/o Morgan Stanley/US RE Investing Division, 1585 Broadway, Floor 37, New York, New York 10036, Grantee:

WITNESS, that the Grantor, for and in consideration of the sum of Ten Dollars (\$10.00), the receipt and sufficiency of which is hereby acknowledged, has remised, released, sold and QUITCLAIMED, and by these presents does remise, release, sell and Quitclaim, unto the Grantee, its heirs, successors and assigns forever, all the right, title, interest, claim and demand which the Grantor has in and to the real property situate, lying and being in the County of Douglas and State of Colorado described as follows:

See *Exhibit A* attached hereto

BEING A PORTION OF THAT SAME property conveyed to Grantor by Special Warranty Deed, recorded on September 14, 2004 in the public records of Douglas County, Colorado as document #2004095890.

THIS CONVEYANCE, however, is made and accepted subject to any and all validly existing encumbrances, conditions and restrictions, relating to the hereinabove described property as now reflected by the public records of Douglas County, Colorado.

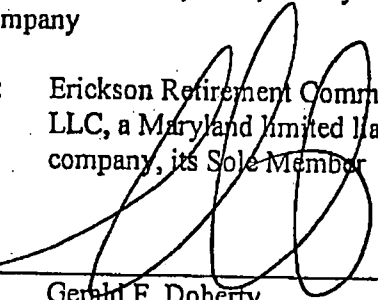
TO HAVE AND TO HOLD the same, together with all and the singular the appurtenances and privileges thereunto belonging or in anywise thereunto appertaining, and all the estate, right, title, interest and claim whatsoever, of the Grantor, either in law or in equity, to the only proper use and benefit of the Grantee, its heirs and assigns forever. The singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

[Signatures on following page.]

IN WITNESS WHEREOF, the Grantor has executed this Deed on the date set forth above.

LITTLETON CAMPUS, LLC, a Maryland limited liability company

By: Erickson Retirement Communities, LLC, a Maryland limited liability company, its Sole Member

By: 
Gerald F. Doherty
Executive Vice President

STATE OF MARYLAND

CITY/COUNTY OF Anne Arundel)
~~BALTIMORE~~)

The foregoing instrument was acknowledged before me this 11th day of October, 2006, by Gerald F. Doherty as Executive Vice President of Erickson Retirement Communities, LLC, a Maryland limited liability company, the Sole Member of Littleton Campus LLC, a Maryland limited liability company.

Witness my hand and official seal.

My commission expires: 2/23/09

Dawn E. Hughes
Notary Public

Printed Name

Notary Commission No.:

My Commission Expires:

My Commission Expires February 23, 2009
NOTARY PUBLIC STATE OF MARYLAND
DAWN E. HUGHES
DAWN E. HUGHES
NOTARY PUBLIC STATE OF MARYLAND
My Commission Expires February 23, 2009

EXHIBIT A

LEGAL DESCRIPTION

(SEE ATTACHED)

PARCEL ONE:

LOTS 1 AND 2,
ERICKSON FILING NO. 1,
RECORDED JUNE 2, 2006 AT RECEPTION NO. 2006046418, AND TECHNICAL PLAT CORRECTION
CERTIFICATES RECORDED SEPTEMBER 13, 2006 AT RECEPTION NO. 2006079335 AND JUNE 13, 2006
AT RECEPTION NO. 2006049968,
COUNTY OF DOUGLAS,
STATE OF COLORADO.

PARCEL THREE:

RESERVATION OF ACCESS ACROSS THE LINES RELINQUISHED IN RULE AND ORDER IN CASE NO. 83
CV 274 IN THE DISTRICT COURT OF DOUGLAS COUNTY, COLORADO, RECORDED January 17, 1985 IN
BOOK 558 AT PAGE 587 WHERE PASSAGEWAYS UNDER THE ROADWAY HAVE BEEN PROVIDED, AS
MORE PARTICULARLY SET FORTH IN SAID RULE AND ORDER.

REAL PROPERTY TRANSFER DECLARATION - (TD-1000)

GENERAL INFORMATION

PURPOSE: The Real Property Transfer Declaration provides essential information to the county assessor to help ensure fair and uniform assessments for all property for property tax purposes. Refer to 39-14-102(4), Colorado Revised Statutes (C.R.S.).

REQUIREMENTS: All conveyance documents (deeds) subject to the documentary fee submitted to the county clerk and recorder for recordation must be accompanied by a Real Property Transfer Declaration. This declaration must be completed and signed by the grantor (seller) or grantee (buyer). Refer to 39-14-102(1)(a), C.R.S.

PENALTY FOR NONCOMPLIANCE: Whenever a Real Property Transfer Declaration does not accompany the deed, the clerk and recorder notifies the county assessor who will send a notice to the buyer requesting that the declaration be returned within thirty days after the notice is mailed.

If the completed Real Property Transfer Declaration is not returned to the county assessor within the 30 days of notice, the assessor may impose a penalty of \$25.00 or .025% (.00025) of the sale price, whichever is greater. This penalty may be imposed for any subsequent year that the buyer fails to submit the declaration until the property is sold. Refer to 39-14-102(1)(b), C.R.S.

CONFIDENTIALITY: The assessor is required to make the Real Property Transfer Declaration available for inspection to the buyer. However, it is only available to the seller if the seller filed the declaration. Information derived from the Real Property Transfer Declaration is available to any taxpayer or any agent of such taxpayer subject to confidentiality requirements as provided by law. Refer to 39-5-121.5, C.R.S. and 39-13-102(5)(c), C.R.S.

1. Address and/or legal description of the real property sold: Please do not use P.O. box numbers.
3480 West County Line Rd., Highlands Ranch, CO
2. Type of property purchased: ☐ Single Family Residential ☐ Townhome ☐ Condominium ☐ Multi-Unit Res
☐ Commercial ☐ Industrial ☐ Agricultural ☐ Mixed Use ☐ Vacant Land
☒ Other: *Life care institution*
3. Date of closing:
10 - 11 - 06
Month Day Year
Date of contract if different than the date of closing:
10 - 11 - 06
Month Day Year
4. Total sale price: Including all real and personal property.
\$ 25,000,000
5. Was any personal property included in the transaction? Personal property would include, but is not limited to, carpeting, window coverings, free standing appliances, equipment, inventory, furniture. If the personal property is not listed, the entire purchase price will be assumed to be for the real property as per 39-13-102, C.R.S.
☐ Yes ☒ No If yes, approximate value \$ Describe: _____
6. Did the total sale price include a trade or exchange of additional or real property? If yes, give the approximate value of the goods or services as of the date of the closing.
☐ Yes ☐ No If yes, value \$
If yes, does this transaction involve a trade under IRS Code Section 1031? Yes No
7. Was 100% interest in the real property purchased? Mark "no" if only a partial interest is being purchased.
☒ Yes ☐ No If no, interest purchased %
8. Is this a transaction among related parties? Indicate whether the buyer or seller are related. Related parties include persons within the same family, business affiliates, or affiliated corporations.
☐ Yes ☒ No
9. Check any of the following that apply to the condition of the improvements at the time of purchase.
☒ New ☐ Excellent ☐ Good ☐ Average ☐ Fair ☐ Poor ☐ Salvage.

GROUND LEASE AGREEMENT

THIS GROUND LEASE AGREEMENT (the "Lease") made and entered into as of October 11th, 2006 by and between MSRESS III DENVER CAMPUS, LLC, a Delaware limited liability company ("Landlord"), and LITTLETON CAMPUS, LLC, a Maryland limited liability company ("Tenant");

WITNESSETH:

WHEREAS, Landlord is the owner of that certain tract, piece and parcel of land located in Highlands Ranch, Douglas County, Colorado, more particularly described on Exhibit A attached hereto, and by this reference made a part hereof, excluding however all buildings and other improvements now or hereafter located upon such real property (such land, excluding such buildings and other improvements, is hereinafter referred to as the "Leased Property");

WHEREAS, as part of the financing of the development of the Leased Property, Tenant desires to lease from Landlord and Landlord has agreed to lease to Tenant the Leased Property upon the terms and conditions as more particularly hereinafter provided and described; and

WHEREAS, certain terms that are capitalized below are defined within this Lease as indicated on Schedule A attached hereto.

NOW, THEREFORE, for and in consideration of the premises hereof, the sums of money to be paid hereunder, and the mutual and reciprocal obligations undertaken herein; the parties hereto do hereby covenant, stipulate and agree as follows:

ARTICLE I. AGREEMENT TO LEASE

1.1 Demise. Landlord, for and in consideration of the rents herein reserved and required to be paid by Tenant and of the covenants, promises and agreements herein contained, does hereby demise, let and lease unto Tenant, and Tenant, for and in consideration of the foregoing demise by Landlord and of the covenants, promises and agreements herein contained does hereby hire, lease and take as Tenant from Landlord the entire Leased Property, upon those terms and conditions hereinafter set forth. The Leased Property demised by Landlord to Tenant hereunder does not include the existing and to-be-constructed continuing care retirement community and related improvements, or the buildings, parking areas and driveways, utilities, storm drainage and retention and landscaped areas or any other improvements of any type (collectively the "Improvements"), which are and shall continue to be the property of Tenant during the Term of this Lease. Landlord also assigns to Tenant during the Term of this Lease all of Landlord's right, title and interest in that certain Wind Crest, Inc. Master Lease and Use Agreement dated March 29, 2006 (the "Facility Lease") between Wind Crest, Inc. a Maryland non-stock corporation ("Facility Tenant"), and Littleton Campus, LLC (as assigned to Landlord in connection with its acquisition of the Leased Property). Tenant shall be entitled to exercise its rights in and to the Facility Lease, as assigned by

EXHIBIT

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Landlord, during the Term of this Lease unless and until an Event of Default (as defined in Section 21.1) or expiration of this Lease (excluding expiration due to Tenant's acquisition of the property pursuant to Article XXIV), in which event the rights in and to Facility Lease shall revert back to Landlord. Upon the exercise of Tenant of its rights to acquire the Leased Property pursuant to Article XXIV, the rights and obligations in and to the Facility Lease shall be vested solely with Tenant.

1.2 Condition. Tenant acknowledges and agrees that the Leased Property is and shall be leased by Landlord to Tenant in its present "as is" condition, and that Landlord makes absolutely no representations or warranties whatsoever with respect to the Leased Property or the condition thereof, except as expressly set forth in this Lease. Tenant acknowledges that Landlord has not investigated and does not warrant or represent to Tenant that the Leased Property are fit for the purposes intended by Tenant or for any other purpose or purposes whatsoever, and Tenant acknowledges that the Leased Property is to be leased to Tenant in its existing condition, i.e., "as is", on and as of the Commencement Date (defined in Section 1.4 below). Tenant acknowledges that Tenant shall be solely responsible for any and all actions, repairs, permits, approvals and costs required for the use, development, occupancy and operation of the Leased Property in accordance with applicable governmental requirements, including, without limitation, all governmental charges and fees, if any, which may be due or payable to applicable authorities. Tenant agrees that, by leasing the Leased Property, Tenant warrants and represents that Tenant has examined and approved all things concerning the Leased Property which Tenant deems material to Tenant's leasing and use of the Leased Property. Tenant further acknowledges and agrees that (a) neither Landlord nor any agent of Landlord has made any representation or warranty, express or implied, concerning the Leased Property or which have induced Tenant to execute this Lease except as contained in this Lease, and (b) any other representations and warranties are expressly disclaimed by Landlord.

1.3 Quiet Enjoyment. Landlord covenants and agrees that from and after the Commencement Date, so long as Tenant shall timely pay all rents due to Landlord from Tenant hereunder and keep, observe and perform all covenants, promises and agreements on Tenant's part to be kept, observed and performed hereunder, Tenant shall and may peacefully and quietly have, hold and occupy the Leased Property free of any interference from Landlord; subject, however, to those matters shown on Exhibit B attached hereto (the "Permitted Exceptions"), any and all other matters in existence on or prior to the Commencement Date, and the terms, provisions and conditions of this Lease.

1.4 Commencement Date. The "Commencement Date" of this Lease shall be considered to be the date of full execution hereof, which is October 11th, 2006. Exclusive possession of the Leased Property shall be delivered to Tenant on and as of the Commencement Date.

ARTICLE II. TERM

The term of this Lease (the "Term") shall, unless sooner terminated as elsewhere provided in this Lease, be for a period of eleven (11) years, commencing on the Commencement

Date and terminating and expiring at 11:59 p.m. on the date immediately preceding the eleventh (11th) anniversary of the Commencement Date (the "Expiration Date").

ARTICLE III.

RENT

3.1 Base Rent. Subject to proration as set forth below, annual base rent for the Leased Property ("Base Rent") for each Lease Year (defined below) during the Term shall be the sum of Three Million Four Hundred Eighty-Seven Thousand Five Hundred AND NO/100 DOLLARS (\$3,487,500.00) per year. The Base Rent to be paid by Tenant hereunder is intended by the parties to be payment of "interest" to Landlord on Landlord's Original Investment (defined in Section 3.2(b) below).

3.2 Payment and Calculation of Base Rent. Base Rent shall be paid by Tenant to Landlord in equal monthly installments, in arrears, on the first (1st) day of each calendar month for the prior calendar month commencing on the first (1st) day of the calendar month immediately following the Commencement Date. In the event of a default by Tenant of its obligations under this Lease beyond any applicable notice and cure period, the full amount of Base Rent for the remaining term of this Lease shall be immediately due and payable by Tenant to Landlord. For the purposes of this Lease:

(a) the term "Lease Year" shall mean and be defined as each twelve month period commencing on the first day of the calendar month immediately following the Commencement Date; provided, however, that the first Lease Year shall include the period from the Commencement Date to the first day of the next following calendar month. Base Rent shall be proportionately prorated for any extended or partial Lease Year (i.e., the first Lease Year and/or the final Lease Year); and

(b) the term "Landlord's Original Investment" shall mean the sum of Twenty-Five Million AND NO/100 DOLLARS (\$25,000,000.00), which represents, for purposes of this Lease, Landlord's total acquisition and transactional costs incurred in acquiring the Leased Property.

3.3 Additional Rent; Rent Defined. If Landlord shall make any expenditure for which Tenant is responsible or liable under this Lease, or if Tenant shall become obligated to Landlord under this Lease for any sum other than Base Rent as hereinabove provided, the amount thereof shall be deemed to constitute additional rent ("Additional Rent") and shall be due and payable by Tenant to Landlord, together with all applicable sales taxes thereon, if any, simultaneously with the next succeeding monthly installment of Rent or at such other time as may be expressly provided in this Lease for the payment of the same.

For the purpose of this Lease, the term "Rent" shall mean and be defined as all Base Rent and Additional Rent due from Tenant to Landlord hereunder.

3.4 Sales Tax. In addition to the Rent and any other sums or amounts required to be paid by Tenant to Landlord pursuant to the provisions of this Lease, Tenant shall also pay to

Landlord, simultaneously with such payment of such Rent or other sums or amounts, the amount of any applicable sales, use or excise tax on any such Rent or other sums or amounts so paid by Tenant to Landlord, whether the same be levied, imposed or assessed by the state in which the Leased Property is located or any other federal, state, county or municipal governmental entity or agency. Any such sales, use or excise taxes shall be paid by Tenant to Landlord at the same time that each of the amounts with respect to which such taxes are payable are paid by Tenant to Landlord.

3.5 Payment of Rent. Each of the foregoing amounts of Rent and other sums shall be paid to Landlord without demand and without deduction, set-off, claim or counterclaim of any nature whatsoever which Tenant may have or allege to have against Landlord, and all such payments shall, upon receipt by Landlord, be and remain the sole and absolute property of Landlord. All such Rent and other sums shall be paid to Landlord in legal tender of the United States by wire transfer of immediately available federal funds or by other means acceptable to Landlord in its sole discretion. If Landlord shall at any time accept any such Rent or other sums after the same shall become due and payable, such acceptance shall not excuse a delay upon subsequent occasions, or constitute or be construed as a waiver of any of Landlord's rights hereunder.

3.6 Past Due Rent. If Tenant fails to make any payment of Rent or any other sums or amounts to be paid by Tenant hereunder on or before the date such payment is due and payable, Tenant shall pay to Landlord an administrative late charge of five percent (5%) of the amount of such payment. In addition, such past due payment shall bear interest at the maximum interest rate then allowable under the laws of the state in which the Leased Property is located, from the date such payment became due to the date of payment thereof by Tenant. Such late charge and interest shall constitute Additional Rent and shall be due and payable with the next installment of Rent due hereunder.

3.7 No Abatement of Rent. Except as expressly provided in other sections of this Lease, if any, no abatement, diminution or reduction (a) of Rent, charges or other compensation, or (b) of Tenant's other obligations hereunder shall be allowed to Tenant or any person claiming under Tenant, under any circumstances or for any reason whatsoever.

ARTICLE IV.
INTENTIONALLY OMITTED

ARTICLE V.
USE AND OPERATION OF LEASED PROPERTY

5.1 Development of the Project. Tenant covenants and agrees that it shall develop and construct, or cause to be developed and constructed, the Improvements on the Leased Property for the Permitted Use as described in Section 5.2 (the "Project") below in accordance with this Lease, the Third Party Documents (defined in Section 20.1 below) and any other agreements relating to the Project (the "Project Documents").

5.2 Permitted Use. Tenant covenants and agrees that it shall, and shall cause the Facility Tenant throughout the Term of this Agreement, to continuously use and occupy the Project and the Leased Property solely and exclusively for the development and operation of the first-class licensed (as applicable) continuing care retirement community known as "Wind Crest", which shall be comprised of independent living units and assisted living and skilled nursing facilities, and related commercial service use facilities, and for such other uses as may be necessary or incidental to such use (the foregoing being referred to as the "Permitted Use"). No use shall be made or permitted to be made of the Project and no acts shall be done thereon which will cause the cancellation of any insurance policy covering the Project or any part thereof (unless another adequate policy is available), nor shall Tenant sell or otherwise provide or permit to be kept, used or sold in or about the Project any article which may be prohibited by law or by the standard form of fire insurance policies, or any other insurance policies required to be carried hereunder, or fire underwriter's regulations. Tenant shall, at its sole cost, comply with all insurance requirements set forth in this Lease. Tenant shall not take or omit to take any action, the taking or omission of which materially impairs the value or the usefulness of the Project or any part thereof for its Permitted Use.

5.3 Necessary Approvals. Tenant shall maintain, or cause Facility Tenant to maintain, in good standing all licenses, permits and approvals necessary to use and operate the Project under all applicable laws and shall provide to Landlord a copy of Tenant's (or Facility Tenant's) annual federal, state and Medicare survey regarding the Project, and such other information or documents pertaining to the foregoing approvals. Landlord shall at no cost or liability to Landlord cooperate with Tenant or Facility Tenant in this regard, limited to executing all applications and consents required to be signed by Landlord in order for Tenant to obtain and maintain such approvals and to permit, develop, construct, lease and occupy the existing and to-be-constructed Improvements, including but not limited to, the granting of easements, licenses or other rights to third parties which are typical and necessary for the orderly development of the Project (which matters approved by Landlord in its reasonable discretion shall constitute additional Permitted Exceptions hereunder).

5.4 Lawful Use, Etc. Tenant shall not use or suffer or permit the use of the Project or the Leased Property for any unlawful purpose. Tenant shall not commit or suffer to be committed any waste on the Leased Property, or in the Project, nor shall Tenant cause or permit any unlawful nuisance thereon or therein. Tenant shall not suffer nor permit the Leased Property, or any portion thereof, to be used in such a manner as (i) might reasonably impair Landlord's title thereto or to any portion thereof, or (ii) might reasonably allow a claim or claims for adverse usage or adverse possession by the public, as such, or of implied dedication of the Leased Property or any portion thereof.

5.5 Environmental Matters. Except as permitted by applicable law, Tenant shall at all times keep the Leased Property free of Hazardous Substances (as hereafter defined). Neither Tenant nor any of its employees, agents, invitees, licensees, contractors, guests, or subtenants shall use, generate, manufacture, refine, treat, process, produce, store, deposit, handle, transport, release, or dispose of Hazardous Substances in, on or about the Leased Property or the groundwater thereof, in violation of any federal, state or municipal law, decision, statute, rule, ordinance or regulation currently in existence or hereafter enacted or rendered. Tenant shall give

Landlord prompt notice of any claim received by Tenant from any person, entity, or governmental authority that a release or disposal of Hazardous Substances has occurred on the Leased Property or the groundwater thereof. As used herein, "Hazardous Substances" shall mean and be defined as any and all toxic or hazardous substances, chemicals, materials or pollutants, of any kind or nature, which are regulated, governed, restricted or prohibited by any federal, state or local law, decision, statute, rule or ordinance currently in existence or hereafter enacted or rendered, and shall include (without limitation), all oil, gasoline and petroleum-based substances.

Tenant shall not discharge or permit to be discharged into any septic facility or sanitary sewer system serving the Leased Property any toxic or hazardous sewage or waste other than that which is permitted by applicable law or which is normal domestic waste water for the type of business contemplated by this Lease to be conducted by Tenant on, in or from the Leased Property. Any toxic or hazardous sewage or waste which is produced or generated in connection with the use or operation of the Leased Property shall be handled and disposed of as required by and in compliance with all applicable local, state and federal laws, ordinances and rules or regulations or shall be pre-treated to the level of domestic wastewater prior to discharge into any septic facility or sanitary sewer system serving the Leased Property.

5.6 Compliance With Restrictions, Etc. Tenant, at its expense, shall comply with all restrictive covenants and other title exceptions affecting the Leased Property and comply with and perform all of the obligations set forth in the same to the extent that the same are applicable to the Leased Property or to the extent that the same would, if not complied with or performed, impair or prevent the continued use, occupancy and operation of the Leased Property for the purposes set forth in this Lease. Further, in addition to Tenant's payment obligations under this Lease, Tenant shall pay all sums charged, levied or assessed under any restrictive covenants, declaration, reciprocal easement agreement or other title exceptions, equipment leases, leases and all other agreements affecting the Leased Property as of the date of this Lease promptly as the same become due.

5.7 Notices and Reports. Tenant shall prepare and deliver to Landlord periodic reports, not less than monthly, of the state of the business and affairs of the Tenant. Erickson Retirement Communities, LLC, a Maryland limited liability company ("ERC"), as the sole and managing member of Tenant, or its delegate shall prepare statements of the financial condition of the Tenant as of the last day of each month, such financial statements for the Tenant to include (i) statements of profits or losses, (ii) balance sheets as of the close of such month, (iii) statements of cash flow, (iv) statements of changes in capital, and (v) a narrative explanation of variances to each TAB Summary (defined in Section 5.8 below). Such statements and reports shall be certified by the chief financial officer of ERC and shall be in form and substance reasonably satisfactory to Landlord. Copies of such statements shall be furnished to Landlord within thirty (30) days after the end of each month. Annual financial statements (unaudited) shall be furnished to Landlord within sixty (60) days after the close of the fiscal year. Tenant shall also provide to Landlord (a) a detailed description of any amounts paid within such period to ERC or any affiliate thereof in excess of amounts reflected in the relevant annual budgets and plans for the development of each Phase (defined in Section 11.2(a) below) ("Phase Plans") then in effect; and (b) copies of all reports, notices or other transmittals either (x) made by the

Tenant and/or ERC to any lender or other entity under any loans affecting the Leased Property or the Project ("Project Loans"), or (y) received by the Tenant and/or ERC from the developer of the Project ("Developer"), ERC (in its capacity as the Developer or otherwise), the Facility Tenant, any Permitted Mortgagees (defined below), or any other entity under any Project Loans. Tenant also shall provide copies to Landlord of all reports and notices received or made by the Tenant and/or ERC relating to any other Project Documents.

5.8 Annual TAB Summaries. Tenant has provided to Landlord a Total Anticipated Budget containing multi-year projections (the "TAB Summary") for the construction of the Project, setting forth the costs and expenses relating to specific Phases of the Project as contained in each Phase Plan (see Exhibit I attached). Prior to the end of each month, Tenant shall submit to Landlord the most recent TAB Summary (in format comparable to Exhibit I attached) for the Project, reflecting the reasonably projected income and expenditures (capital, operating and other) for the Project. Tenant shall identify and provide a narrative to Landlord explaining any material adverse changes regarding the TAB Summary.

5.9 Major Decisions Affecting Tenant, the Project, the Property and the Improvements. The affirmative consent or approval of the Landlord shall be required for each of the following "Major Decisions":

(a) causing the modification, amendment, extension or termination of any documents or agreements entered into, made, given or delivered, as applicable, in connection with or in any manner related to the Project Documents, or any agreement between ERC and the Facility Tenant, and, after the termination thereof, the entry into, making, giving or delivering, as applicable, of any new or substitute document or agreement; provided, however, Landlord's consent for change orders to any one or more of the Construction Services Agreements shall only be required to the extent that any one or more of such change orders exceed (i) \$500,000.00 individually or (ii) \$750,000 in the aggregate per building.

(b) except for (i) monies received and/or borrowed by Tenant under the Community Loan (as defined in Exhibit E), (ii) monies received and/or borrowed by Tenant under the Construction Loan (as defined in Exhibit E), or (iii) any loans from ERC, borrowing money and issuing any evidences of indebtedness, securing any such loans by mortgage, pledge or other lien on any of the Projects or any other assets of the Tenant and, to the extent previously approved, making any material decisions or taking any material actions under the applicable loan documents;

(c) causing the adoption, modification or amendment of any "Development Plan" (attached hereto as Exhibit J) and any Phase Plan of the Project and/or Tenant (provided that Tenant may act with respect to this Major Decision without Landlord's consent (but with reasonable prior notice to Landlord) unless and until Landlord provides written notice to the contrary);

(d) except as permitted by this Lease and for the loans by Tenant to Facility Tenant pursuant to that certain Working Capital Loan Agreement, dated as of March 29, 2006, and for Development Distributions (as defined in that certain Lessor-Developer Agreement dated

as of even date herewith between Landlord and ERC) to ERC (if, as and when required or permitted under the Lessor-Developer Agreement), making any loans or distributions,

(e) initiating, defending, adjusting, settling or compromising any significant litigation involving the Tenant or any other entity involved in the Project (provided that Tenant may act with respect to this Major Decision without Landlord's consent [but with reasonable prior notice to Landlord if the action will or may have aggregate cost implications of \$200,000 or more] unless and until Landlord provides written notice to the contrary);

(f) acquiring any land, improvements or other real property, or any interest therein, other than the Project or engage in any business beyond the purposes set forth in Section 5.2;

(g) electing to dissolve and terminate Tenant or become a party to a merger, transfer of assets or consolidation with any other person or entity;

(h) except to the extent required by the Employee Retirement Income Security Act of 1974, as amended from time to time ("ERISA"), changing the insurance program of the Tenant as described in this Lease (provided that Tenant may act with respect to this Major Decision without Landlord's consent (but with reasonable prior notice to Landlord if the change will diminish the creditworthiness of any insurer or would cause any insurance program to be commercially unreasonable in light of the nature and scope of the Project) unless and until Landlord provides written notice to the contrary);

(i) subsequent to the completion of construction of any Phase, constructing any improvements or make any material (i.e., with a cost in excess of \$200,000) capital improvements, repairs, alterations or changes in, to or of such Phase (provided that Tenant may act with respect to this Major Decision without Landlord's consent [but with reasonable prior notice to Landlord] unless and until Landlord provides written notice to the contrary);

(j) voluntarily filing a bankruptcy petition on behalf of the Tenant;

(k) withdrawing funds from any escrows, reserves or accounts, unless such withdrawal is either: (i) a monthly construction withdrawal for approved costs and expenses incurred by the Tenant for the approved development of the Project; or (ii) made to pay to Landlord any sums to which it is entitled hereunder, including, as applicable, payment of the Option Purchase Price and/or the Make-Whole Amount (each as defined in Section 24.2 below);

(l) initiating construction of a building or phase which has not been approved for funding under the Construction Loan; or

(m) except as otherwise permitted, taking any action or making any decision that would (or is reasonably likely to) have a material adverse affect on the Project, the Tenant, a member of Tenant or its investment in the Tenant.

5.10 Negative Covenants by Tenant.

(a) Tenant shall not contract for goods or services at the Property or regarding the Improvements in an aggregate annual amount greater than \$200,000 or approve any agreement for the provision of goods or services to the Tenant by any person who is an affiliate of ERC; provided that Tenant may act with respect to this subsection without Landlord's consent

(but with reasonable prior notice to Landlord if the agreement will or may have an aggregate cost of \$200,000 or more and such agreement is not reflected in the approved development budget for the Project) unless and until Landlord provides written notice to the contrary.

(b) Tenant shall not select and engage accountants, legal counsel and other consultants and advisors to the Tenant; provided that Tenant may act with respect to this subsection without Landlord's consent unless and until Landlord provides written notice to the contrary.

(c) Tenant shall not enforce the rights of the Tenant under any Project Document (as applicable); provided that Tenant may act with respect to this subsection without Landlord's consent (but with reasonable prior notice to Landlord if the action will or may have aggregate cost implications of \$200,000 or more) unless and until Landlord provides written notice to the contrary.

5.11 Prohibition on Distributions and Fees. At any time during the Term that (i) there exists an uncured Event of Default or (ii) the payment of any of the following would result in an Event of Default, including a failure of the Balance Test, Tenant shall not make payment of any: (x) distributions to its members; or (y) development fees or distributions to the Developer under the Development Agreement (defined in Section 21.2 below).

5.12 Survival. As to conditions and uses of Tenant existing or occurring prior to the expiration or sooner termination of this Lease, the provisions of this Article 5 shall survive the expiration or sooner termination of this Lease to extent of any ongoing effects on Landlord or its successors with respect to the Leased Property.

ARTICLE VI. TAXES AND ASSESSMENTS

Throughout the entire Term of this Lease, Tenant shall bear, pay and discharge all taxes, assessments and other governmental impositions and charges of every kind and nature whatsoever, extraordinary as well as ordinary, and each and every installment thereof which shall or may during the term hereof be charged, laid, levied, assessed, or imposed upon, or arise in connection with, the use, occupancy or possession of the Leased Property, the Project, or any part thereof, including, without limitation, ad valorem real and personal property taxes, and all taxes charged, laid, levied, assessed or imposed in lieu of or in addition to any of the foregoing by virtue of all present or future laws, ordinances, requirements, orders, directions, rules or regulations of federal, state, county and municipal governments and of all other governmental authorities whatsoever. Tenant shall not be obligated to bear, pay or discharge Landlord's U.S. income tax(es) or any other tax based on net income of Landlord. Upon request of Landlord, Tenant shall promptly furnish to Landlord satisfactory evidence of the payment of any tax, assessment, imposition or charge required to be paid by Tenant pursuant to the foregoing.

ARTICLE VII.
UTILITIES

Tenant shall be liable for and shall pay directly all charges and fees, including impact, connection and/or reservation fees, (together with any applicable taxes or assessments thereon) when due for water, gas, electricity, air conditioning, heat, septic, sewer, refuse collection, telephone and any other utility charges or similar items in connection with the development, use or occupancy of the Leased Property, the Improvements or the Project. Landlord shall not be responsible or liable in any way whatsoever for the quality, quantity, impairment, interruption, stoppage, or other interference with any utility service, including, without limitation, water, air conditioning, heat, gas, electric current for light and power, telephone, or any other utility service provided to or serving the Leased Property or the Project. No such interruption, termination or cessation of utility services shall relieve Tenant of its duties and obligations pursuant to this Lease, including, without limitation, its obligation to pay all Rent as and when the same shall be due hereunder.

ARTICLE VIII.
LICENSE, PERMITS, FEES, ETC.

Tenant shall keep and maintain, or cause the Facility Tenant to keep and maintain, in full force during the entire term of this Lease all licenses, permits or other approvals necessary for the operation of the Project. Tenant shall, at its sole cost and expense, pay all license fees, permit fees, governmental impact fees or other expenses of any kind or nature whatsoever in connection with its development and operation of the Project.

ARTICLE IX.
INSURANCE

9.1 Insurance by Tenant. Throughout the term of this Lease, Tenant shall, at its sole cost and expense, maintain, or cause to be maintained, in full force and effect the following types and amounts of insurance coverage as set forth in this Article IX.

9.2 Hazard Insurance. Tenant shall provide and keep in full force and effect a special form insurance on the Improvements, including all permitted alterations, changes, additions and replacements thereof and thereto, including without limitation, insurance against loss or damage caused by: (i) fire, windstorm and other hazards and perils generally included under extended coverage; (ii) sprinkler leakage; (iii) vandalism and malicious mischief; and (iv) boiler and machinery, all in an amount which reasonably assures there will be sufficient proceeds to replace the Improvements in the event of a loss against which such insurance is issued. Such insurance shall (i) include contingent liability from "Ordinance or Law Coverage", "Demolition Costs" and "Increased Cost of Construction" endorsements, (ii) contain an agreed amount endorsement with respect to the Improvements, (iii) provide for a deductible in an amount approved by Landlord, but in no event in excess of ONE HUNDRED THOUSAND DOLLARS (\$100,000) per occurrence, and (iv) contain an "Ordinance or Law Coverage" or "Enforcement" endorsement if

any of the Improvements or the use of the Leased Property shall at any time constitute legal non-conforming structures or uses. All insurance required under this Lease, and all other insurance maintained by Tenant on the Improvements in excess of or in addition to that required hereunder, shall be carried in favor of Landlord and Tenant, as their respective interests may appear.

9.3 Liability Insurance. Tenant shall provide and keep in full force and effect a policy of broad form comprehensive general public liability and property damage insurance providing coverage against liability for personal injury, death and property damage having limits of not less than ONE MILLION DOLLARS (\$1,000,000) per person and ONE MILLION DOLLARS (\$1,000,000) per occurrence, with an excess liability policy in the amount of FIFTEEN MILLION DOLLARS (\$15,000,000). Such insurance shall cover at least the following hazards: (1) premises and operations; (2) products and completed operations; (3) independent contractors; (4) blanket contractual liability for all written and oral contracts; and (5) contractual liability. Such insurance, and any and all other liability insurance maintained by Tenant in excess of or in addition to that required hereunder, shall name Landlord as an additional insured.

Landlord acknowledges that a formally funded program of self-insurance on the part of Tenant may fulfill some insurance requirements contained in this Lease now or in the future. However, this shall not in any way limit the insurance obligations of Tenant. Tenant agrees that any self-insurance program will provide for the coverages required under this Agreement.

9.4 Workers' Compensation Insurance. Tenant shall provide and keep in full force and effect workers' compensation insurance in a form prescribed by the laws of the state in which the Leased Property is located, and employers' liability insurance.

9.5 Builder's Risk Insurance. Tenant shall, prior to the commencement of and during the construction of the Improvements and any permitted rehabilitation, replacement, reconstruction, restoration, renovation or alteration to the Project, provide and keep in full force and effect builders' risk insurance for the full replacement value of the Improvements in accordance with the requirements of this Article.

9.6 Loss of Rent Insurance. Tenant shall provide, keep and maintain in full force and effect business interruption insurance, without a provision for co-insurance, in an amount sufficient to pay Rent for the Leased Property for a period of one (1) year.

9.7 Flood Hazard Insurance. Tenant shall provide, keep and maintain in full force and effect flood hazard insurance if any portion of the Improvements is currently or at any time in the future located in a federally designated "special flood hazard area" and in which flood insurance has been made available under the National Flood Insurance Act of 1968 (and any successor thereto) in an amount which reasonably assures that there will be sufficient proceeds to replace the Improvements and any personalty located on the Leased Property in the event of a loss against which such insurance is issued.

9.8 Malpractice Insurance/Professional Liability Insurance. Tenant shall provide, keep and maintain in full force and effect malpractice insurance/professional liability insurance

of not less than ONE MILLION DOLLARS (\$1,000,000) per claim and THREE MILLION DOLLARS (\$3,000,000) in the aggregate, to cover the facility and professional medical care providers employed within the assisted living and skilled nursing facilities within the Project, or otherwise employed therein by Tenant or the Facility Tenant or their affiliates or agents, in substance and form as is reasonably acceptable to Landlord. Tenant agrees to adjust its malpractice insurance/professional liability insurance as required over the term of this Lease to maintain levels of such insurance equal to that generally held by continuing care retirement/nursing facilities in the metropolitan area in which the Project is located.

9.9 Other Insurance. In addition, Tenant shall, at Landlord's request, provide, keep and maintain in full force and effect such other insurance for such risks and in such amounts as may from time to time be commonly insured against in the case of business operations similar to those contemplated by this Lease to be conducted by Tenant or others on the Leased Property.

9.10 Carriers and Features. All insurance policies required to be carried by Tenant as provided in this Article shall be issued by insurance companies which have an A-X or better rating by Best's Insurance Rating Service. All such policies shall be for periods of not less than one year and Tenant shall renew the same at least thirty (30) days prior to the expiration thereof. All such policies shall require not less than thirty (30) days written notice to Landlord prior to any cancellation thereof.

Tenant shall pay the premiums for all insurance policies which Tenant is obligated to carry under this Article and, at least ten (10) days prior to the date any such insurance must be in effect, deliver to Landlord a copy of the policy or policies, or a certificate or certificates thereof.

9.11 Failure to Procure Insurance. In the event Tenant shall fail to procure insurance required under this Article and fail to maintain the same in full force and effect continuously during the term of this Lease, Landlord shall be entitled, although not obligated, to procure the same and Tenant shall immediately reimburse Landlord for such premium expense as Additional Rent.

9.12 Waiver of Subrogation. Tenant agrees that, if any property owned by it and located in the Leased Property shall be stolen, damaged or destroyed by an insured peril, Landlord shall not have any liability to Tenant, nor to any insurer of Tenant, for or in respect of such theft, damage or destruction, and Tenant shall require all policies of risk insurance carried by it on its property in the Leased Property to contain or be endorsed with a provision in and by which the insurer designated therein shall waive its right of subrogation against Landlord.

ARTICLE X. DAMAGE OR DESTRUCTION

10.1 Restoration and Repair. If, during the term of this Lease, any Improvements shall be destroyed or damaged in whole or in part by fire, windstorm or any other cause whatsoever, Tenant shall give Landlord immediate notice thereof and shall repair, reconstruct or replace the Improvements, or the portion thereof so destroyed or damaged (whichever is reasonably required), at least to the extent of the value and character thereof existing immediately prior to

such occurrence. All work shall be started as soon as practicable and completed, at Tenant's sole cost and expense. Tenant shall, however, immediately take such action as is necessary to assure that the Leased Property and the Project (or any portion thereof) does not constitute a nuisance or otherwise presents a health or safety hazard.

10.2 Uninsured Losses. Nothing contained herein shall relieve Tenant of its obligations under this Article if the destruction or damage is not covered, either in whole or in part, by insurance.

ARTICLE XI.

CONSTRUCTION, ADDITIONS, ALTERATIONS AND REMOVALS

11.1 Prohibition. Except as hereinafter expressly provided, no structural portion of the Improvements shall be demolished, removed or altered by Tenant in any manner whatsoever without the prior written consent and approval of Landlord, which will not be unreasonably withheld or delayed. Notwithstanding the foregoing, however, Tenant shall be obligated to undertake all alterations to the Improvements required by any applicable law or ordinance including, without limitation, any alterations required by any accessibility laws including without limitation the Americans with Disabilities Act and any other federal, state or local law governing accessibility to and within the Improvements (the "Accessibility Laws"); and, in such event, Tenant shall comply with the provisions hereof.

11.2 Permitted and Required Construction and Renovation. Landlord and Tenant acknowledge and agree that Tenant intends and has the right, and has agreed and shall be required as a lease covenant, obligation and condition hereunder to continue to develop, construct, expand and build out the to-be-constructed Improvements as more particularly depicted on the site plan attached hereto as Exhibit C (the "Site Plan") to complete the Project; and that from time to time various minor, non-material alterations may be undertaken by Tenant. Tenant hereby acknowledges and agrees that all construction and/or renovation of the Improvements shall be conducted and completed in accordance with the following terms and conditions:

(a) Before the commencement of work on each new development phase of the Project within the Leased Property (as set forth in the Development Plan, a "Phase"), final plans and specifications for such Phase shall be made available for Landlord's review and approval (not to be unreasonably withheld or delayed so long as the plans and specifications comply with (i) all applicable governmental regulations, and (ii) all easements, covenants and restrictions of record, including without limitation the Permitted Exceptions).

(b) Before the commencement of work on any new Phase, Tenant shall obtain (and make available to Landlord evidence of) the approval thereof by all governmental departments or authorities having or claiming jurisdiction of or over the Leased Property, if required by such departments or authorities, and with any public utility companies having an interest therein, if required by such utility companies. In any such work, Tenant shall comply with all applicable laws, ordinances, requirements, orders, directions, rules and regulations of the federal, state, county and municipal governments and of all other governmental authorities

having or claiming jurisdiction of or over the Leased Property and of all their respective departments, bureaus and offices, and with the requirements and regulations, if any, of such public utilities, of the insurance underwriting board or insurance inspection bureau having or claiming jurisdiction, or any other body exercising similar functions, and of all insurance companies then writing policies covering the Leased Property or any part thereof.

(c) Before the commencement of work on any new Phase, Tenant shall make available to Landlord a copy of its general construction contract for the construction of the subject Improvements (the "General Contract"). Tenant shall, upon request of Landlord, make Landlord a co-obligee, additional insured or beneficiary of any general contractor's and/or subcontractor's payment bonds or performance bonds for the subject Improvements. Proceeds of any such bonds shall be used to complete the construction of the Improvements.

(d) Tenant represents and warrants to Landlord that all work on the Improvements will be performed in a good and workmanlike manner and in accordance with the terms, provisions and conditions of this Lease and all governmental requirements.

(e) Landlord shall have the right to inspect any such construction work at all times during normal working hours and to maintain at the Leased Property for that purpose (at its own expense) such inspector(s) as it may deem necessary so long as such inspections do not interfere with Tenant's work (but Landlord shall not thereby assume any responsibility for the proper performance of the work in accordance with the terms of this Lease, nor any liability arising from the improper performance thereof).

(f) All such work shall be performed at no cost, expense or liability to Landlord, and free of any liens (including mechanics or construction liens) on Landlord's fee simple interest on or Tenant's leasehold interest in the Leased Property, other than the Permitted Exceptions.

(g) Upon substantial completion of work on the Improvements, Tenant shall procure and provide to Landlord a copy of an original final certificate of occupancy, if applicable, from the appropriate governmental authorities verifying the substantial completion thereof.

(h) Tenant shall, and hereby agrees to, indemnify and save and hold Landlord harmless from and against and reimburse Landlord for any and all loss, damage, cost and expense (including, without limitation, reasonable attorneys' fees), at both trial and all appellate levels, incurred by or asserted against Landlord which is occasioned by or results, directly or indirectly, from (i) any construction or renovation activities conducted upon the Leased Property by Tenant or otherwise pursuant to the Project Documents, whether or not the same is caused by or the fault of Tenant or any contractor, subcontractor, laborer, supplier, materialman or any other third party, or (ii) any obligations or liabilities of Landlord which are entered into or assumed by Landlord, as owner of the Leased Property, in connection with the Project.

11.3 Ownership of Improvements. Subject to the respective rights of the parties herein set forth, Tenant shall continue to own the existing Improvements and any new Improvements

constructed by Tenant on the Leased Property during the Term of this Lease. Upon the expiration or early termination hereof, title to the Improvements shall pass to Landlord subject, however, to the Facility Lease and all other Permitted Exceptions.

ARTICLE XII.
MAINTENANCE AND REPAIRS

12.1 Repairs by Tenant. Tenant shall, at all times during the term of this Lease and at its sole cost and expense, put, keep, replace and maintain the Leased Property and the Improvements in good repair and in good, safe and substantial order and condition, shall make all repairs thereto, both inside and outside, structural and non-structural, ordinary and extraordinary, howsoever the necessity or desirability for repairs may occur, and whether or not necessitated by wear, tear, obsolescence or defects, latent or otherwise, and shall use all reasonable precautions to prevent waste, damage or injury. Tenant shall also, at its own cost and expense, put, keep, replace and maintain all landscaping, signs, sidewalks, roadways, driveways and parking areas within the Leased Property in good repair and in good, safe and substantial order and condition and free from dirt, standing water, rubbish and other obstructions or obstacles.

12.2 Landlord's Obligation. Landlord shall not be required to make any alterations, reconstructions, replacements, changes, additions, improvements or repairs of any kind or nature whatsoever to the Leased Property or any portion thereof (including, without limitation, any portion of the Improvements) at any time during the term of this Lease.

ARTICLE XIII.
LANDLORD'S RIGHT OF INSPECTION AND ENTRY

13.1 Inspection. Landlord and its agents shall have the right to enter upon the Leased Property or any portion thereof at any reasonable time to inspect the operation, sanitation, safety, maintenance and use of the same, or any portions of the same and to assure itself that Tenant is in full compliance with its obligations under this Lease (but Landlord shall not thereby assume any responsibility for the performance of any of Tenant's obligations hereunder, nor any liability arising from the improper performance thereof). In making any such inspections, Landlord shall not unduly interrupt or interfere with the residents and commercial tenants within the Project or the conduct of Tenant's or Facility Tenant's business.

ARTICLE XIV.
ASSIGNMENT AND SUBLETTING

14.1 Transfers by Tenant. Tenant may not transfer or assign this Lease, the Project or the Leased Property (or any portion thereof) without Landlord's prior written consent, which consent may be withheld in Landlord's sole and absolute discretion. For purposes of this Section and the requirement of Landlord's consent, "transfer" shall include, without limitation, the sale, transfer, assignment or other disposition of any membership or ownership interests in Tenant. If given, the consent of Landlord to an assignment, transfer or encumbrance shall not relieve Tenant or such assignee from the obligation of obtaining the express consent in writing of

Landlord to any further assignment, transfer or encumbrance. In addition, any such approved assignee shall expressly assume this Lease by an agreement in recordable form, an original executed counterpart of which shall be delivered to Landlord prior to any assignment of this Lease. Landlord's consent to any assignment of this Lease shall not operate to release any Tenant-assignor from its obligations hereunder, with respect to which said Tenant-assignor shall remain personally liable.

Landlord acknowledges that the Facility Lease is not a sublease or transfer, and that the Facility Lease is expressly superior to Landlord's interest in the Leased Property. Accordingly, the right of Facility Tenant to enter into "Residence and Care Agreements" with residents to be occupying the Facility during the course of Facility Tenant's operation of the Project is expressly acknowledged and permitted. Further, Landlord acknowledges that any duties and responsibilities of Tenant under this Lease may be performed and all rights of Tenant may be enjoyed by Facility Tenant as and to the extent provided in the Facility Lease. Tenant, however, acknowledges that its duty to perform is in no way diminished by such approval and shall remain primary under the Lease such that Tenant shall be responsible for performing any and all duties, acts or responsibilities under this Lease which Facility Tenant fails to perform.

14.2 Leasehold Mortgages. From and after the Commencement Date of this Lease, Tenant shall be permitted to grant a mortgage encumbering its leasehold interest in the Leased Property subject to and only in accordance with the following requirements:

(a) Landlord shall not under any circumstances be deemed to have joined in the mortgage and/or subordinated or subjected its interest in and to the Leased Property to the lien and encumbrance of the mortgage; and

(b) the term of any such mortgage shall not exceed the term of this Lease; and

(c) the mortgagee must be an institutional financial entity; and

(d) the mortgage shall contain an express statement by the mortgagee acknowledging that the fee simple title to the Leased Property is not encumbered thereby and that Landlord shall have no liability thereunder; and

(e) the mortgage shall include the agreement of the mortgagee to simultaneously provide to Landlord a copy of any notice sent to mortgagor/Tenant thereunder.

Except as expressly provided elsewhere herein, any assignment, transfer, sublease or encumbrance in violation of this Article shall be voidable at Landlord's option. Landlord agrees and acknowledges that the mortgages reflected in the Third Party Documents and/or the Permitted Exceptions ("Permitted Mortgages") are expressly permitted and allowed hereunder and shall not be subject to the terms, conditions or limitations set forth above.

14.3 Permitted Mortgagees. Landlord herein specifically grants to the mortgagees under the Permitted Mortgages, inclusive of their successors and assigns as holders thereof ("Permitted Mortgagees") the right to notice of and the right to cure any default(s) or Event(s)

of Default which may occur or arise under this Lease. Landlord agrees to furnish to the Permitted Mortgagees a copy of any formal notice of or relating to any Event of Default under this Lease (a "Default Notice") contemporaneously with the sending of such Default Notice to Tenant pursuant to the terms of this Lease. Default Notices to the Permitted Mortgagees shall be given in accordance with the notice provisions hereof, to the address for notice of the Permitted Mortgagees as set forth in the Third Party Documents, and the Permitted Mortgagees shall be entitled to the following notice and cure rights in respect of any Event of Default:

(a) Upon receipt of Default Notice with respect to a monetary payment default ("Payment Event of Default"), the Permitted Mortgagees shall have the opportunity (but not the obligation) to cure any such Payment Event of Default by tendering to Landlord, within five (5) business days after receipt of the relevant Default Notice (or any longer period provided or available under this Lease) (a "Cure Period"), the aggregate amount due and payable as set forth in and relating to the Default Notice. In the event and provided that any such Payment Event of Default is timely and fully cured within the applicable Cure Period, Landlord shall be deemed to have waived the subject Payment Event of Default, and Landlord shall fully reinstate this Lease as to any action or remedy taken in respect to such cured Payment Event of Default which is timely cured before the expiration of such applicable Cure Period. For purposes of this Agreement, should any Cure Period end on a holiday or any other day that is not a business day, such Cure Period shall be deemed to end at the end of the next business day.

(b) Upon receipt of Default Notice with respect to a default not related to unpaid monetary payments ("Non-Payment Event of Default"), the Permitted Mortgagees shall have the opportunity (but not the obligation) to cure any such Non-Payment Event of Default in any manner such that the omitted performance, condition or occurrence is completed or substituted for within thirty (30) days after receipt of the relevant Default Notice (or any longer period provided or available under this Lease) (also, a "Cure Period"). In the event and provided that any such Non-Payment Event of Default is timely and fully cured within the applicable Cure Period, Landlord shall fully reinstate this Lease as to any action or remedy taken in respect to such cured Non-Payment Event of Default which is timely cured before the expiration of such applicable Cure Period.

(c) In the event that either of the Permitted Mortgagees shall undertake to pay any amount due to Landlord, or shall expend any sum to cure any Non-Payment Event of Default, as provided under the foregoing provisions, the said Permitted Mortgagee shall be subrogated to rights of Landlord in respect thereof provided, however, that such subrogation shall not be effective in any respect until such time as Landlord shall have been paid in full all amounts due and owing to it under this Lease, and such right of subrogation shall be deemed subordinate in any and all respects, including without limitation in right of payment of any amount, to the rights and claims of the Landlord hereunder (except to the extent that any such right is secured, evidenced or actionable under any of the Third Party Documents which are superior to the rights and interests of Landlord in the Leased Property).

In addition, Landlord shall grant the foregoing notice and cure rights to future mortgagees and their successor and assigns, provided Tenant satisfies the requirements of Section 14.2 above.

14.4 Assignment by Landlord. Landlord may assign its interest in this Lease during the term hereof (either by assignment, transfer or lien); provided, however, that (a) any such assignee shall be a Qualified Transferee, as described on Exhibit K hereto, and (b) such assignee shall have agreed to acquire such interest in this Lease with full knowledge and subject to the obligations imposed on, and shall be entitled to the benefits accruing to, the Landlord hereunder, including the Landlord's obligation to remain a single purpose entity as provided in Section 19.5 hereof. Upon the assumption in writing by Landlord's assignee of all of Landlord's obligations under this Lease which arise from and after the date of the assignment, (a) Landlord shall be released from any obligation or liability under the Lease arising after the date thereof, and (b) Landlord shall remain liable for any obligation or liability of Landlord under the Lease which was to be performed or which became due during the period in which Landlord owned the Leased Property. Tenant agrees that MSRESS II Denver Campus, LLC is a Qualified Transferee. Tenant further agrees that with respect to an investment pool or investment fund which owns all or part of the membership interests in the Landlord, or a lien on the membership interests in the Landlord, a transfer of limited partner interests, limited liability interests, syndicate interests or other interests in such investment pool or investment fund is not subject to any restriction pursuant to the terms of this Lease.

ARTICLE XV.
LANDLORD'S INTEREST NOT SUBJECT TO LIENS

15.1 Liens, Generally. Subject to the provisions hereof permitting and acknowledging the lien and operation of the Third Party Documents and other Permitted Exceptions, and applicable provisions of Section 5.3, and except for liens filed against the Leased Property by the Colorado Commissioner of Financial Services pursuant to C.R.S. § 12-13-106, Tenant shall not create or cause to be imposed, claimed or filed upon the Landlord's interest in the Leased Property, or any portion thereof, any lien, charge or encumbrance whatsoever. If, because of any act or omission of Tenant, any such lien, charge or encumbrance shall be imposed, claimed or filed, Tenant shall, at its sole cost and expense, cause the same to be discharged of record (by release, bonding, or obtaining a declaratory judgment confirming that the lien, charge or encumbrance does not affect Landlord's interest) and Tenant shall indemnify and save and hold Landlord harmless from and against any and all costs, liabilities, suits, penalties, claims and demands whatsoever, and from and against any and all attorneys' fees, at both trial and all appellate levels, resulting therefrom or on account thereof. In the event that Tenant shall fail to timely pursue, with reasonable diligence, removal of the lien, charge or encumbrance from Landlord's interest, Landlord shall have the option of paying, satisfying or otherwise discharging (by bonding or otherwise) such lien, charge or encumbrance and Tenant agrees to reimburse Landlord, upon demand and as Additional Rent, for all sums so paid and for all costs and expenses incurred by Landlord in connection therewith, together with interest thereon, until paid.

15.2 Mechanics Liens. Except for permitted assignments, Landlord's interest in the Leased Property shall not be subjected to liens of any nature by reason of Tenant's construction, alteration, renovation, repair, restoration, replacement or reconstruction of the Improvements or any improvements on or in the Leased Property, or by reason of any other act or omission of

Tenant (or of any person claiming by, through or under Tenant) including, but not limited to, mechanics' and materialmen's liens. All persons dealing with Tenant are hereby placed on notice that such persons shall not look to Landlord or to Landlord's credit or assets (including Landlord's interest in the Leased Property) for payment or satisfaction of any obligations incurred in connection with the construction, alteration, renovation, repair, restoration, replacement or reconstruction thereof by or on behalf of Tenant. Tenant has no power, right or authority to subject Landlord's interest in the Leased Property to any mechanic's or materialmen's lien or claim of lien. Landlord and Tenant acknowledge and agree to execute and record in the land records of the jurisdiction in which the Property is located (the "Land Records"), a memorandum of lease which includes the prohibition of Landlord's liability for liens, all in the form attached hereto as Exhibit D. If a lien, a claim of lien or an order for the payment of money shall be imposed against the Leased Property on account of work performed, or alleged to have been performed, for or on behalf of Tenant, Tenant shall, within thirty (30) days after written demand by Landlord to do so, cause the Leased Property to be released therefrom by the payment of the obligation secured thereby or by furnishing a bond or by any other method prescribed or permitted by law. If Tenant causes the lien to be released or bonded within said thirty (30) days, the filing of same shall not constitute an Event of Default. If a lien is released, Tenant shall thereupon furnish Landlord with a written instrument of release in form for recording or filing in the appropriate office of Land Records and otherwise sufficient to establish the release as a matter of record.

15.3 Contest of Liens. Tenant may, at its option, contest the validity of any lien or claim of lien if Tenant shall have first posted an appropriate and sufficient bond in favor of the claimant or paid the appropriate sum into court, if permitted by law, and thereby obtained the release of the Leased Property from such lien. If judgment is obtained by the claimant under any lien, Tenant shall pay the same immediately after such judgment shall have become final and the time for appeal therefrom has expired without appeal having been taken. Tenant shall, at its own expense, defend the interests of Tenant and Landlord in any and all such suits; provided, however, that Landlord may, at its election, engage its own counsel and assert its own defenses, in which event Tenant shall cooperate with Landlord and make available to Landlord all information and data which Landlord deems necessary or desirable for such defense.

15.4 Notices of Commencement of Construction. If specifically provided for under applicable law, prior to commencement by Tenant of work on any new Phase of construction on the Leased Property, or other material construction, Tenant shall record or file a notice or affidavit of the commencement of such work (the "Notice of Commencement") in the Land Records, identifying Tenant as the party for whom such work is being performed, stating such other matters as may be required by law and requiring the service of copies of all notices, liens or claims of lien upon Landlord. Any such Notice of Commencement shall clearly reflect that the interest of Tenant in the Leased Property is that of a leasehold estate and shall also clearly reflect that, to the extent permitted by law, the interest of Landlord as the fee simple owner of the Leased Property shall not be subject to mechanics or materialmen's liens on account of the work which is the subject of such Notice of Commencement. A copy of any such Notice of Commencement shall be furnished to and approved by Landlord and its attorneys prior to the recording or filing thereof, as aforesaid.

ARTICLE XVI.
CONDEMNATION

16.1 **Total Taking.** If the whole of the Improvements shall be taken or condemned for any public or quasi-public use or purpose, by right of eminent domain or by purchase in lieu thereof, then a "Total Taking" will be deemed to have occurred and this Lease and the term hereby granted shall cease and terminate as of the date on which the condemning authority takes possession and all Rent shall be paid by Tenant to Landlord up to that date or refunded by Landlord to Tenant if Rent has previously been paid by Tenant beyond that date. If a taking of a portion of the Leased Property results in the loss of such a substantial portion of access to and from adjacent roadways that, in the mutual reasonable judgment of Landlord and Tenant, the remaining access to the Leased Property is not sufficient and suitable for the continued operation of the business contemplated by this Lease, then in such event Tenant may, at any time during the ninety (90) day period after the date the condemning authority acquires possession of the portion of the Leased Property and Improvements so taken or condemned, and upon written notice to Landlord, terminate this Lease. If Tenant so terminates this Lease, a "Constructive Total Taking" will be deemed to have occurred.

In the event of such Total Taking or Constructive Total Taking the award or awards for such taking (the "Condemnation Proceeds") shall be allocated between the Landlord and Tenant in the following manner and in the following order of priority:

(a) Landlord shall be entitled to receive such portion of the Condemnation Proceeds, with interest thereon to the extent payable by the condemning authority, equal to the Option Purchase Price in effect as of the date of the taking, plus the Make-Whole Amount and other amounts due hereunder to and including the date of payment to Landlord, at which time the Tenant Purchase Option (as defined in Section 24.2 below) shall be deemed to have been exercised and consummated such that all remaining interests of Landlord shall be conveyed to Tenant.

(b) Tenant shall thereafter be entitled to receive any remaining proceeds of the award for the taking, including, without limitation, the value of the Improvements, plus severance damages, if any, with interest thereon, if and to the extent payable by the condemning authority.

16.2 **Partial Taking.** A "Partial Taking" shall be deemed to have occurred if there is a condemnation taking or a deed in lieu thereof which does not constitute a Total Taking or Constructive Total Taking. In such event, the Tenant shall promptly restore the remaining portion or portions thereof to a condition comparable to their condition at the time of such taking or deed in lieu thereof less the portion or portions lost by the taking, and this Lease shall continue in full force and effect, without the Base Rent being reduced throughout the remaining Term of the Lease, and any extensions, except as expressly provided hereinbelow.

In the event of such Partial Taking, then the Condemnation Proceeds for such Partial Taking shall be allocated, with interest thereon if and to the extent payable by the condemning

authority, in the following manner and in the following order of priority:

(a) If the Partial Taking diminishes the value of the Leased Property by more than ten percent (10%) of the Leased Property's value immediately preceding the Partial Taking, first, to Landlord in an amount equal, on a pro-rata basis according to that portion of the Leased Property taken, and an appraisal-based allocation reasonably acceptable to Landlord of the Landlord's Original Investment to that portion of the Leased Property taken, to the Option Purchase Price in effect as of the date of the taking, plus a proportionate share of the Make-Whole Amount attributed to the Leased Property so taken and other amounts due hereunder to and including the date of payment to Landlord. If the Partial Taking diminishes the value of the Leased Property by ten percent (10%) or less of the Leased Property's value immediately preceding the Partial Taking, then Landlord shall not receive any portion of the Condemnation Proceeds.

(b) Thereafter, to Tenant. Insofar as this provision in the event of a Partial Taking is intended to allocate to Landlord an amount relating to the agreed-upon price for the Landlord's fee simple interests in the land only, all costs of restoration shall be paid separately by Tenant, from any condemnation proceeds received by Tenant or otherwise. To the extent of condemnation proceeds paid to Landlord under this Section 16.2 in the nature of a return of Landlord's Original Investment and not of any Make-Whole Amount, the Base Rent for the Leased Property shall be reduced proportionately, as shall the remaining amount of the Option Purchase Price, based upon the proportion that the funds relating to Landlord's Original Investment actually received by Landlord bear to the full Option Purchase Price which would have been payable to Landlord had the Tenant Purchase Option been exercised as of the date of any payment of Partial Taking condemnation proceeds to Landlord; provided, however, that Landlord shall be entitled to a proportionate share of the Make-Whole Amount attributed to the Leased Property so taken. Such reduction shall be effective as of the date such condemnation proceeds are paid to and accepted by Landlord.

16.3 Business Damages. Tenant shall be entitled to separately claim for and recover all business damages which may be awarded as a result of any condemnation proceeding or settlement in lieu thereof, regardless of whether taking is a Total Taking, Constructive Total Taking or Partial Taking.

16.4 Restoration. If this Lease does not terminate due to a taking or condemnation, Tenant shall, with due diligence, restore the remaining portion or portions of the Leased Property in the manner hereinabove provided. In such event, the proceeds of the award to be applied to restoration shall be deposited with a bank or financial institution designated by Landlord (or Tenant's senior Permitted Mortgagee or other permitted leasehold mortgagee as contemplated under Section 14.3 hereof) until the restoration has been completed and Tenant has been reimbursed for all the costs and expenses thereof. If the award is insufficient to pay for the restoration, Tenant shall be responsible for the remaining cost and expense of such restoration.

16.5 Temporary Taking. If all or any part of the Leased Property or Tenant's Leasehold estate under this Lease shall be taken in condemnation proceedings or by any right of eminent domain for temporary use or occupancy, the foregoing provisions of this Article shall

not apply and Tenant shall continue to pay, in the manner and at the time herein specified, the full amounts of the Rent and all other charges payable by Tenant hereunder. Except only to the extent that Tenant may be prevented from so doing pursuant to the terms of the order of the condemning authority, Tenant shall perform and observe all of the other terms, covenants, conditions and obligations hereof to be performed by it, as though such taking had not occurred. In such event, Tenant shall be entitled to receive the entire amount of Condemnation Proceeds made for such taking, whether paid by way of damages, Rent or otherwise; provided, that Landlord shall be entitled to receive any portion of the same applicable to any period beyond the scheduled expiration date of this Lease, unless and until Tenant exercises the Tenant Purchase Option set forth hereinbelow.

16.6 Notices of Action; Representation. In the event any action is filed to condemn the Leased Property or the Improvements or Tenant's Leasehold estate or any part thereof, the party having knowledge of such filing shall promptly give notice thereof to the other party. Landlord, Tenant and any mortgagee shall each have the right at its own cost and expense to represent its respective interest in each proceeding, negotiation and settlement with respect to any taking or threatened taking and to make full proof of its claim.

16.7 Disputes. If Landlord and Tenant cannot agree in respect of any matters to be determined under this Article, a determination shall be requested of the court having jurisdiction over the taking or condemnation; provided, however, that if said court will not accept such matters for determination, either party may have the matters determined by a court otherwise having jurisdiction over the parties.

ARTICLE XVII.

SUBORDINATION, ATTORNMENT AND NON-DISTURBANCE

17.1 Attornment. Tenant shall and hereby agrees to attorn, and be bound under all of the terms, provisions, covenants and conditions of this Lease, to any successor of the interest of Landlord under this Lease for the balance of the Term of this Lease remaining at the time of the succession of such interest to such successor. In particular, in the event that any proceedings are brought for the foreclosure of any mortgage or security interest encumbering or collateral assignment of Landlord's interest in the Leased Property, or any portion thereof, Tenant shall attorn to the purchaser at any such foreclosure sale and recognize such purchaser as Landlord under this Lease, subject, however, to all of the terms and conditions of this Lease. Tenant agrees that neither the purchaser at any such foreclosure sale nor the foreclosing mortgagee or holder of such security interest or collateral assignment shall have any liability for any act or omission of Landlord, be subject to any offsets or defenses which Tenant may have as claim against Landlord.

17.2 Rights of Mortgagees and Assignees. At the time of giving any notice of default to Landlord, Tenant shall mail or deliver to the holders of any mortgage on the Leased Property or holder of security interest in or collateral assignment of this Lease who have, in writing, notified Tenant of their interests (individually a "Mortgagee") a copy of any such notice. No notice of default or termination of this Lease by Tenant shall be effective until any Mortgagee shall have been furnished a copy of such notice by Tenant. In the event Landlord fails to cure

any default by it under this Lease, the Mortgagee shall have, at its option, a period of thirty (30) days within which to remedy such default of Landlord or to cause such default to be remedied. In the event that the Mortgagee elects to cure any such default by Landlord, then Tenant shall accept such performance on the part of such Mortgagee as though the same had been performed by Landlord, and for such purpose Tenant hereby authorizes any Mortgagee to enter upon the Leased Property to the extent necessary to exercise any of Landlord's rights, powers and duties under this Lease. If, in the event of any default by Landlord which is reasonably capable of being cured by a Mortgagee, the Mortgagee promptly commences and diligently pursues to cure the default, then Tenant will not unreasonably withhold its consent to a further extension of the foregoing cure period by up to an additional thirty (30) days before Tenant would attempt to terminate this Lease or cease to perform any of its obligations under this Lease so long as the Mortgagee is, with due diligence, engaged in the curing of such default.

ARTICLE XVIII.
LANDLORD'S RESERVATIONS AND RESTRICTIONS

18.1 Surrender of Leased Property. Tenant shall, on or before the last day of the term of this Lease or upon the sooner termination thereof, peaceably and quietly surrender and deliver to Landlord the Leased Property (including, without limitation, all Improvements), in good order, condition and repair, reasonable wear and tear excepted, and free and clear of all liens and encumbrances except the Permitted Exceptions. Tenant acknowledges and agrees that upon termination hereof the Improvements shall be and belong to the Landlord free and clear of any interest of Tenant or third party therein and/or any encumbrance thereupon, other than Tenant's rights under Section 24.4 of this Lease and the Permitted Exceptions, to the extent the same survive termination of this Lease.

18.2 Holding Over. If Tenant or any other person or party shall remain in possession of the Leased Property or any part thereof following the expiration of the Term or earlier termination of this Lease without an agreement in writing between Landlord and Tenant with respect thereto, the person or party remaining in possession shall be deemed to be a tenant at sufferance, and during any such holdover, the Rent payable under this Lease by such tenant at sufferance shall be double the rate or rates in effect immediately prior to the expiration of the Term or earlier termination of this Lease. In no event, however, shall such holding over be deemed or construed to be or constitute a renewal or extension of this Lease.

ARTICLE XIX.
LIABILITY OF LANDLORD; INDEMNIFICATION

19.1 Liability of Landlord. Landlord shall not be liable to Tenant, its employees, agents, business invitees, licensees, customers, clients, family members or guests for any damage, injury, loss, compensation or claim arising out of or resulting from any act or event occurring within the Leased Property, including, but not limited to: (a) repairs to any portion of the Leased Property; (b) interruption in Tenant's use of the Leased Property; (c) any accident or damage resulting from the use or operation by Tenant or any other person or persons of any equipment within the Leased Property, including without limitation, heating, cooling, electrical or plumbing equipment or apparatus; (d) the termination of this Lease by reason of the

condemnation or destruction of the Leased Property in accordance with the provisions of this Lease; (e) any fire, robbery, theft, mysterious disappearance or other casualty occurring within the Leased Property; (f) the actions of any other person or persons; and (g) any leakage or seepage in or from any part or portion of the Leased Property, whether from water, rain or other precipitation that may leak into, or flow from, any part of the Leased Property, or from drains, pipes or plumbing fixtures in the Improvements. Any goods, property or personal effects stored or placed by the Tenant or its employees in or about the Leased Property shall be at the sole risk of the Tenant.

19.2 Indemnification of Landlord. Tenant shall defend, indemnify and save and hold Landlord harmless from and against and reimburse Landlord for, any and all liabilities, obligations, losses, damages, injunctions, suits, actions, fines, penalties, claims, demands, costs and expenses of every kind or nature, including reasonable attorneys' fees and court costs, at both the trial and all appellate levels, incurred by Landlord arising directly or indirectly from or out of: (a) any failure by Tenant to perform any of the terms, provisions, covenants or conditions of this Lease on Tenant's part to be performed; (b) any accident, injury or damage which shall happen at, in or upon the Leased Property, occurring during the term of this Lease or any extension hereof; (c) any matter or thing arising out of the condition, occupation, maintenance, alteration, repair, use or operation by any person of the Leased Property, or any part thereof, or the operation of the business contemplated by this Lease to be conducted thereon, thereat, therein, or therefrom; (d) any failure of Tenant to comply with any laws, ordinances, requirements, orders, directions, rules or regulations of any governmental authority, including, without limitation, the Accessibility Laws; (e) any contamination of the Leased Property, or the groundwaters thereof, occurring after Tenant takes possession of the Leased Property and before the end of the term of this Lease and its extensions, and occasioned by the use, transportation, storage, spillage or discharge thereon, therein or therefrom of any toxic or hazardous chemicals, compounds, materials or substances, whether by Tenant or by any agent or invitee of Tenant; (f) any discharge of toxic or hazardous sewage or waste materials from the Leased Property into any septic facility or sanitary sewer system serving the Leased Property occurring after Tenant takes possession of the Leased Property and before the end of the Term of this Lease and its extensions, whether by Tenant or by any agent of Tenant; (g) any other act or omission of Tenant, its employees, agents, invitees, customers, licensees or contractors; or (h) any agreement entered into by Landlord, at the request of Tenant, or in order to carry out any obligations of Tenant, as owner of the Leased Property, in connection with the Project.

Tenant's indemnity obligations under this Article and elsewhere in this Lease arising prior to the termination, expiration or assignment of this Lease shall survive any such termination, expiration or assignment (except to the extent that any such obligations arise out of acts occurring following any such termination, expiration or assignment hereof).

19.3 Notice of Claim or Suit. Tenant shall promptly notify Landlord of any claim, action, proceeding or suit instituted or threatened against Tenant or Landlord of which Tenant receives notice or of which Tenant acquires knowledge. In the event Landlord is made a party to any action for damages or other relief against which Tenant has indemnified Landlord, as aforesaid, Tenant shall defend Landlord, pay all costs and shall provide effective counsel to

Landlord in such litigation or, at Landlord's option, shall pay all reasonable attorneys' fees and costs incurred by Landlord in connection with its own defense or settlement of said litigation.

19.4 Limitation on Liability. In the event Tenant is awarded a money judgment against Landlord, Tenant's sole recourse for satisfaction of such judgment shall be limited to execution against the Leased Property and the proceeds thereof. In no event shall any stockholder or shareholder of Landlord be personally liable for the obligations of Landlord hereunder.

19.5 Landlord a Single Purpose Entity. Landlord represents, agrees and warrants that Landlord is, and throughout the Term will remain, a single purpose entity consistent with the present constituent documents of Landlord.

ARTICLE XX.

THIRD PARTY RIGHTS AND OBLIGATIONS

20.1 Third Party Documents. Landlord and Tenant acknowledge that the Project and/or the interests of Landlord, Tenant and Facility Tenant therein are subject and subordinate to various documents involving other parties, relating to the development, financing, leasing, occupancy and management of the Project on the Leased Property, including without limitation the documents described and identified in Exhibit E attached hereto (referred to herein collectively as the "Third Party Documents," and otherwise as defined in said Exhibit E). Tenant has agreed and does hereby agree with and in favor of Landlord to fully and timely perform all of its material obligations under and relating to the Third Party Documents. In the event that Tenant fails to fully and timely perform all of its material obligations under and relating to the Third Party Documents, and Tenant further fails to cure any Event of Default resulting therefrom, Tenant hereby irrevocably constitutes and appoints Landlord as attorney-in fact for Tenant with full power, but not the obligation, to cure any Event of Default and otherwise perform any of Tenant's material obligations under and relating to the Third Party Documents. The foregoing appointment shall be irrevocable and shall be deemed to be coupled with an interest on the part of the Landlord.

20.2 Landlord's Rights Subject to Provisions of Wind Crest Non-Disturbance Agreement. Notwithstanding anything contained herein to the contrary, the Facility Lease and the Community Loan (as such term is identified and defined in Exhibit E attached hereto), shall be superior in all respects to this Lease, subject only to the terms, covenants and limitations as set forth in that certain Wind Crest Non-Disturbance, Attornment and Recognition Agreement (the "Facility Tenant NDAR Agreement") effectively dated of even date herewith among Facility Tenant, Tenant and Landlord, the terms of which Facility Tenant NDAR Agreement are incorporated herein by reference thereto to the same extent as if fully set forth herein.

20.3 Compliance with Third Party Documents. Tenant shall comply with all material terms and provisions of the Third Party Documents, subject to Tenant's right to pursue all available remedies, at law and in equity, with respect to any alleged default in the performance of the developer/development manager's duties and obligations under the Third Party Documents, or otherwise contest, in good faith and with due diligence, any such alleged default by Tenant. Unless required by applicable laws, Tenant shall not enter into any modifications or amendments

of the Third Party Documents, nor, except as otherwise expressly set forth in this Lease, terminate the same prior to the expiration thereof, without Landlord's prior written consent; nor shall Tenant enter into any extension or replacement of the Third Party Documents or elect not to extend the term of the Third Party Documents without Landlord's prior written consent. In addition to the obligations contained herein, Tenant agrees to promptly deliver to Landlord copies of all notices provided to Tenant under the terms of the Third Party Documents concerning notices of default, notices of changes or modifications and the like.

20.4 Landlord's Rights Subject to Provisions of Ground Lessor Tri-Party Agreement. Notwithstanding anything contained herein to the contrary, the interests and rights of Landlord pursuant to this Lease are subject in all respects to the terms, covenants and limitations as set forth in that certain Ground Lessor Tri-Party Agreement ("Tri-Party Agreement") effectively dated of even date herewith among Capmark Finance Inc., a California corporation, as Agent, Landlord and Tenant, the provisions of which Tri-Party Agreement are incorporated herein by reference to the same extent as if fully set forth herein. In the event of a conflict between the terms of this Lease and the terms of the Tri-Party Agreement, the terms of the Tri-Party Agreement shall control.

ARTICLE XXI. DEFAULT

21.1 Events of Default. Each of the following events shall be an "Event of Default" hereunder by Tenant and shall constitute a breach of this Lease:

(a) If Tenant shall fail to pay, within five (5) days of when due, any Rent or portion thereof.

(b) If Tenant shall violate or fail to comply with or perform any other term, provision, covenant, agreement or condition to be performed or observed by Tenant under this Lease, and such violation or failure shall continue for a period of thirty (30) days after written notice from Landlord of such default. In the event of a default other than a monetary default, if the nature of the default is such that it cannot reasonably be cured within the time period specified above, then Tenant shall have such additional time as is reasonable to effect such cure provided that (i) Tenant has commenced and diligently pursued such curative actions within the time period specified above, (ii) Tenant at all times diligently and continuously pursues such curative actions, and (iii) Tenant is not otherwise in default hereunder.

(c) If any assignment, transfer, sublease or encumbrance shall be made or deemed to be made that is in violation of the provisions of this Lease.

(d) If, at any time during the term of this Lease, Tenant shall file in any court, pursuant to any statute of either the United States or of any state, a petition in bankruptcy or insolvency, or for reorganization or arrangement, or for the appointment of a receiver or trustee of all or any portion of Tenant's property, including, without limitation, its leasehold interest in the Leased Property, or if Tenant shall make an assignment for the benefit of its creditors or petitions for or enters into an arrangement with its creditors.

(e) If, at any time during the term of this Lease, there shall be filed against Tenant in any courts pursuant to any statute of the United States or of any state, a petition in bankruptcy or insolvency, or for reorganization, or for the appointment of a receiver or trustee of all or a portion of Tenant's property, including, without limitation, its leasehold interest in the Leased Property, and any such proceeding against Tenant shall not be dismissed within sixty (60) days following the commencement thereof.

(f) If Tenant's leasehold interest in the Leased Property or property therein shall be seized under any levy, execution, attachment or other process of court where the same shall not be vacated or stayed on appeal or otherwise within thirty (30) days thereafter, or if Tenant's leasehold interest in the Leased Property is sold by judicial sale and such sale is not vacated, set aside or stayed on appeal or otherwise within thirty (30) days thereafter. The provisions of this subsection (f) shall not apply to any foreclosure of any leasehold mortgage permitted hereunder encumbering Tenant's interest under this Lease.

(g) If Tenant defaults under any of the Project Documents and does not cure any such default within any applicable notice, grace and/or cure periods.

(h) If Facility Tenant defaults under any of the Third Party Documents and does not cure any such default within the applicable notice and cure period.

(i) If the Project fails the Balance Test (defined in Section 23.4 below).

(j) If Guarantor defaults under the Guaranty (defined in Section 26.2 below) or any of the Third Party Documents.

(k) If Tenant takes any action which constitutes a Major Decision pursuant to Section 5.9, without the required prior written consent of Landlord.

In the event that any Permitted Mortgagee elects to cure any default by Tenant as permitted under Section 14.3 hereof, then Landlord shall accept such performance on the part of such Permitted Mortgagee as though the same had been performed by Tenant, and for such purpose Landlord hereby authorizes any Permitted Mortgagee to enter upon the Leased Property to the extent necessary to exercise any of Tenant's rights, powers and duties under this Lease.

21.2 Remedies on Default. Upon the occurrence of an Event of Default hereinabove specified:

(a) Landlord may, subject to the limitations hereinafter set forth, terminate this Lease and, peaceably or pursuant to appropriate legal proceedings, re-enter, retake and resume possession of the Leased Property and Improvements for Landlord's own account and, for Tenant's breach of and default under this Lease, recover immediately from Tenant any and all Rent and other sums and damages due or in existence at the time of such termination, including, without limitation, (i) all Rent and other sums, charges, payments, costs and expenses agreed and/or required to be paid by Tenant to Landlord hereunder, (ii) all costs and expenses of

Landlord in connection with the recovery of possession of the Leased Property and Improvements, including reasonable attorneys' fees and court costs, and (iii) all costs and expenses of Landlord in connection with any reletting or attempted reletting of the Leased Property and Improvements or any part or parts thereof, including, without limitation, brokerage fees, attorneys' fees and the cost of any alterations or repairs which may be reasonably required to so relet the Leased Property and Improvements, or any part or parts thereof.

(b) Landlord may, pursuant to any prior notice required by law, and without terminating this Lease, peaceably or pursuant to appropriate legal proceedings, re-enter, retake and resume possession of the Leased Property and Improvements for the account of Tenant, make such alterations of and repairs to the Leased Property and Improvements as may be reasonably necessary in order to relet the same or any part or parts thereof and relet or attempt to relet the Leased Property and Improvements or any part or parts thereof for such Term or terms (which may be for a term or terms extending beyond the Term of this Lease), at such rents and upon such other terms and provisions as Landlord, in its sole, but reasonable, discretion, may deem advisable. If Landlord relets or attempts to relet the Leased Property and Improvements, Landlord shall at its sole discretion determine the terms and provisions of any new lease or sublease and whether or not a particular proposed new tenant or subtenant is acceptable to Landlord. Upon any such reletting, all rents received by the Landlord from such reletting shall be applied, (i) first, to the payment of all costs and expenses of recovering possession of the Leased Property and Improvements, (ii) second, to the payment of any costs and expenses of such reletting, including brokerage fees, attorneys' fees and the cost of any alterations and repairs reasonably required for such reletting; (iii) third, to the payment of any indebtedness, other than Rent, due hereunder from Tenant to the Landlord, (iv) fourth, to the payment of all Rent and other sums due and unpaid hereunder, and (v) fifth, the residue, if any, shall be held by the Landlord and applied in payment of future Rents as the same may become due and payable hereunder. If the rents received from such reletting during any period shall be less than that required to be paid during that period by the Tenant hereunder, Tenant shall promptly pay any such deficiency to the Landlord and failing the prompt payment thereof by Tenant to Landlord, Landlord shall immediately be entitled to institute legal proceedings for the recovery and collection of the same. Such deficiency shall be calculated and paid at the time each payment of rent shall otherwise become due under this Lease, or, at the option of Landlord, at the end of the term of this Lease. Landlord shall, in addition, be immediately entitled to sue for and otherwise recover from Tenant any other damages occasioned by or resulting from any abandonment of the Leased Property or other breach of or default under this Lease other than a default in the payment of rent. No such re-entry, retaking or resumption of possession of the Leased Property by the Landlord for the account of Tenant shall be construed as an election on the part of Landlord to terminate this Lease unless a written notice of such intention shall be given to the Tenant or unless the termination of this Lease be decreed by a court of competent jurisdiction. Notwithstanding any such re-entry and reletting or attempted reletting of the Leased Property and Improvements or any part or parts thereof for the account of Tenant without termination, Landlord may at any time thereafter, upon written notice to Tenant, elect to terminate this Lease or pursue any other remedy available to Landlord for Tenant's previous breach of or default under this Lease.

(c) Landlord may, without re-entering, retaking or resuming possession of the Leased Property and Improvements, sue for all Rent and all other sums, charges, payments, costs and expenses due from Tenant to Landlord hereunder either: (i) as they become due under this Lease, or (ii) at Landlord's option, accelerate the maturity and due date of the whole or any part of the Rent for the entire then-remaining unexpired balance of the Term of this Lease, as well as all other sums, charges, payments, costs and expenses required to be paid by Tenant to Landlord hereunder, including, without limitation, damages for breach or default of Tenant's obligations hereunder in existence at the time of such acceleration, such that all sums due and payable under this Lease shall, following such acceleration, be treated as being and, in fact, be due and payable in advance as of the date of such acceleration. Landlord may then proceed to recover and collect all such unpaid Rent and other sums so sued for from Tenant by distress, levy, execution or otherwise. Regardless of which of the foregoing alternative remedies is chosen by Landlord under this subparagraph (c), Landlord shall not be required to relet the Leased Property and Improvements nor exercise any other right granted to Landlord pursuant to this Lease, nor shall Landlord be under any obligation to minimize or mitigate Landlord's damages or Tenant's loss as a result of Tenant's breach of or default under this Lease.

(d) Subject to any applicable limitations or consent and approval rights of parties (other than Tenant and Guarantor (as hereinafter defined)) to the Third Party Documents, Landlord shall have the right to replace or cause the replacement of the developer under the Wind Crest Development Agreement, dated as of March 29, 2006, between ERC as "Developer" and Tenant (the "Development Agreement") with a qualified replacement manager and developer, which shall be paid market rate development and management fees of not less than five percent (5%) of initial Entrance Deposits (as defined in the Facility Lease and the Development Agreement described in Exhibit E).

In addition to the remedies hereinabove specified and enumerated, Landlord shall have and may exercise the right to invoke any other remedies allowed at law or in equity as if the remedies of re-entry, unlawful detainer proceedings and other remedies were not herein provided. Accordingly, the mention in this Lease of any particular remedy shall not preclude Landlord from having or exercising any other remedy at law or in equity. Nothing herein contained shall be construed as precluding the Landlord from having or exercising such lawful remedies as may be and become necessary in order to preserve the Landlord's right or the interest of the Landlord in the Leased Property and in this Lease, even before the expiration of any notice periods provided for in this Lease, if under the particular circumstances then existing the allowance of such notice periods will prejudice or will endanger the rights and estate of the Landlord in this Lease and in the Leased Property. If Landlord exercises any of the remedies set forth herein, the fee and leasehold estates then held by Landlord shall not merge unless Landlord otherwise elects by notice to Tenant, provided, however, in no event shall such merger of estates relieve Tenant of those obligations which are to survive hereunder.

21.3 Landlord May Cure Tenant Defaults. If Tenant shall default in the performance of any term, provisions, covenant or condition on its part to be performed hereunder Landlord may, after notice to Tenant and a reasonable time to perform after such notice (or without notice if, in Landlord's reasonable opinion, an emergency involving a threat to life or health or of imminent destruction of material property interests exists) perform the same for the account and

at the expense of Tenant. If, at any time and by reason of such default, Landlord is compelled to pay, or elects to pay, any sum of money or do any act which will require the payment of any sum of money, or is compelled to incur any expense in the enforcement of its rights hereunder or otherwise, such sum or sums, together with interest thereon at the highest rate allowed under the laws of the state in which the Property is located, shall be deemed Additional Rent hereunder and shall be repaid to Landlord by Tenant promptly when billed therefor, and Landlord shall have all the same rights and remedies in respect thereof as Landlord has in respect of the rents herein reserved.

21.4 Other Remedy. In the event that a court having jurisdiction over the Leased Property recharacterizes this Lease as a mortgage, the parties agree that effective as of the date of this Lease, Landlord may exercise its remedies against the real property in accordance with all applicable laws of the State of Colorado (which remedies may include, without limitation, the right of foreclosure by judicial action) and against the personal property as set forth in the Uniform Commercial Code as effective in the State of Colorado.

21.5 Rights Cumulative. The rights and remedies provided and available to Landlord in this Lease are distinct, separate and cumulative remedies, and no one of them, whether or not exercised by Landlord, shall be deemed to be in exclusion of any other.

ARTICLE XXII. NOTICES

All notices, elections, requests and other communication hereunder shall be in writing and shall be deemed to have been given or made when delivered by hand or by overnight courier, or five (5) days after deposited in the United States mail, postage prepaid, by registered or certified mail, return receipt requested or, in the case of notice by telex, facsimile transmission or other telegraphic communications equipment, when properly transmitted with receipt acknowledged upon transmission, addressed as follows or to such other address as may be hereafter designated in writing by one party to the others:

If to Landlord: MSRESS III Denver Campus, LLC
c/o Mr. Andrew Bauman
Morgan Stanley/US RE Investing Division
1585 Broadway, Floor 37
New York, New York 10036
Phone: (212) 761-4468
Fax: (212) 507-4861

With a copy to: Mark Pollak, Esquire
Wilmer Cutler Pickering Hale and Dorr LLP
100 Light Street, Suite 1300
Baltimore, Maryland 21202
Phone: (410) 986-2860
Fax: (410) 986-2828

If to Tenant: Littleton Campus, LLC
701 Maiden Choice Lane
Baltimore, Maryland 21228
Attn: General Counsel
Phone: (410) 737-8864
Fax: (410) 737-8828

or such other address as may be designated by either party by written notice to the other. Any notice mailed to the last designated address of any person or party to which a notice may be or is required to be delivered pursuant to this Lease shall not be deemed ineffective if actual delivery cannot be made due to a change of address of the person or party to which the notice is directed or the failure or refusal of such person or party to accept delivery of the notice.

ARTICLE XXIII.
ADDITIONAL COVENANTS OF TENANT

23.1 Conduct of Business. Tenant shall not engage in any business other than the leasing and operation of the Project for the Permitted Use and activities incidental thereto, and shall do or cause to be done all things necessary to preserve, renew and keep in full force and effect and in good standing its corporate, limited partnership, limited liability company or other entity status and existence and its rights and licenses necessary to conduct such business.

23.2 Additional Covenants of Tenant. In addition to the other covenants and representations of Tenant herein and in this Lease, Tenant hereby covenants, acknowledges and agrees that Tenant shall:

(a) Undertake or obtain and provide to Landlord a risk management audit and report regarding the operation of the assisted living and skilled nursing uses within the Project annually for compliance with all applicable laws governing the ongoing use and operation of the Project for the Permitted Use and provide Landlord with a copy of the report and any other results of the audit.

(b) Give prompt notice to Landlord of any litigation or any administrative proceeding involving Tenant, Facility Tenant, Landlord, the Leased Property or the Project of which Tenant has notice or actual knowledge and which involves a potential uninsured liability equal to or greater than \$100,000 or which, in Tenant's reasonable opinion, may otherwise result in any material adverse change in the business, operations, property, prospects, results of operation or conditions, financial or otherwise, of Tenant, Facility Tenant or the Project.

23.3 Tenant a Single Purpose Entity. Tenant represents, agrees and warrants that Tenant is, and throughout the Term will remain, a Single Purpose Entity as defined, described and contemplated on Exhibit F hereof.

23.4 Balance Test. At all times during the Term, the Project shall satisfy the "Balance Test" pursuant to the terms of this Section 23.4 and as further defined in Exhibit G. In addition to any other reports required under this Lease, Tenant shall prepare (or cause to be prepared) and

furnish to Landlord within 30 days after the end of each calendar quarter, and promptly upon written request at any time by Landlord in connection with the occurrence of a material adverse event before the end of a calendar quarter, a projection of the Balance Test computation as of the end of such calendar quarter (or such other date as may be specified by Landlord) in the form attached hereto and made part of Exhibit G; together with such supporting and additional information as may be requested by Landlord in writing. Such report shall be for informational purposes only and Landlord shall not be bound by any determination made by Tenant of the Balance Test computation in any such report provided to Landlord. The Project shall be considered to fail the Balance Test upon the determination by Landlord, in its reasonable discretion, to that effect and the delivery of notice (a "Balance Test Default Notice") to Tenant setting forth a summary of the computation underlying that determination. Within ten (10) business days following delivery of such Balance Test Default Notice, Tenant shall have the opportunity to supply documentation demonstrating that the Project satisfies the Balance Test which is satisfactory to Landlord, in Landlord's sole discretion; *provided, however*, that such right shall not apply if the determination by Landlord is based on a failure of the Project to satisfy the Balance Test appearing on the face of a Balance Test report provided to Landlord under this Section. If, after such 10-business day period, the parties disagree as to whether the Project fails to satisfy the Balance Test solely because of the projected costs to complete the Project, the final determination of the projected costs to complete shall be made by an independent consultant mutually selected by Landlord and Tenant within five (5) business days following the close of the prior 10-business day period. The independent third party shall be directed to produce its conclusions regarding the costs to complete the Project for purposes of the Balance Test within 30 days of its engagement. If the parties are unable to agree on an acceptable third party for resolving their dispute as to costs, or if the dispute regarding the Balance Test cannot otherwise be resolved by the parties, the final determination shall be made by Landlord in the exercise of its reasonable discretion. Within five (5) business days following any final determination under this Section 23.4 that the Project fails to satisfy the Balance Test, ERC shall have the right to cure the out-of-balance condition by making an additional capital contribution to Tenant of cash, to be held in the Reserves (as defined in Exhibit G), in such amount as shall cause the Project to satisfy the Balance Test after such additional capital contribution. The failure by Landlord to contest any assumptions used by Tenant in preparing the Balance Test report as of any date shall not restrict Landlord's right to contest the validity of those assumptions in applying the Balance Test as of a later date.

ARTICLE XXIV.

TENANT PURCHASE RIGHTS/DEVELOPMENT CONTINGENCY

24.1 Right of First Offer. Tenant has requested and Landlord has agreed to provide to Tenant, a right of first offer in connection with any proposed sale of the Leased Property by Landlord, including, without limitation, the Licenses, Permits, Plans, Contracts and Warranties defined in and assigned to Landlord pursuant to that certain Assignment of Licenses, Permits, Plans, Contracts and Warranties executed by Tenant to and in favor of Landlord dated of even date herewith. Landlord hereby grants to Tenant a right of first offer to purchase the Leased Property on the terms and subject to the conditions set forth below:

(a) If Landlord desires to transfer or convey title to the Leased Property then Landlord shall, before consummating such sale or making such transfer, provide to Tenant written notice of such desire. In the event that Tenant elects to exercise its right of first offer to purchase the Leased Property, then Tenant shall have the right, for a period of fifteen (15) business days from its receipt of such written notice, to deliver to Landlord a written offer to purchase the Leased Property acknowledging Landlord's notice and specifying the purchase price for the Leased Property offered by Tenant. Failure of Tenant to deliver to Landlord an offer to purchase within such time period shall be deemed to constitute a waiver of Tenant's right of first offer under this Lease and Landlord shall be entitled to proceed to sell the Leased Property, subject to the provisions of Section 24.1(c) below. If Tenant delivers an offer to purchase meeting the requirements of this Section 24.1(a), then Landlord shall have fifteen (15) business days from receipt of Tenant's written offer to deliver to Tenant written notice of Landlord's acceptance or rejection of Tenant's offer. Failure of Landlord to deliver such notice of acceptance within said time period shall be deemed to constitute a rejection of Tenant's offer by Landlord. If Landlord rejects Tenant's offer then Landlord shall be entitled to proceed to sell the Leased Property at a purchase price which is greater than the purchase price offered by Tenant, subject to the provisions of Section 24.1(c) below, but Landlord shall not be entitled to sell the Leased Property at a purchase price which is equal to or less than the purchase price offered by Tenant unless Landlord shall first offer to Tenant the right (exercisable if at all within fifteen (15) business days from notice thereof) to purchase the Leased Property for such equal or lesser price.

(b) If Landlord accepts Tenant's offer to purchase the Leased Property, then the purchase and sale of the Leased Property shall be consummated upon the following terms and conditions:

(i) Within five (5) business days of Landlord's acceptance of Tenant's offer to purchase the Leased Property, Tenant shall deliver to Landlord in federal funds an earnest money deposit equal to ten percent (10%) of the proposed purchase price for the Leased Property (the "Earnest Money Deposit"), which Earnest Money Deposit shall be nonrefundable to Tenant except in the event of a default by Landlord in the performance of its obligations under this right of first offer, but shall be applicable to the purchase price for the Leased Property at closing.

(ii) The purchase price for the Leased Property shall be equal to the purchase price offered by Tenant and accepted by Landlord in accordance with the terms of this Section 24.1.

(iii) Conveyance of the Leased Property by Landlord must be by quitclaim deed, substantively in the same form as the quitclaim deed into Landlord, and subject only to such matters as existed upon the Commencement Date of the Lease and such subsequent matters as are caused or incurred in good faith pursuant the terms of the Lease, or with Tenant's written consent or joinder or by Tenant's or Facility Tenant's actions (but in no event subject to any mortgages, security interests or other encumbrances or liens created or granted by Landlord).

(iv) Closing of the sale and purchase contemplated hereby shall occur within ninety (90) days following Landlord's delivery to Tenant of notice of Landlord's acceptance of Tenant's offer to purchase.

(v) All closing costs incurred in connection with the closing shall be paid by Tenant, including Landlord's attorney fees.

(vi) No prorations relating to operation of the Leased Property shall be required, as the same is to remain leased to Tenant on a net-lease basis throughout the term of this Agreement. To the extent Landlord has received advance payment of Rent, or has advanced sums on behalf of Tenant for proratable or reimbursable expenses under the Lease for which Landlord has not been reimbursed through or as of the date of any closing hereunder, the same shall be prorated. Tenant shall be entitled to a credit against the purchase price hereunder for any security or other deposits held by Landlord hereunder.

(c) In the event that Tenant's right of first offer is either waived or rejected, as applicable, pursuant to the provisions of Section 24.1(a) hereof, Landlord may proceed to sell the Leased Property in accordance with the provisions hereof; provided, however, that if Landlord fails to enter into a valid contract for the purchase and sale of the Leased Property within one hundred and twenty (120) days of the date on which Tenant's right of first offer is either waived or rejected, as applicable, as provided above, or if Landlord enters into such a contract but the transaction contemplated thereby does not close and the contract expires or is terminated, then Tenant's right of first offer shall return to full force and effect and shall be exercisable thereafter in accordance with the terms of this Section 24.1. In the event that Landlord sells the Leased Property in accordance with the provisions hereof, then Tenant's right of first offer granted herein shall be void and of no further force and effect.

(d) Notwithstanding anything contained herein to the contrary, Tenant's aforesaid right of first offer shall not apply to: (i) a transfer of the Leased Property to the agent on the Construction Loan, a designee thereof, or a future holder of the Construction Loan, by means of a foreclosure or a deed in lieu of foreclosure, or (ii) any sale, transfer or conveyance by Landlord permitted or not otherwise restricted pursuant to Section 14.4 hereof. Tenant's right of first offer hereunder shall continue to remain in effect with respect to any subsequent transfer by any such person or entities.

(e) The right of first offer established hereunder may not be transferred or assigned separate from this Lease, and may only be assigned to the assignee under a permitted assignment hereof.

(f) The right of first offer established hereunder shall automatically terminate and be of no further force and effect upon the occurrence of any of the following events:

(i) The existence of a default or Event of Default under this Lease or the Guaranty, of which notice has been given to Tenant or Facility Tenant or which otherwise is known to Tenant which is uncured as of any date established hereunder for Tenant to deliver to

Landlord an offer to purchase the Leased Property, provided that the Leased Property is sold within two hundred seventy (270) days following such date; or

(ii) A termination of the Lease or the Guaranty for any reason other than a default of Landlord under the Lease.

24.2 Option to Purchase. In addition to the foregoing right, Tenant shall have the option to purchase the Landlord's entire interest in and relating to the Leased Property (the "Tenant Purchase Option") including, without limitation, the Licenses, Permits, Plans, Contracts and Warranties assigned to Landlord pursuant to that certain Assignment of Licenses, Permits, Plans, Contracts and Warranties executed by Tenant to and in favor of Landlord dated of even date herewith, as follows:

(a) Tenant shall exercise its Tenant Purchase Option hereunder at any time by giving at least sixty (60) days written notice to Landlord of Tenant's intent to exercise the Tenant Purchase Option.

(b) The "Option Purchase Price" to be paid by Tenant at closing of the Tenant Purchase Option, if exercised, shall be determined as follows:

(i) If closing pursuant to the Tenant Purchase Option under this Section 24.2 (the "Option Closing") occurs prior to the Make-Whole Deadline (defined below): Landlord's Original Investment, plus the Make-Whole Amount (defined below).

(ii) If the Option Closing occurs on or after the Make-Whole Deadline: the Option Purchase Price shall be equal to Landlord's Original Investment (i.e., \$25,000,000).

(c) The Option Closing shall be held in the office of Landlord's attorneys on or before a date which is sixty (60) days after Landlord's receipt of Tenant's exercise notice, or at such other time or place as shall be mutually acceptable to Landlord and Tenant.

(d) The Option Purchase Price shall be paid at closing, in cash, by wire transfer to Landlord's account.

(e) All expenses of closing (including Landlord's attorneys' fees) shall be paid by Tenant.

(f) Tenant shall be deemed to have exercised and effected the Tenant Purchase Option hereunder, and shall be obligated to pay to Landlord the full Option Purchase Price immediately and without offset or credit, in the event that title to the Leased Property is transferred or conveyed to the Facility Tenant, or to the holder of any mortgage or similar lien or encumbrance or party claiming thereunder or purchasing at foreclosure thereof, pursuant to an exercise of any purchase option or foreclosure of any mortgage or other lien or encumbrance to which the Leased Property has been or is subjected at the direction or with the consent of Tenant.

For purposes of this Lease, "Make-Whole Amount" shall mean, with respect to any amounts of Landlord's Original Investment re-paid to Landlord prior to October 11, 2010 (the "Make-Whole Deadline"), an amount equal to such additional sum of money, if any, as must be added to such amount so that if such total amount (*i.e.*, such partial or full repayment of Landlord's Original Investment (as applicable) plus, without duplication, the additional sum of money) were, on such date, used to purchase non-callable United States Treasury Securities having maturity dates as close to the Make-Whole Deadline as possible, such investment would result in the same yield to Landlord that Landlord would have received had Tenant leased the Property and paid all Base Rent through the Make-Whole Deadline.

24.3 Landlord's Right to Require Tenant to Exercise the Tenant Purchase Option. Landlord shall have the absolute right, but not the obligation, to require Tenant to purchase the Property for a cash purchase price equal to the Landlord's Original Investment plus the Make-Whole Amount, and including any Rent and Additional Rent then due and owing to Landlord hereunder ("Landlord's Put") on any of the following dates or upon the occurrence of any of the following events:

- (a) at any time from and after the Make-Whole Deadline, in the sole and absolute discretion of Landlord; or
- (b) upon the exercise of the purchase option by the Facility Tenant under the Facility Lease; or
- (c) at any time following the occurrence of an Event of Default with respect to Tenant or a default by Guarantor under the Guaranty (each as defined in Section 26.2 below).

In order to exercise Landlord's Put, Landlord shall deliver to Tenant and to ERC written notice (the "Exercise Notice") of such exercise, which notice shall state Landlord's computation of the applicable purchase price for the Property. The giving of the Exercise Notice by Landlord shall constitute an irrevocable commitment by Landlord to sell and the Tenant to purchase the Property. The closing of Landlord's Put shall be held in the office of Landlord's attorneys on or before a date which is one hundred twenty (120) days after Tenant's receipt of the Exercise Notice, or at such other time or place as shall be mutually acceptable to Landlord and Tenant and shall be conducted in accordance with the provisions of Section 24.2.

24.4 Rights Subject to Lease. The right of first offer and the Tenant Purchase Option as set forth in this Article XXIV shall be subject to the payment to Landlord, no later than the right of first offer closing, or Option Closing, as applicable, of all amounts due or payable to Landlord pursuant to the terms of this Lease. In the event of an early termination of this Lease, the rights of Tenant to acquire the Leased Property under Section 24.2 hereof shall, unless Tenant has filed or otherwise becomes subject to any type of bankruptcy event or filing, survive only until thirty (30) days after Tenant's receipt of notice that this Lease has been terminated (TIME BEING OF THE ESSENCE); provided that Landlord's rights under Section 24.3 shall survive an early termination of this Lease until the original stated Expiration Date of this Lease as set forth in Article II above.

ARTICLE XXV.

ADDITIONAL REQUIREMENTS

25.1 Tax Treatment of Lease. Landlord and Tenant intend that the acquisition of the Leased Property by Landlord from the Tenant and the lease of the Leased Property by Landlord to Tenant hereunder be treated for U.S. federal income tax purposes and Generally Accepted Accounting Principles ("GAAP") as a loan in an amount equal to Landlord's Original Investment Amount, the Base Rent payable by Tenant to Landlord to be treated as interest on Landlord's Original Investment Amount, and the Tenant to be treated as the owner of the Leased Property. Tenant and Landlord hereby agree not to take any position with the U.S. Internal Revenue Service (in any filing therewith or otherwise) and for financial accounting purposes, that is inconsistent with the characterization of this Lease as a loan for U.S. federal income tax and GAAP purposes or the Tenant as the owner of the Leased Property.

25.2 Book Entry System. The Landlord, acting solely for this purpose as an agent of Tenant, shall maintain at one of its offices a copy of each agreement pursuant to which any rights to payments, property or other consideration (the "Loan Payments") hereunder are transferred or assigned to another person (a "Loan Assignee") and a register for the recordation of the names and addresses of Landlord and any Loan Assignee, and the amount and type of any Loan Payments owing to, Landlord and any Loan Assignee pursuant to the terms hereof from time to time (the "Register"); provided, however, in no event will Tenant be obligated to pay Rent to Landlord and any Loan Assignee in the aggregate in excess of the Rent payable hereunder. The entries in the Register shall be conclusive absent manifest error, and Tenant, Landlord, and each Loan Assignee may treat each person whose name is recorded in the Register pursuant to the terms hereof as the owner of the Loan Payments hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Tenant, Landlord and each Loan Assignee, at any reasonable time and from time to time upon reasonable prior notice. No assignment of any Loan Payments shall be effective for purposes of this Lease unless it has been recorded in the Register as provided in this clause. It is intended that this Section 25.2 constitute a "book entry system" within the meaning of Treasury Regulation Section 1.871-14(c)(1)(i)(B) and shall be interpreted consistently therewith.

25.4 Future Amendment. Subject to the terms and conditions of the Third Party Documents and the related agreements executed by Landlord, Tenant hereby agrees to amend this Article XXV from time to time as Landlord deems necessary or desirable in order to effectuate the intent hereof, provided that the same does not result in any material change in the economic costs and benefits derived and incurred hereunder, or affect Tenant's ability to use, develop, construct, lease or repurchase the Leased Property.

ARTICLE XXVI. MISCELLANEOUS

26.1 "Net" Lease. Landlord and Tenant acknowledge and agree that both parties intend that this Lease shall be and constitute what is generally referred to in the real estate industry as a "triple net" or "absolute net" lease, such that Tenant shall be obligated hereunder to pay all costs and expenses incurred with respect to, and associated with, the Leased Property and the business operated thereon and therein, including, without limitation, all taxes and

assessments, utility charges, insurance costs, maintenance costs and repair, replacement and restoration expenses (all as more particularly herein provided) together with any and all other assessments, charges, costs and expenses of any kind or nature whatsoever related to, or associated with, the Leased Property and the business operated thereon and therein (including Landlord's costs and attorney's fees); provided, however, that Landlord shall nonetheless be obligated to pay any debt service on any mortgage encumbering Landlord's fee simple interest in the Leased Property, which is not a Permitted Exception, and Landlord's personal income taxes with respect to the Rent received by Landlord under this Lease. Except as expressly hereinabove provided, Landlord shall bear no cost or expense of any type or nature with respect to, or associated with, the Leased Property. The parties acknowledge and intend that this Lease shall be recognized and enforced as a lease of real property in the courts of the State in which the Property is located. In the event that a court having jurisdiction over the Property recharacterizes this Lease as a financing or mortgage of real property, the parties agree that effective as of the date of this Lease the Landlord may exercise its remedies against the real property in accordance with all applicable laws of the State of Colorado (which remedies may include, without limitation, the right of foreclosure by judicial action) and against the personal property as set forth in the Uniform Commercial Code as effective in the State of Colorado.

26.2 Guaranty and Lessor-Developer Agreement. Landlord has entered into this Lease in reliance upon (i) the Limited Guaranty and Indemnity Agreement by ERC (ERC is herein sometimes referred to as the "Guarantor") in favor of Landlord dated as of even date herewith (the "Guaranty"), pursuant to which Guarantor has provided certain guarantees and indemnities relating to Tenant's performance of its obligations under this Lease, and (ii) the Lessor-Developer Agreement between Guarantor and Landlord dated of even date herewith, pursuant to which Guarantor grants certain rights to Landlord with respect to the Development Agreement.

26.3 Estoppel Certificates. Tenant shall from time to time, within fifteen (15) days after request by Landlord and without charge, give a Tenant Estoppel Certificate in the form attached hereto as Exhibit H and containing such other matters as may be reasonably requested by Landlord to any person, firm or corporation specified by Landlord and certifying as to the accuracy of statements as set forth therein.

26.4 Brokerage. Landlord and Tenant hereby represent and warrant to each other that they have not engaged, employed or utilized the services of any business or real estate brokers, salesmen, agents or finders in the initiation, negotiation or consummation of the business and real estate transaction reflected in this Lease. On the basis of such representation and warranty, each party shall and hereby agrees to indemnify and save and hold the other party harmless from and against the payment of any commissions or fees to or claims for commissions or fees by any real estate or business broker, salesman, agent or finder resulting from or arising out of any actions taken or agreements made by them with respect to the business and real estate transaction reflected in this Lease.

26.5 No Partnership or Joint Venture. Landlord shall not, by virtue of this Lease, in any way or for any purpose, be deemed to be a partner of Tenant in the conduct of Tenant's business upon, within or from the Leased Property or otherwise, or a joint venturer or a member of a joint enterprise with Tenant.

26.6 Entire Agreement. This Lease contains the entire agreement between the parties and, except as otherwise provided herein, can only be changed, modified, amended or terminated by an instrument in writing executed by the parties. It is mutually acknowledged and agreed by Landlord and Tenant that there are no verbal agreements, representations, warranties or other understandings affecting the same, and that Tenant hereby waives, as a material part of the consideration hereof, all claims against Landlord for rescission, damages or any other form of relief by reason of any alleged covenant, warranty, representation, agreement or understanding not contained in this Lease. This Lease shall not be changed, amended or modified except by a written instrument executed by Landlord and Tenant.

26.7 Waiver. No release, discharge or waiver of any provision hereof shall be enforceable against or binding upon Landlord or Tenant unless in writing and executed by Landlord or Tenant, as the case may be. Neither the failure of Landlord or Tenant to insist upon a strict performance of any of the terms, provisions, covenants, agreements and conditions hereof, nor the acceptance of any Rent by Landlord with knowledge of a breach of this Lease by Tenant in the performance of its obligations hereunder, shall be deemed a waiver of any rights or remedies that Landlord or Tenant may have or a waiver of any subsequent breach or default in any of such terms, provisions, covenants, agreements and conditions.

26.8 Time. Time is of the essence in every particular of this Lease, including, without limitation, obligations for the payment of money.

26.9 Costs and Attorney's Fees. If either party shall bring an action to recover any sum due hereunder, or for any breach hereunder, and shall obtain a judgment or decree in its favor, the court may award to such prevailing party its reasonable costs and reasonable attorneys' fees, specifically including reasonable attorneys' fees incurred in connection with any appeals (whether or not taxable as such by law). Landlord shall also be entitled to recover its reasonable attorneys' fees and costs incurred in any bankruptcy action filed by or against Tenant, including, without limitation, those incurred in seeking relief from the automatic stay, in dealing with the assumption or rejection of this Lease, in any adversary proceeding, and in the preparation and filing of any proof of claim.

26.10 Captions and Headings. The captions and headings in this Lease have been inserted herein only as a matter of convenience and for reference and in no way define, limit or describe the scope or intent of, or otherwise affect, the provisions of this Lease.

26.11 Severability. If any provision of this Lease shall be deemed to be invalid, it shall be considered deleted therefrom and shall not invalidate the remaining provisions of this Lease.

26.12 Successors and Assigns. The agreements, terms, provisions, covenants and conditions contained in this Lease shall be binding upon and inure to the benefit of Landlord and Tenant and, to the extent permitted herein, their respective successors and assigns.

26.13 Applicable Law. This Lease shall be governed by, and construed in accordance with, the laws of the state in which the Leased Property is located.

26.14 Waiver of Jury Trial. TENANT AND LANDLORD HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EITHER OF THEM OR THEIR HEIRS, PERSONAL REPRESENTATIVES, SUCCESSORS OR ASSIGNS MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS LEASE OR ANY AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY. THIS PROVISION IS A MATERIAL INDUCEMENT TO LANDLORD'S ACCEPTING THIS LEASE.

[Agreement continues on following page.]

26.15 Usury Clause. If this Lease is recharacterized as a loan, then, notwithstanding any provision of this Lease to the contrary, it is the intent of Landlord and Tenant to comply strictly with any applicable usury law. Landlord shall not at any time be entitled to charge, receive, or collect, and Landlord shall not be deemed to have contracted for, charged, or received, as interest on the principal indebtedness outstanding hereby, any amount in excess of the maximum amount to be contracted for, charged or received by applicable law, and in the event the Landlord ever charges, receives, or collects as interest any such excess, such excess shall be cancelled if charged but not received or collected, or be deemed partial payment of the principal indebtedness evidenced hereby if received or collected, and if such excess has been received or collected and the principal shall have been paid in full, all such excess interest shall forthwith be refunded to Tenant. The term "applicable law," as used herein, shall mean the laws of the State of Colorado or the laws of the United States, whichever laws allow the greater rate of interest.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease to be duly executed on
or as of the day and year first above written.

TENANT:

LITTLETON CAMPUS, LLC,
a Maryland limited liability company

By: Erickson Retirement Communities, LLC, a
Maryland limited liability company,
its Member

By:



Name: Gerald F. Doherty
Title: Executive Vice President

[Signatures continue on following page.]

LANDLORD:

MSRESS III DENVER CAMPUS, LLC, a Delaware
limited liability company

By: Morgan Stanley Real Estate Special Situations Fund
III, L.P.

By: Morgan Stanley Real Estate Special Situations III -
GP, L.L.C., its General Partner

By:



Name: Andrew Bauman

Title: Vice President

SCHEDULE A

DEFINED TERMS

Accessibility Laws	Section 11.1
Additional Rent	Section 3.3
Balance Test	Section 23.4
Balance Test Default Notice	Section 23.4
Base Rent	Section 3.1
Code	Article XXV
Commencement Date	Section 1.4
Condemnation Proceeds	Section 16.1
Construction Loan	Exhibit E
Construction Total Taking	Section 16.1
Cure Period	Section 14.3(a)
Cure Period	Section 14.3 (b)
Default Notice	Section 14.3
Developer	Section 5.7
Development Agreement	Section 21.2(d)
Development Plan	Section 5.9(c)
Earnest Money Deposit	Section 23.1(b)(i)
ERC	Section 5.7
ERISA	Section 5.9(h)
Event of Default	Section 21.1
Exercise Notice	Section 24.3
Expiration Date	Article II
Facility Lease	Section 1.1
Facility Tenant	Section 1.1
Facility Tenant NDAR Agreement	Section 20.2
General Contract	Section 11.2(c)
Guarantor	Section 26.2
Guaranty	Section 26.2
Hazardous Substances	Section 5.5
Improvements	Section 1.1
Land Records	Section 15.2
Landlord	Opening Paragraph
Landlord's Original Investment	Section 3.2(b)
Landlord's Put	Section 24.3
Lease	Opening Paragraph
Lease Year	Section 3.2(a)
Leased Property	Recitals
Loan Assignee	Section 25.2

Loan Payments	Section 25.2
Major Decisions	Section 5.9
Make-Whole Deadline	Section 24.2
Make-Whole Amount	Section 24.2
Mortgagee	Section 17.2
Non-Payment Event of Default	Section 14.3(b)
Notice of Commencement	Section 15.4
Option Closing	Section 24.2(b)(i)
Option Purchase Price	Section 24.2(b)
Partial Taking	Section 16.2
Payment Event of Default	Section 14.3(a)
Permitted Exceptions	Section 1.3
Permitted Mortgages	Section 14.2
Permitted Mortgagees	Section 14.3
Permitted Use	Section 5.2
Phase	Section 11.2(a)
Phase Plans	Section 5.7
Project	Section 5.1
Project Documents	Section 5.1
Project Loans	Section 5.7
Qualified Transferee	Exhibit K
Register	Section 25.2
Rent	Section 3.3
Site Plan	Section 11.2
TAB Summary	Section 5.8
Tenant	Opening Paragraph
Tenant Purchase Option	Section 24.2
Term	Article II
Third Party Documents	Section 20.1
Total Taking	Section 16.1

EXHIBIT A

LEGAL DESCRIPTION

(SEE ATTACHED)

PARCEL ONE:

LOTS 1 AND 2,
ERICKSON FILING NO. 1,
RECORDED JUNE 2, 2006 AT RECEPTION NO. 2006046418, AND TECHNICAL PLAT CORRECTION
CERTIFICATES RECORDED SEPTEMBER 13, 2006 AT RECEPTION NO. 2006079335 AND JUNE 13, 2006
AT RECEPTION NO. 2006049968,
COUNTY OF DOUGLAS,
STATE OF COLORADO.

PARCEL THREE:

RESERVATION OF ACCESS ACROSS THE LINES RELINQUISHED IN RULE AND ORDER IN CASE NO. 83
CV 274 IN THE DISTRICT COURT OF DOUGLAS COUNTY, COLORADO; RECORDED January 17, 1985 IN
BOOK 558 AT PAGE 587 WHERE PASSAGEWAYS UNDER THE ROADWAY HAVE BEEN PROVIDED, AS
MORE PARTICULARLY SET FORTH IN SAID RULE AND ORDER.

EXHIBIT B

PERMITTED ENCUMBRANCES

(SEE ATTACHED)

And all other matters of record or applicable to the Leased Property on the date hereof.

1. Any lien, or right to a lien, for services, labor, or material heretofore or hereafter furnished, imposed by law and not shown by the public records.
2. Taxes and assessments for the year 2006 and subsequent years, a lien, not yet due or payable.
3. Reservation of all mineral lands should any such be found in the tracts aforesaid, but this exclusion and exception according to the terms of the statute, shall not be construed to include "Coal and Iron land", contained in Patent recorded September 20, 1883, in Book M at Page 316.
4. Right of way for Estacks, Babcock's and Marcy's Ditch now known as Keystone Ditch as evidenced by instrument recorded April 8, 1888 in Book Q at page 267.
5. Right of Way for Legere Ditch as evidenced in instrument recorded June 1, 1888 in Book Q at Page 312.
6. A right of way for Linhart Ditch and Linhart Reservoir as evidenced by instrument recorded May 2, 1888 in Book S at Page 440.
7. Terms, conditions, provisions, agreements and obligations specified under the Deed and Agreement, which was recorded August 17, 1884 in Book S at Page 185.
8. The right of the proprietor of a vein or lode to extract or remove his ore, should the same be found to penetrate or intersect the premises thereby granted and rights-of-way for ditches and canals as reserved in United States Patent recorded December 18, 1896, in Book X at Page 458, and any and all assignments thereof or interests therein.
9. An easement for Wolhurst Ditch No. 1 and Wolhurst Ditch No. 2 as evidenced in instrument recorded in Book 1 at Page 509.
10. Easements, together with the terms, conditions, provisions, agreements and obligations specified under the Right of Way Agreement, which was recorded March 23, 1972 in Book 229 at Page 255.
11. An easement for utility lines and incidental purposes granted to Public Service Company of Colorado by the instrument recorded July 18, 1977 in Book 311 at Page 467.
12. Easements, together with the terms, conditions, provisions, agreements and obligations specified under the Grant of Water and Sewer Line Easement, which was recorded March 26, 1981 in Book 408 at Page 985.
13. Easements, together with the terms, conditions, provisions, agreements and obligations specified under the Grant of Water and Sewer Line Easement, which was recorded March 26, 1981 in Book 408 at Page 988.
14. Easements, together with the terms, conditions, provisions, agreements and obligations specified under the Grant Water and Sewer Line Easement, which was recorded March 26, 1982 in Book 408 at Page 1004.
15. An easement for one or more water pipelines and incidental purposes granted to City and County of

Denver, acting by and through its Board of Water Commissioners by the instrument recorded March 2, 1983 in Book 487 at Page 385.

16. No right of rights of access to and from the highway described in Rule and Order recorded January 17, 1985 in Book 558 at Page 587.
17. Terms, conditions, provisions, agreements and obligations specified under the Wastewater Service Agreement, which was recorded July 29, 1986 in Book 655 at Page 384.
18. The effect of the inclusion of the subject property in the Highlands Ranch Metropolitan District No. 3, as disclosed by the instrument recorded December 17, 1990 in Book 943 at Pages 997, 999 and 1001.
19. The effect of the inclusion of the subject property in the Littleton Fire District, as disclosed by the instrument recorded November 6, 1999 in Book 1774 at Page 1495.
20. Terms, conditions, provisions, agreements and obligations specified under the Erickson Planned Development, which was recorded August 1, 2005 at Reception No. 2005070640.
21. Terms, agreements, provisions conditions and obligations of a Memorandum of lease, executed by Littleton Campus, LLC, a Maryland limited liability company, as lessor(s), and Wind Crest, Inc., a Maryland nonstock corporation, as lessee(s), recorded March 30, 2006 at Reception No. 2006026271, and any and all parties claiming by, through or under said lessee(s).
22. Deed of trust from Littleton Campus, LLC, a Maryland limited liability company, to the public trustee of Douglas county, for the benefit of GMAC Commercial Mortgage Corporation, a California corporation, securing an original principal indebtedness of \$83,000,000.00, and any other amounts and/or obligations, dated March 29, 2006 and recorded March 30, 2006 at Reception No. 2006026263.

Assignment of the above Deed of Trust to Capmark Finance Inc., a California corporation (formerly known as GMAC Commercial Mortgage Corporation, a California corporation), recorded June 28, 2006 at Reception No. 2006054898.

Assignment of Rents and Leases recorded March 30, 2006 at Reception No. 2006026264.
23. Financing statement from Littleton Campus, LLC, debtor, to GMAC Commercial Mortgage Corporation, secured party, recorded March 30, 2006 at Reception No. 2006026265.

Amendment of the above Financing Statement changing the secured party to Capmark Finance, Inc., f/k/a GMAC Commercial Mortgage Corporation recorded June 6, 2006 at Reception No. 2006047765.
24. Financing statement from Erickson Retirement Communities, LLC, debtor, to GMAC Commercial Mortgage Corporation, secured party, recorded March 30, 2006 at Reception No. 2006026266.

Amendment of the above Financing Statement changing the secured party to Capmark Finance, Inc., f/k/a GMAC Commercial Mortgage Corporation recorded June 6, 2006 at Reception No. 2006047766.
25. Financing statement from Wind Crest, Inc., debtor, to Littleton Campus, LLC, secured party, recorded March 30, 2006 at Reception No. 2006026267.

Amendment of the above Financing Statement changing the secured party to GMAC Commercial Mortgage Corporation recorded March 30, 2006 at Reception No. 2006026268 and Amendment to change

the secured party to Capmark Finance, Inc. f/k/a GMAC Commercial Mortgage Corporation recorded June 6, 2006 at Reception No. 2006047767.

26. Deed of trust from Littleton Campus, LLC, a Maryland limited liability company, to the public trustee of Douglas county, for the benefit of Wind Crest, Inc., a Maryland nonstock corporation, securing an original principal indebtedness of \$556,770.00, and any other amounts and/or obligations, dated March 29, 2006 and recorded March 30, 2006 at Reception No. 2006026269.

Assignment of the above Deed of Trust to GMAC Commercial Mortgage Corporation, a California corporation recorded March 30, 2006 at Reception No. 2006026270.

27. All items set forth on the plat of Erickson Filing No. 1.
28. Terms, conditions, provisions, agreements and obligations specified under the Resolutions, which was recorded June 22, 2005 at Reception No. 2005066375 and July 26, 2005 at Reception No. 2005068795.
29. Terms, conditions, provisions, agreements and obligations specified under the Non-Exclusive Easement Agreements by and between Board of Water Commissioners and Highlands Ranch Metropolitan District, which was recorded May 3, 2005 at Reception No. 2005036860 and May 16, 2006 at Reception No. 2006041015.
30. Terms, conditions, provisions, agreements and obligations specified under the License Agreements, which was recorded March 27, 2006 at Reception No. 2006024528 and 2006024527.

Note: The above license agreements do not contain written legal descriptions for the property affected

31. Terms, conditions, provisions, agreements and obligations specified under the Ground Lessor Tri-Party Agreement among Capmark Finance Inc., a California corporation, as Collateral and Administrative Agent, MSRESS III Denver Campus, LLC, a Delaware limited liability company, as Ground lessor and Littleton Campus LLC, a Maryland limited liability company, as Borrower and Ground Lessee, which was recorded _____, 2006 at Reception No. _____.

EXHIBIT C

SITE PLAN

(SEE ATTACHED)



Landscape Site Plan

JHEP
Architects

Erickson Retirement Communities

04-14-2005 JHP proj.no 2004020.00

Erickson Denver Campus
Douglas County, CO

EXHIBIT D

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

SPACE ABOVE THIS LINE FOR RECORDER'S USE

MEMORANDUM OF GROUND LEASE

THIS MEMORANDUM OF GROUND LEASE is made and entered into as of October _____, 2006, by and between MSRESS III DENVER CAMPUS, LLC, a Delaware limited liability company (hereinafter referred to as "Landlord"), and LITTLETON CAMPUS, LLC, a Maryland limited liability company (hereinafter referred to as "Tenant").

WITNESSETH:

WHEREAS, Landlord and Tenant have entered into a certain Ground Lease Agreement (hereinafter referred to as the "Lease") of even date herewith; and

WHEREAS, Landlord and Tenant desire to enter into this Memorandum of Ground Lease to set forth certain terms and conditions of the Lease.

NOW, THEREFORE, for and in consideration of the sum of TEN AND NO/100 DOLLARS (\$10.00) in hand paid by Landlord and Tenant, each to the other, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant, intending to be legally bound, hereby set forth the following information with respect to the Lease:

1. Premises. The premises consist of certain premises located in Highlands Ranch, Colorado, more particularly and legally described on Exhibit A attached hereto and by reference thereto incorporated herein (hereinafter referred to as the "Premises").

2. Landlord. The name and address of Landlord are as follows:

MSRESS III Denver Campus, LLC
c/o Mr. Andrew Bauman
Morgan Stanley/US RE Investing Division
1585 Broadway, Floor 37
New York, New York 10036
Phone: (212) 761-4468
Fax: (212) 507-4861

3. Tenant. The name and address of Tenant are as follows:

Littleton Campus, LLC
701 Maiden Choice Lane
Baltimore, Maryland 21228
Attention: General Counsel
Phone: (410) 737-8914
Fax: (410) 727-8828

4. Date of Lease. The Lease is dated as of October _____, 2006.

5. Commencement Date. The Commencement Date of the Lease is as of the date hereof, or any later date upon which Landlord has acquired fee simple title to the Premises.

6. Term. The initial term of the Lease, unless sooner terminated pursuant to the terms of the Lease, shall be for a period of eleven (11) years beginning on the Commencement Date and terminating and expiring at 11:59 p.m. on the date immediately preceding, the eleventh (11th) anniversary of the Commencement Date.

7. Notice Prohibiting Construction or Mechanics Liens. Landlord desires to protect itself and its interest in the Premises and all portions thereof and improvements thereon against the filing of mechanic's liens. Accordingly, Landlord hereby provides notice that all leases (including the Lease) entered into for the rental of premises located within or upon the Premises contain the following language:

Landlord's interest in the Premises shall not be subjected to liens of any nature by reason of Tenant's construction, alteration, renovation, repair, restoration, or reconstruction of the Improvements or any improvements on or in the Premises, or by reason of any other act or omission of Tenant (or of any person claiming by, through or under Tenant) including, but not limited to, construction, mechanics' and materialmen's liens. All persons dealing with Tenant are hereby placed on notice that such persons shall not look to Landlord or to Landlord's credit or assets (including Landlord's interest in the Premises) for payment or satisfaction of any obligations incurred in connection with the construction, alteration, renovation, repair, restoration, replacement or reconstruction thereof by or on behalf of Tenant. Tenant has no power, right or authority to subject Landlord's interest in the Premises to any mechanic's or materialmen's lien or claim of lien.

8. Tenant's Right of First Offer. Landlord and Tenant hereby provide notice that Landlord has granted, and does hereby grant, to Tenant a right of first offer to purchase the Premises in the event of a proposed sale thereof by Landlord, upon certain terms and conditions as more particularly set forth in the Lease.

9. Tenant's Option to Purchase. Landlord and Tenant hereby provide notice that Landlord has granted, and does hereby grant, to Tenant an option to purchase the Premises upon certain terms and conditions as more particularly set forth in the Lease.

10. Subject to Tri-Party Agreement. This Memorandum of Ground Lease is subject to that certain Ground Lessor Tri-Party Agreement ("Tri-Party Agreement") effectively dated of even date herewith among Capmark Finance Inc., Landlord and Tenant.

11. Purpose and Effect. This Memorandum of Ground Lease is made and executed by the parties hereto for the purpose of recording the same in the Public Records of Douglas County, Colorado, and is subject in each and every respect, to the rents and other terms, covenants and conditions of the Lease, bearing even date herewith, between the parties hereto and this Memorandum of Ground Lease is executed and delivered with the understanding and agreement that the same shall not in any manner or form whatsoever, alter, modify or vary the rents and other terms, covenants and conditions of the Lease bearing even date herewith between the parties hereto.

[Signatures on following pages.]

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed under seal as of the day and year first above written.

LANDLORD: MSRESS III DENVER CAMPUS, LLC, a Delaware limited liability company

By: Morgan Stanley Real Estate Special Situations Fund III, L.P.

By: Morgan Stanley Real Estate Special Situations III - GP, L.L.C., its General Partner

By: _____

Name: Andrew Bauman
Title: Vice President

STATE OF NEW YORK

CITY OF NEW YORK

On this the ____ day of _____, 2006, before me, _____, the undersigned officer, personally appeared Andrew S. Bauman, who acknowledged himself to be the Vice President of Morgan Stanley Real Estate Special Situations III - GP, L.L.C., a Delaware limited liability company, general partner of Morgan Stanley Real Estate Special Situations Fund III, L.P., a Delaware limited partnership, sole member of MSRESS III DENVER CAMPUS, LLC, a Delaware limited liability company, and that he, as such Vice President being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by her/himself as such officer.

(NOTARY SEAL)

Notary Public, State of New York

Printed Name:

Notary Commission No.: _____

My Commission Expires: _____

TENANT:

LITTLETON CAMPUS, LLC, a Maryland
limited liability company

By: Erickson Retirement Communities,
LLC, a Maryland limited liability
company, its Sole Member

By: _____
Gerald F. Doherty,
Executive Vice President and
General Counsel

STATE OF MARYLAND

COUNTY OF BALTIMORE

On this the ____ day of _____, 2006, before me, the undersigned officer, personally
appeared Gerald F. Doherty, who acknowledged himself to be the Executive Vice President and
General Counsel for ERICKSON RETIREMENT COMMUNITIES, LLC, a Maryland limited
liability company, as Sole Member of LITTLETON CAMPUS, LLC, a Maryland limited
liability company, and that he, as such Executive Vice President and General Counsel being
authorized so to do, executed the foregoing instrument for the purposes therein contained, by
signing the name of the company by himself as such officer.

Notary Public, State of Maryland

(NOTARY SEAL)

Printed Name

Notary Commission No.: _____

My Commission Expires: _____

Exhibit A to Memorandum of Ground Lease

Legal Description

EXHIBIT E

THIRD PARTY DOCUMENTS

1. Management and Marketing Agreement dated March 29, 2006, between Facility Tenant and Erickson Retirement Communities, LLC, as manager, or any replacement thereof, together with any and all ancillary documents relating thereto (the "Management and Marketing Agreement").
2. Wind Crest, Inc. Master Lease and Use Agreement dated as of March 29, 2006, and entered into by and between Tenant and the Facility Tenant (the "Community Lease").
3. Community Loan Agreement dated as of March 29, 2006, between Facility Tenant and Tenant (the "Community Loan Agreement") (the loan being made pursuant thereto being referred to as the "Community Loan").
4. Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Community Loan), dated as of March 29, 2006, from Tenant for the benefit of Facility Tenant, and securing the Community Loan (the "Community Loan Mortgage"), and all other documents evidencing, securing or affecting the Community Loan (all documents relating to the Community Loan being together referred to as the "Community Loan Documents").
5. Construction Loan Agreement dated as of March 29, 2006 among Tenant and Capmark Finance, Inc., a California corporation, f/k/a GMAC Commercial Mortgage Corporation ("Construction Lender"), for a senior secured revolving line of credit in the amount of Eighty-Three Million Dollars (\$83,000,000) (the "Construction Loan"), which Construction Loan is evidenced by one or more Replacement Promissory Notes by Tenant in favor of the Construction Lender dated June 23, 2006, and which Construction Loan is secured by that certain Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing, dated March 29, 2006, by Tenant to Construction Lender (to which Landlord's fee interest shall be subordinate) and a pledge of ERC's membership interest in Tenant, as such documents may be amended, modified or restated.
6. Working Capital Loan Agreement, dated as of March 29, 2006, between Tenant and Facility Tenant together with any and all ancillary documents relating thereto (the "Working Capital Loan Agreement").
7. Wind Crest Development Agreement dated as of March 29, 2006, by and between Tenant and Guarantor, or any replacement thereof, together with any and all ancillary documents relating thereto (as such documents may be amended, modified or restated, the "Development Agreement").
8. Forms of Agreements Between Owner and Contractor and Owner and Architect and all other construction-related contracts relating to Wind Crest between Tenant and its development and construction managers and Erickson Construction, LLC, and/or any other architects and general and other contractors now or hereafter providing design, development or construction

services relating to development of the Project, together with any and all documents relating thereto ("Construction Services Agreements").

EXHIBIT F

SINGLE PURPOSE ENTITY REQUIREMENTS

Tenant or its assignee shall throughout the Term hereof do all things necessary to continue to be and remain a Single Purpose Entity (including without limitation, if Tenant is a partnership, insuring that each General Partner of Tenant continues as a Single Purpose Entity and shall not amend its Articles of Organization or Operating Agreement, or if Tenant is a corporation, that Tenant shall not amend its Articles of Incorporation or Bylaws, or if Tenant is a limited liability company, Tenant shall prevent any Member manager of Tenant from amending such Member's Articles of Organization or Bylaws or other formation documents). For purposes hereof, "Single Purpose Entity" shall mean a person, other than an individual, which (a) is formed, organized or reorganized solely for the purpose of holding, directly, the leasehold interest in the Leased Property and undertaking the activities in respect thereof as contemplated under the Lease, (b) does not engage in any business unrelated to the Leased Property and the Permitted Use thereof under the Lease, (c) has not and will not have any assets other than those related to its interest in the Leased Property and has not and will not have any indebtedness other than indebtedness contemplated or as permitted under the Lease or otherwise incurred in the ordinary course of business, (d) maintains its own separate books and records and its own accounts, in each case which are separate and apart from the books and records of any other any individual, corporation, partnership, joint venture, limited liability company, limited liability partnership, association, joint stock company, trust, unincorporated organization, or other organization, whether or not a legal entity, and any governmental authority ("Person"), (e) holds itself out as being a Person separate and apart from any other Person, (f) does not and will not commingle its funds or assets with those of any other Person except as required under any of the Third Party Documents, (g) conducts its own business in its own name, (h) maintains separate financial statements, (i) pays its own liabilities out of its own funds, (j) observes all limited liability company formalities, partnership formalities or corporate formalities, as applicable, (k) maintains an arm's-length relationship with its affiliated Persons, (l) does not guarantee or otherwise obligate itself with respect to the debts of any other Person or hold out its credit as being available to satisfy the obligations of any other Person except as required or expressly authorized under the Lease, (m) does not acquire obligations or securities of its partners, members or shareholders, (n) allocates fairly and reasonably shared expenses, including without limitation, any overhead for shared office space; (if any), (o) uses separate stationary, invoices and checks, (p) except as required or expressly authorized or contemplated under the Lease, and the Third Party Documents, does not and will not pledge its assets for the benefit of any Person other than Landlord or make any loans or advances to any other Person, (q) does and will correct any known misunderstanding regarding its separate identity, and (r) maintains adequate capital in light of its contemplated business operations.

In addition to the foregoing, and consistent with the Single Purpose Entity requirements hereof, Tenant covenants and agrees that throughout the Term hereof, Tenant shall not (i) voluntarily file or consent to the filing of a petition for bankruptcy, insolvency, reorganization, assignment for the benefit of creditors or similar proceedings under any federal or state bankruptcy, insolvency, reorganization or other similar law or otherwise seek any relief under

any laws relating to the relief of debts or the protection of debtors generally; (ii) merge into or consolidate with any Person, or dissolve, terminate or liquidate in whole or in part, transfer or otherwise dispose of all or substantially all of its assets (except as permitted herein) or convert to another type of legal entity, without in each case Landlord's consent; (iii) own any subsidiary, or make any investment in, any Person without the consent of Landlord; (iv) maintain its assets in such a manner that it will be costly or difficult to segregate, ascertain or identify its individual assets from those of any partners, members, shareholders, principals and affiliates of the Person, or any general partner, managing member, principal or affiliate thereof or any other Person; or (v) become insolvent or fail to pay its debts and liabilities from its assets as the same shall become due.

EXHIBIT G

BALANCE TEST

For purposes of this Lease "Balance Test" shall mean the determination, made as of any date, for the Project, as to whether

(i) the sum of (a) the Projected Remaining Entrance Deposits and (b) amounts held in the Reserves

exceeds

(ii) the sum of (x) the projected cost to complete construction and development of the Project as of the date of determination, taking into account anticipated cost increases and general inflationary trends; carrying costs through completion of the Project, including, without limitation, debt service on Permitted Mortgages and payment of Rent (including any Additional Rent); and projected absorption of units in the Project based on current market environment for units of the type offered in the Project and long-term residential mortgage rates, as the same relate to the market demand for residential real estate; (y) the Landlord's Original Investment; and (z) the Project Balance Test Coverage Amount.

The projected cost to complete construction and development of the Project shall be determined based on all the facts and circumstances at the time of the determination, but in any event shall be no less than the projected costs to complete construction and development reflected in the Development Plan as then in effect as reflected in the Development Agreement as amended from time to time, including specifically the Phase Budgets and Phase Forecasts plus the aggregate "Unallocated Expense Summaries and Forecasts", as such term is defined therein.

The following defined terms shall apply for purposes of the foregoing:

"Project Balance Test Coverage Amount" shall mean an amount, determined as of any date, equal to (A) \$21,000,000 reduced by (B) the sum of the amounts set forth below with respect to each of the residential buildings in the Project which, on or before the date of determination, have been leased to the Facility Tenant pursuant to the Facility Lease; *provided, however*, that the Project Balance Test Coverage Amount shall at all times be no less than \$9,000,000. The amounts described in clause (B) above are as follows:

Building Reference	Reduction in Project Balance Test Coverage Amount
Residential Building 1.1	\$1,200,000
Residential Building 1.2	1,200,000
Residential Building 1.3	1,200,000
Residential Building 1.4	1,200,000

Residential Building 2.1	1,200,000
Residential Building 2.2	1,200,000
Residential Building 2.3	1,200,000
Residential Building 2.4	1,200,000
Extended Care 1	1,200,000
Extended Care 2	1,200,000
Total	\$12,000,000

"Projected Remaining Entrance Deposits" shall mean the entrance deposits projected to be received by the Facility Tenant and loaned to the Tenant pursuant to the Community Loan Agreement (specifically excluding any portion of the entrance deposits received by the Facility Tenant and delivered to a Permitted Mortgagee which are not projected ultimately to be received by the Facility Tenant and loaned to the Tenant pursuant to the Community Loan Agreement) based on entrance deposits for similar type units which have been sold or settled as of the date of determination and other applicable assumptions reflected in the proforma development budgets included in the Development Plan and the Phase Plans then in effect affecting the projected entrance deposit to be received for the Project.

"Reserves" shall mean the applicable Reserves of the Project, as the term "Reserves" is defined in Tenant's Operating Agreement.

EXHIBIT H

TENANT ESTOPPEL CERTIFICATE

THIS TENANT'S ESTOPPEL CERTIFICATE ("Certificate") is given this ____ day of _____, by LITTLETON CAMPUS, LLC, a Maryland limited liability company ("Tenant") in favor of MSRESS III DENVER CAMPUS, LLC, a Delaware limited liability company ("Landlord").

RECITALS:

A. Pursuant to the terms and conditions of that certain Ground Lease Agreement ("Lease") dated _____, Landlord leased to Tenant certain Premises in Highlands Ranch, Douglas County, Colorado ("Leased Premises"), which Leased Premises are more particularly described in the Lease.

B. Pursuant to the terms and conditions of the Lease, Landlord has requested that the Tenant execute and deliver this Certificate with respect to the Lease.

NOW, THEREFORE, in consideration of the above premises, the Tenant hereby makes the following statements for the benefit of Landlord:

1. The copy of the Lease and all amendments, if any, attached hereto and made a part hereof as Exhibit A is a true, correct and complete copy of the Lease, which Lease is in full force and effect as of the date hereof, and has not been modified or amended.

2. The Lease sets forth the entire agreement between the Landlord and the Tenant relating to the leasing of the Leased Premises, and there are no other agreements, written or oral, relating to the leasing of the Leased Premises.

3. There exist no uncured or outstanding defaults or events of default under the Lease, or events which, with the passage of time, and the giving of notice, or both, would be a default or event of default under the Lease.

4. No notice of termination has been given by Landlord or Tenant with respect to the Lease.

5. All payments due the Landlord under the Lease through and including the date hereof have been made, including the monthly installment of Base Rent (as defined in the Lease) for the period of _____ to _____ in the amount of \$ _____.

6. As of the date hereof, the annual Base Rent under the Lease is _____.

7. There are no disputes between the Landlord and the Tenant with respect to any rental due under the Lease or with respect to any provision of the Lease.

8. The Tenant represents and warrants that (a) all conditions and requirements to be undertaken by Landlord under the Lease have been completed and complied with, and (b) Tenant has no offsets, counterclaims or defenses with respect to its obligations under the Lease.

9. The Tenant understands and acknowledges that Landlord is relying upon the representations set forth in this Certificate, and may rely thereon in connection with the assignment of the Lease to _____.

IN TESTIMONY WHEREOF, witness the signature of the Tenant as of the day and year first set forth above.

**LITTLETON CAMPUS, LLC, a Maryland
limited liability company**

By: Erickson Retirement Communities,
LLC, a Maryland limited liability
company, its Sole Member

By: _____
Gerald F. Doherty,
Executive Vice President and
General Counsel

STATE OF MARYLAND

COUNTY OF BALTIMORE

On this the ____ day of 20____, before me, the undersigned officer, personally appeared _____, who acknowledged himself/herself to be the Executive Vice President and General Counsel for ERICKSON RETIREMENT COMMUNITIES, LLC, a Maryland limited liability company, as Sole Member of LITTLETON CAMPUS, LLC, a Maryland limited liability company, and that he/she, as such Executive Vice President and General Counsel being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the company by himself/herself as such officer.

(NOTARY SEAL)

Notary Public, State of Maryland
Printed Name:

Notary Commission No.: _____

My Commission Expires: _____

EXHIBIT I

FORM OF TAB SUMMARY

(See Attached.)

Erickson Retirement Communities
Littleton Campus
Total Anticipated Budget
As of August 31, 2006

	Actual Costs JTD	% Complete to Budget	Estimate to Complete	Estimate at Completion	Original Budget	Favorable/ (Unfavorable)	Forecast Revision Notes
Entrance Deposits	0	0%	556,769,651	556,769,651	556,769,651	-	
Operating Lease	0	0%	18,896,544	18,896,544	18,896,544	-	
Management Fees	0	0%	-	0	0	-	
Interest on Excess Funds	0	0%	-	0	0	-	
Funds Held/WVC Loan Repayment	0	0%	(16,034,584)	(16,034,584)	(16,034,584)	-	
Total Deposits	-	-	559,631,611	559,631,611	559,631,611	-	
Hard Costs - Building	5,354,307	2%	272,051,084	277,405,391	277,405,391	-	
Hard Costs - Sitework	6,506,892	22%	23,000,863	29,507,755	29,089,603	(418,152)	1
Architecture	2,580,834	22%	9,380,990	11,981,824	11,981,824	-	
Engineering	2,962,993	47%	3,361,590	6,324,583	6,324,583	-	
Builder's Risk	2,818	1%	543,253	546,071	546,071	-	
Fees, Permits & Bonds	3,320,428	15%	19,393,275	22,713,701	22,713,701	-	
Development Fee	0	0%	27,838,484	27,838,484	27,838,484	-	
Outside Legal	113,698	12%	832,759	946,457	946,457	-	
Construction MNGT Fee	0	0%	-	0	0	-	
Warranty Expense	0	0%	-	0	0	-	
Phase Costs Before Contingency	20,841,968	6%	356,402,298	377,244,266	376,826,114	(418,152)	
Contingency	0	0%	9,386,445	9,386,445	9,804,597	418,152	
Total Phase Costs	20,841,968	5%	365,788,743	386,630,711	386,630,711	-	
Department Costs							
Pre-Development	0	0%	-	0	0	-	
Administration Department	303,622	7%	3,909,152	4,212,774	4,212,774	-	
Acquisitions and Development	2,147,564	16%	10,893,075	13,040,639	13,040,639	-	
Finance	71,917	7%	856,618	1,028,535	1,028,535	-	
Marketing Department	3,445,409	9%	34,303,841	37,749,250	37,749,250	-	
Information Services	94,820	7%	1,220,808	1,315,628	1,315,628	-	
Legal Department	32,603	7%	419,768	452,371	452,371	-	
Total Departmental Costs	6,095,936	11%	51,703,281	57,799,197	57,799,197	-	
Total Hard & Soft Costs	26,937,905	6%	417,492,003	444,429,908	444,429,908	-	
Other Development Costs							
Land	22,499,092	167%	(9,048,727)	13,449,365	13,449,365	-	
Insurance Reserve	0	0%	0	0	0	-	
Interest Costs	1,890,361	4%	40,878,937	42,769,298	42,769,298	-	
Equity Partner Interest Expense	0	#DIV/0!	-	-	-	-	
Financing Costs - L.O.C	1,457,587	79%	398,564	1,854,151	1,854,151	-	
Property Taxes	24,815	3%	833,081	857,876	857,876	-	
Capital Expenditures/	488,025	33%	1,011,975	1,500,000	1,500,000	-	
Community Loan Interest	(499)	0%	499	0	0	-	
Total Other Development Costs	26,359,380	44%	34,071,310	60,430,690	60,430,690	-	
Total Costs	53,297,284	11%	451,563,314	504,860,598	504,860,598	-	
Profit Margin	(53,297,284)		108,068,297	54,771,013	54,771,013	-	
Profit Margin %				9.79%	9.79%	0.00%	



Landscape Site Plan

JHHP
Architects

Erickson Retirement Communities

94-14-2005 JHP Proj. No. 20402030

Erickson Denver Campus
Douglas County, CO

EXHIBIT J

DEVELOPMENT PLAN

(See Attached.)

**DENVER CAMPUS, LLC
DEVELOPMENT AGREEMENT**

**Exhibit C
Development Plan**

- I. Phase Forecasts
- II. Schedule of Estimated Completion Dates
- III. Schedule of Entrance Deposits
- IV. Phases I Through III Projected Cashflow
- V. Marketing Proforma
- VI. Site Plan
- VII. Unallocated Expenses Forecast

February 3, 2006

Ungleichverteilung

DALLAS CAMPUS, LLC

SCHEDULE OF ESTIMATED COMPLETION DATES

PREPARED: FEBRUARY 3, 2006

Project	Constr. Start	Substantially Completed
Masterplan	Apr-08	
Marketing Center Trailer	Jul-05	Oct-05
Sitework 1	Oct-05	N/A
Gatehouse 1 (HC include in SW1.0)	Apr-08	Apr-07
Community Bldg 1.0/Pool	Apr-06	Apr-07
Residential Building 1.1	Apr-06	Apr-07
Parking Deck #1 (NH1)	Apr-06	Apr-07
Residential Building 1.2	Jun-06	Jun-07
Residential Building 1.3	Apr-07	Apr-08
Parking Deck #2 (NH2)	Apr-09	Apr-10
Residential Building 1.4	Apr-08	Apr-09
Residential Building 2.1	Apr-09	Apr-10
Parking Deck #3 (NH3)	Apr-12	Apr-13
BR 1.0 (RB 1.3 to RB2.1)	Nov-09	Apr-10
BR 2.0 (RB 2.3 to RB3.1)	Nov-12	Apr-13
Sitework 2 (Includes NH2)	Apr-09	N/A
Residential Building 2.2	May-09	May-10
Extended Care Phase 1	Sep-10	Sep-11
BR 3.0 (RB2.3 to ECC1.0)	Apr-11	Sep-11
Community Building 2.0	Apr-09	Apr-10
Residential Building 2.3	Sep-10	Sep-11
Transitional Spaces	Apr-09	Apr-10
Residential Building 2.4	Apr-11	Apr-12
Residential Building 3.1	Apr-12	Apr-13
Residential Building 3.2	May-12	May-13
Chapel	Jul-12	May-13
Maintenance Building	Dec-12	May-13
BR 4.0 (Not to be used)	Apr-11	Apr-12
Sitework 3 (Includes NH3)	Apr-12	N/A
Residential Building 3.3	Aug-13	Aug-14
Community Building 3.0	Apr-12	Apr-13
Residential Building 3.4	Apr-14	Apr-15
Extended Care Phase 2	Feb-14	Apr-15
Sitework 4	Sep-10	N/A

Denver Campus, LLC
Development Plan
Schedule of Entrance Deposits

Residential Building 1.1
Opening Date Apr-07

			Base Year 2007 Deposit \$	RB 1.1 Units	Deposit \$
<u>Unit categories:</u>					
1 BR	Brighton	C1	175,000	16	2,800,000
1 BR	Berkeley	C1h	174,000	4	696,000
Large 1 BR	Dawson	C8	209,000	2	418,000
Large 1 BR	Easton	C11	219,000	2	438,000
2 BR-1B	Fairmont	E2	252,000	12	3,024,000
2 BR-1B	Hartson	G4	267,000	4	1,068,000
2 BR-(1-1/2)B	Hastings	E4	282,000	24	6,768,000
2 BR-2B	McHenry	F14	264,000	1	264,000
2 BR-2B	Kingston	F3	336,000	8	2,016,000
2 BR-2B	Oxford	F5	327,000	7	2,289,000
2 BR-2B	Jackson	G8	318,000	21	6,636,000
2 BR-2B Large	Manchester	F4	385,000	12	4,620,000
2 BR-2B with Den	Worthington	F8	355,000	7	2,485,000
2 BR-2B Large	Parkton	F13	360,000	2	720,000
2 BR-2B Large		F13m	364,000	5	1,820,000
2 BR-2B Large	Wentworth	F15	436,000	4	1,744,000
2 BR-2B Large		F18	457,000	1	457,000
2 BR-2B Large	Lancaster	H1	433,000	12	5,196,000
2 BR-2B Large	Williamsburg	K1	516,000	5	2,580,000
Total:				147	46,039,000

Amenities

25% of Units * \$5,000	25%	183,750
	147	183,750

Total with Amenities

147	46,222,750
-----	------------

Projected Deposits without Amenities (Inflated)	0.00%	147	46,039,000
Total Amenities			183,750
Total Projected Deposits			46,222,750

Denver Campus, LLC
Development Plan
Schedule of Entrance Deposits

Residential Building 1.2
Opening Date Jun-07

			Base Year 2007 Deposit \$	RB 1.2 Units	Deposit \$
<u>Unit categories:</u>					
1 BR	Brighton	C1	175,000	2	350,000
Large 1 BR	Dawson	C8	209,000	2	418,000
Large 1 BR	Dover	C3	208,000	5	1,040,000
Large 1 BR	Fromont	C4	217,000	4	868,000
Large 1 BR	Dufaney	C22m	191,000	1	191,000
Large 1 BR		C23	191,000	1	191,000
Large 1 BR		C24	191,000	4	764,000
1 BR-(1-1/2)B	Hamilton	G10	240,000	6	1,440,000
1 BR & Den	Georgetown	D1	239,000	5	1,195,000
1 BR & Den	Gilbert	D2	238,000	2	478,000
1 BR & Den	Gilmore	D2m	248,000	5	1,240,000
1 BR-(1-1/2)B & Den		D1.5m	248,000	5	1,240,000
1 BR-(1-1/2)B & Den	Glendale	D5	265,000	4	1,060,000
2 BR-1B	Fairmont	E2	252,000	8	2,016,000
2 BR-1B	Harrison	G4	267,000	6	1,602,000
2 BR-1B		G4m	267,000	1	267,000
2 BR-(1-1/2)B	Fenton	E3.5	265,000	10	2,650,000
2 BR-2B	Hawthorne	F2	264,000	12	3,168,000
2 BR-2B	Kingston	F3	336,000	10	3,360,000
2 BR-2B	Oxford	F5	327,000	6	1,962,000
2 BR-2B	Jackson	G6	316,000	5	1,580,000
2 BR-2B		G6m	316,000	3	948,000
2 BR-2B with Den	Worthington	F8	355,000	5	1,775,000
2 BR-2B Large	Wyeth	J6	448,000	8	3,584,000
2 BR-2B Large	Westwood	J7	417,000	3	1,251,000
Total:				123	34,638,000

Amenities

25% of Units * \$5,000	25%	153,750
	123	153,750

Total with Amenities 123 34,791,750

Projected Deposits without Amenities (Inflated)	0.00%	123	34,638,000
Total Amenities			153,750
Total Projected Deposits			<u>34,791,750</u>

Denver Campus, LLC
Development Plan
Schedule of Entrance Deposits

Residential Building 1.3
Opening Date Apr-08

			Base Year 2007 Deposit \$	RB 1.3 Units	Deposit \$
<u>Unit categories:</u>					
1 BR	Brighton	C1	175,000	6	1,050,000
Large 1 BR	Dawson	C8	209,000	2	418,000
Large 1 BR	Dover	C3	209,000	6	1,248,000
Large 1 BR	Fremont	C4	217,000	6	1,302,000
Large 1 BR	Easton	C11	219,000	5	1,095,000
1 BR-(1-1/2)B	Heritage	H2	317,000	1	317,000
1 BR & Den	Gilbert	D2	239,000	6	1,434,000
1 BR-(1-1/2)B & Den	Gilman	D1.5	248,000	6	1,488,000
2 BR-1B	Flagstaff	E1	240,000	6	1,440,000
2 BR-1B	Fairmont	E2	252,000	10	2,520,000
2 BR-1B	Harrison	G4	267,000	4	1,068,000
2 BR-(1-1/2)B	Hastings	E4	282,000	24	6,768,000
2 BR-2B	Hawthorne	F2	264,000	10	2,640,000
2 BR-2B	Oxford	F5	327,000	12	3,924,000
2 BR-2B	Jackson	G8	316,000	8	2,528,000
2 BR-2B Large	Patterson	F12	457,000	8	2,742,000
2 BR-2B Large	Langcaster	H1	433,000	10	4,330,000
2 BR-2B Large	Washington	J3	448,000	6	2,688,000
2 BR-2B Large	Williamsburg	K1	518,000	6	3,096,000
Total:				140	42,096,000

Amenities

25% of Units * \$5,000	25%	175,000
	140	175,000

Total with Amenities 140 42,271,000

Projected Deposits without Amenities (Inflated) 3.00% 140 43,358,880
Total Amenities 175,000
Total Projected Deposits 43,533,880

Denver Campus, LLC
Development Plan
Schedule of Entrance Deposits

Residential Building 1.4
Opening Date Apr-09

			Base Year 2007 Deposit \$	RB 1.4 Units	Deposit \$
<u>Unit categories:</u>					
1 BR	Brighton	C1	175,000	12	2,100,000
Large 1 BR	Dawson	C8	209,000	2	418,000
Large 1 BR	Dover	C3	208,000	7	1,456,000
Large 1 BR	Easton	C11	219,000	1	219,000
1 BR & Den	Gilbert	D2	239,000	6	1,434,000
1 BR & Den	Gibson	D8	251,000	5	1,255,000
1 BR-(1-1/2)B & Den	Gilman	D1.5	248,000	7	1,736,000
2 BR-1B	Fallsion	E1m	235,000	5	1,175,000
2 BR-1B	Falmont	E2	252,000	10	2,520,000
2 BR-1B	Harrison	G4	267,000	2	534,000
2 BR-(1-1/2)B	Hastings	E4	282,000	28	7,896,000
2 BR-(1-1/2)B	Jenkins	H3	325,000	5	1,625,000
2 BR-2B	Hawthorne	F2	254,000	12	3,168,000
2 BR-2B	Kingston	F3	336,000	7	2,352,000
2 BR-2B	Oxford	F5	327,000	12	3,924,000
2 BR-2B	Jackson	G8	316,000	17	5,372,000
2 BR-2B Large	Manchester	F4	385,000	14	5,390,000
2 BR-2B Large	Lancaster	H1	433,000	5	2,165,000
2 BR-2B Large	Wyeth	J8	448,000	7	3,136,000
2 BR-2B Large	Williamsburg	K1	516,000	7	3,612,000
Total:				171	51,487,000

Amenities

25% of Units * \$5,000	25%	213,750
	171	213,750

Total with Amenities 171 51,700,750

Projected Deposits without Amenities (Inflated) 6.09% 171 54,622,558
Total Amenities 213,750
Total Projected Deposits 54,836,308

Denver Campus, LLC
Development Plan
Schedule of Entrance Deposits

Residential Building 2.1
Opening Date Apr-10

			Base Year 2007 Deposit \$	RB 2.1 Units	Deposit \$
<u>Unit categories:</u>					
1 BR	Brighton	C1	175,000	4	700,000
Large 1 BR	Dawson	C8	209,000	3	627,000
Large 1 BR	Dover	C3	208,000	4	832,000
Large 1 BR	Fenwick	C7	209,000	1	209,000
1 BR & Den	Gilbert	D2	239,000	8	1,912,000
1 BR-(1-1/2)B & Den	Gilman	D1.5	248,000	8	1,984,000
2 BR-1B	Fairmont	E2	252,000	14	3,528,000
2 BR-1B	Harrison	G4	267,000	6	1,602,000
2 BR-(1-1/2)B	Hastings	E4	282,000	18	5,076,000
2 BR-2B	Oxford	F5	327,000	9	2,943,000
2 BR-2B	Jackson	G6	316,000	29	8,164,000
2 BR-2B Large	Manchester	F4	385,000	10	3,850,000
2 BR-2B Large	Williamsburg	K1	516,000	10	5,160,000
Total:				124	37,587,000

Amenities

25% of Units * \$5,000	25%	155,000
	124	155,000

Total with Amenities 124 37,742,000

Projected Deposits without Amenities (Inflated)	9.27%	124	41,072,330
Total Amenities			155,000
Total Projected Deposits			<u>41,227,330</u>

Denver Campus, LLC
Development Plan
Schedule of Entrance Deposits

Residential Building 2.2
Opening Date May-10

			Base Year 2007 Deposit \$	RB 2.2 Units	Deposit \$
<u>Unit categories:</u>					
1 BR	Brighton	C1	175,000	9	1,575,000
Large 1 BR	Dawson	C8	209,000	2	418,000
1 BR-(1-1/2)B & Den	Gilman	Q1.5	248,000	5	1,240,000
2 BR-1B	Fairmont	E2	252,000	6	1,512,000
2 BR-(1-1/2)B	Hastings	E4	282,000	17	4,794,000
2 BR-(1-1/2)B	Jenkins	H3	325,000	2	650,000
2 BR-2B	Kingslon	F3	336,000	10	3,360,000
2 BR-2B	Jackson	G6	316,000	17	5,372,000
2 BR-2B with Den	Worthington	F8	355,000	5	1,775,000
2 BR-2B Large	Unwood	H6	410,000	3	1,230,000
2 BR-2B Large	Lancaster	H1	433,000	4	1,732,000
2 BR-2B Large	Williamsburg	K1	516,000	4	2,064,000
Total:				84	25,722,000

Amenities

25% of Units * \$5,000	25%	105,000
	84	105,000

Total with Amenities	84	25,827,000
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Projected Deposits without Amenities (Inflated)	9.27%	84	28,107,124
Total Amenities			105,000
Total Projected Deposits			28,212,124

Denver Campus, LLC
Development Plan
Schedule of Entrance Deposits

Residential Building 2.3
Opening Date Sep-11

			Base Year 2007 Deposit \$	RB 2.3 Units	Deposit \$
<u>Unit categories:</u>					
1 BR	Brighton	C1	175,000	11	1,925,000
Large 1 BR	Dawson	C8	209,000	3	627,000
1 BR & Den	Gilmore	D2m	248,000	7	1,738,000
2 BR-1B	Fairmont	E2	252,000	16	4,032,000
2 BR-1B	Harrison	G4	287,000	18	4,806,000
2 BR-(1-1/2)B	Hastings	E4	282,000	30	8,460,000
2 BR-2B	Jackson	G8	316,000	18	5,688,000
2 BR-2B Large	Williamsburg	K1	516,000	11	5,676,000
Total:				114	32,950,000

Amenities

25% of Units * \$5,000	25%	142,500
	114	142,500

Total with Amenities 114 33,092,500

Projected Deposits without Amenities (Inflated)	12.55%	114	37,085,515
Total Amenities			142,500
Total Projected Deposits			<u>37,228,015</u>

Denver Campus, LLC
Development Plan
Schedule of Entrance Deposits

Residential Building 2.4
Opening Date Apr-12

			Base Year 2007 Deposit \$	RB 2.4 Units	Deposit \$
<u>Unit categories:</u>					
1 BR	Brighton	C1	175,000	14	2,450,000
Large 1 BR	Dawson	C8	209,000	2	418,000
1 BR-(1-1/2)B & Den	Gilman	D1.5	248,000	6	1,488,000
2 BR-1B	Fairmont	E2	252,000	12	3,024,000
2 BR-(1-1/2)B	Haslinga	E4	282,000	46	12,972,000
2 BR-(1-1/2)B	Jenkins	H3	325,000	6	1,950,000
2 BR-2B	Jackson	G6	316,000	27	8,532,000
2 BR-2B with Den	Worthington	F8	355,000	6	2,130,000
2 BR-2B Large	Lancaster	H1	433,000	7	3,031,000
2 BR-2B Large	Williamsburg	K1	518,000	7	3,612,000
Total:				133	39,607,000

Amenities

25% of Units * \$5,000	25%	166,250
	133	166,250

Total with Amenities 133 39,773,250

Projected Deposits without Amenities (Inflated)	15.93%	133	45,915,368
Total Amenities			166,250
Total Projected Deposits			<u>46,081,618</u>

Denver Campus, LLC
Development Plan
Schedule of Entrance Deposits

Residential Building 3.1
Opening Date Apr-13

			Base Year 2007 Deposit \$	RB 3.1 Units	Deposit \$
<u>Unit categories:</u>					
1 BR	Brighton	C1	175,000	10	1,750,000
1 BR	Bradford	C5	163,000	5	815,000
Large 1 BR	Dawson	C8	209,000	3	627,000
Large 1 BR	Fremont	C4	217,000	5	1,085,000
1 BR-(1-1/2)B	Heritage	H2	317,000	2	634,000
1 BR & Den	Gilmore	D2m	248,000	5	1,240,000
1 BR-(1-1/2)B & Den	Glandale	D5	265,000	11	2,915,000
1 BR-(1-1/2)B & Den	Griffin	D8	268,000	11	2,948,000
2 BR-1B	Fairmont	E2	252,000	13	3,276,000
2 BR-1B	Harrison	G4	267,000	4	1,068,000
2 BR-(1-1/2)B	Fenton	E3.5	265,000	5	1,325,000
2 BR-(1-1/2)B	Hastings	E4	282,000	23	6,486,000
2 BR-2B	Kingslon	F3	336,000	6	2,016,000
2 BR-2B	Oxford	F5	327,000	6	1,962,000
2 BR-2B	Jackson	G6	316,000	19	6,004,000
2 BR-2B Large	Lancaster	H1	433,000	4	1,732,000
2 BR-2B Large	Washington	J3	448,000	5	2,240,000
2 BR-2B Large	Williamsburg	K1	516,000	6	3,096,000

Total: 143 41,219,000

Amenities

25% of Units * \$5,000 25% 178,750
143 178,750

Total with Amenities 143 41,397,750

Projected Deposits without Amenities (Inflated) 19.41% 143 49,217,642
Total Amenities 178,750
Total Projected Deposits 49,396,392

Denver Campus, LLC
Development Plan
Schedule of Entrance Deposits

Residential Building 3.2
Opening Date May-13

			Base Year 2007 Deposit \$	RB 3.2 Units	Deposit \$
<u>Unit categories:</u>					
1 BR	Brighton	C1	175,000	13	2,275,000
Large 1 BR	Dawson	C8	209,000	3	627,000
1 BR-(1-1/2)B	Hamilton	G10	240,000	6	1,440,000
1 BR & Den	Gilmore	D2m	248,000	6	1,488,000
1 BR-(1-1/2)B & Den		D1.5+	248,000	6	1,488,000
2 BR-1B	Fairmont	E2	252,000	17	4,284,000
2 BR-1B	Harrison	G4	267,000	11	2,937,000
2 BR-(1-1/2)B	Fenlon	E3.5	265,000	8	1,590,000
2 BR-(1-1/2)B	Haslings	E4	282,000	13	3,666,000
2 BR-2B	Jackson	G8	316,000	8	2,528,000
2 BR-2B Large		F8+	355,000	6	2,130,000
2 BR-2B Large	Lancaster	H1	433,000	7	3,031,000
2 BR-2B Large	Washington	J3	448,000	7	3,136,000
2 BR-2B Large	Williamsburg	K1	516,000	13	6,708,000
Total:				122	37,328,000

Amenities

25% of Units * \$5,000	25%	152,500
	122	152,500

Total with Amenities 122 37,480,500

Projected Deposits without Amenities (Inflated)	19.41%	122	44,571,584
Total Amenities			152,500
Total Projected Deposits			<u>44,724,084</u>

Denver Campus, LLC
Development Plan
Schedule of Entrance Deposits

Residential Building 3.3
Opening Date Aug-14

			Base Year 2007 Deposit \$	RB 3.3 Units	Deposit \$
<u>Unit categories:</u>					
1 BR	Brighton	C1	175,000	9	1,575,000
1 BR	Bradford	C5	163,000	4	652,000
Large 1 BR	Dawson	C8	209,000	3	627,000
Large 1 BR	Fremont	C4	217,000	4	868,000
1 BR & Den	Gibson	D8	251,000	4	1,004,000
1 BR-(1-1/2)B & Den	Gilman	D1.5	248,000	4	992,000
1 BR-(1-1/2)B & Den	Glendale	D5	255,000	4	1,060,000
1 BR-(1-1/2)B & Den	Griñan	D8	268,000	4	1,072,000
2 BR-1B	Fallston	E1m	235,000	4	940,000
2 BR-1B	Falmont	E2	252,000	9	2,268,000
2 BR-1B	Harrison	G4	267,000	3	801,000
2 BR-(1-1/2)B	Fenton	E3.5	265,000	4	1,060,000
2 BR-(1-1/2)B	Hastings	E4	282,000	9	2,538,000
2 BR-2B	Hawthorne	F2	264,000	10	2,640,000
2 BR-2B	Kingston	F3	336,000	4	1,344,000
2 BR-2B	Oxford	F5	327,000	5	1,635,000
2 BR-2B	Jackson	G8	318,000	15	4,740,000
2 BR-2B with Den	Worthington	F8	355,000	4	1,420,000
2 BR-2B Large	Washington	J3	448,000	4	1,792,000
Total:				107	29,028,000

Amenities

25% of Units * \$5,000	25%	133,750
	107	133,750

Total with Amenities

107	29,161,750
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Projected Deposits without Amenities (Inflated)	22.99%	107	35,700,779
Total Amenities			133,750
Total Projected Deposits			35,834,529

Denver Campus, LLC
Development Plan
Schedule of Entrance Deposits

Residential Building 3.4
Opening Date Apr-15

			Base Year 2007 Deposit \$	RB 3.4 Units	Deposit \$
<u>Unit categories:</u>					
1 BR	Brighton	C1	175,000	5	875,000
1 BR	Bradford	C5	163,000	8	978,000
Large 1 BR	Dawson	C8	200,000	3	627,000
Large 1 BR	Dover	C3	208,000	6	1,248,000
Large 1 BR	Fremont	C4	217,000	6	1,302,000
1 BR & Den	Gilbert	D2	239,000	5	1,195,000
1 BR & Den	Gilmore	D2m	248,000	7	1,736,000
1 BR-(1-1/2)B & Den	Gilman	D1.5	248,000	11	2,728,000
2 BR-1B	Fairmont	E2	252,000	15	3,780,000
2 BR-1B	Harrison	G4	267,000	5	1,335,000
2 BR-(1-1/2)B	Fenton	E3.5	265,000	8	1,590,000
2 BR-(1-1/2)B	Hastings	E4	282,000	24	6,768,000
2 BR-(1-1/2)B	Jenkins	H3	325,000	1	325,000
2 BR-2B	Hawthorne	F2	284,000	10	2,840,000
2 BR-2B	Kingston	F3	336,000	6	2,016,000
2 BR-2B	Oxford	F5	327,000	8	1,962,000
2 BR-2B	Jackson	G6	316,000	13	4,108,000
2 BR-2B Large	Manchester	F4	385,000	14	5,390,000
2 BR-2B with Den	Worthington	F8	355,000	6	2,130,000
2 BR-2B Large	Lancaster	H1	433,000	4	1,732,000
2 BR-2B Large	Washington	J3	448,000	7	3,136,000
2 BR-2B Large	Westwood	J7	417,000	8	2,502,000
2 BR-2B Large	Williamsburg	K1	516,000	7	3,612,000
Total:				179	53,715,000

<u>Amenities</u>				
	25% of Units * \$5,000	25%	223,750	
		179	223,750	
Total with Amenities		179	53,938,750	
Projected Deposits without Amenities (Inflated)	26.68%	179	68,044,555	
Total Amenities			223,750	
Total Projected Deposits			68,268,305	

Abstract

OBWER L...US, LLC
DEVELOPMENT PLAN
Marketing Performance

Item #	Qty. #	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10
101.1	147	100	110	114	117	118	120	121	122	123	124	125	126	127
101.2	123	71	77	80	82	83	84	85	86	87	88	89	90	91
101.3	140	0	0	0	0	12	22	32	42	52	62	72	82	92
101.4	179	0	0	0	0	0	0	0	0	0	0	0	0	0
101.5	124	0	0	0	0	0	0	0	0	0	0	0	0	0
101.6	44	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
101.7	114	0	0	0	0	0	0	0	0	0	0	0	0	0
101.8	123	0	0	0	0	0	0	0	0	0	0	0	0	0
101.9	143	0	0	0	0	0	0	0	0	0	0	0	0	0
101.10	122	0	0	0	0	0	0	0	0	0	0	0	0	0
101.11	107	0	0	0	0	0	0	0	0	0	0	0	0	0
101.12	179	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	1,427	179	117	117	111	111	111	111	111	111	111	111	111	111

10/10/10

DENVER AIR, LLC
DEVELOPMENT PLAN
Marketing Proforma

Row #	Development Date	Units	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	2974	2975	2976	2977	2978	2979	2980	2981	2982	2983	2984	2985	2986	2987	2988	2989	2990	2991	2992	2993	2994	2995	2996	2997	2998	2999	3000	3001	3002	3003	3004	3005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Geography Department

University of Virginia

Abstract

DEVELOPMENT PLAN
Marketing Programs

Item #	Quantity	Unit	2013 Jan-13	2013 Feb-13	2013 Mar-13	2013 Apr-13	2013 May-13	2013 Jun-13	2013 Jul-13	2013 Aug-13	2013 Sep-13	2013 Oct-13	2013 Nov-13	2013 Dec-13
88.1.1	147	Always machine Units	0	147	0	0	0	0	0	0	0	0	0	0
88.1.2	123	Always machine Units	0	0	0	0	0	0	0	0	0	0	0	0
88.1.3	140	Always machine Units	0	0	0	0	0	0	0	0	0	0	0	0
88.1.4	171	Always machine Units	0	0	0	0	0	0	0	0	0	0	0	0
88.2.1	126	Always machine Units	0	0	0	0	0	0	0	0	0	0	0	0
88.2.2	84	Always machine Units	0	0	0	0	0	0	0	0	0	0	0	0
88.2.3	114	Always machine Units	0	0	0	0	0	0	0	0	0	0	0	0
88.2.4	125	Always machine Units	0	0	0	0	0	0	0	0	0	0	0	0
88.3.1	143	Always machine Units	0	0	0	0	0	0	0	0	0	0	0	0
88.3.2	127	Always machine Units	0	0	0	0	0	0	0	0	0	0	0	0
88.3.3	137	Always machine Units	0	0	0	0	0	0	0	0	0	0	0	0
88.3.4	179	Always machine Units	0	0	0	0	0	0	0	0	0	0	0	0
Totals	1,347	Units	0	147	0	0	0	0	0	0	0	0	0	0

Entity	Decomposition One	No. of	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Final Settlement Date	Units	Units	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17
R8.1.1	Always relative Units	147	0	147	147	147	147	147	147	147	147	147	147	147	147	147	147	147
R8.1.2	Always relative Units	123	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R8.1.3	Always relative Units	140	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R8.1.4	Always relative Units	171	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R8.2.1	Always relative Units	124	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R8.2.2	Always relative Units	114	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R8.2.3	Always relative Units	114	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R8.2.4	Always relative Units	122	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R8.3.1	Always relative Units	143	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R8.3.2	Always relative Units	122	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R8.3.3	Always relative Units	117	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R8.3.4	Always relative Units	119	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	Units etc.	1,277	1,143	1,143	1,143	1,147	1,177	1,181	1,233	1,233	1,241	1,239	1,277	1,277	1,277	1,277	1,277	1,277

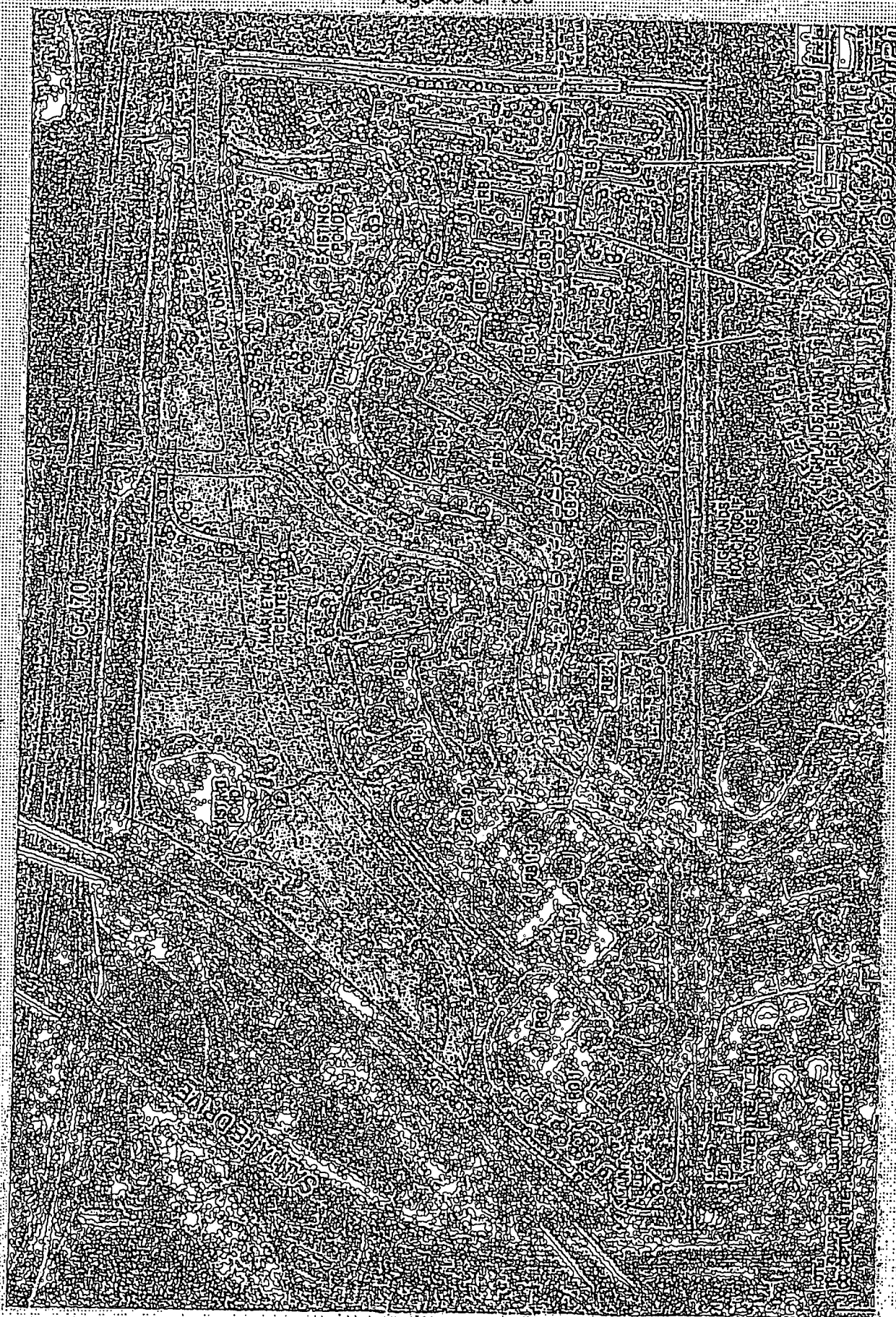
DEVENCO, US, LLC
DEVELOPMENT PLAN
Marketing Programs

Item #	Quantity	Unit	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
08.1.1	147	Always machine Units	0	147	0	0	0	0	0	0	0	0	0	0
08.1.2	123	Always machine Units	0	0	0	0	0	0	0	0	0	0	0	0
08.1.3	148	Always machine Units	0	0	0	0	0	0	0	0	0	0	0	0
08.1.4	171	Always machine Units	0	0	0	0	0	0	0	0	0	0	0	0
08.2.1	124	Always machine Units	0	0	0	0	0	0	0	0	0	0	0	0
08.2.2	84	Always machine Units	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
08.2.3	114	Always machine Units	0	0	0	0	0	0	0	0	0	0	0	0
08.2.4	123	Always machine Units	0	0	0	0	0	0	0	0	0	0	0	0
08.3.1	143	Always machine Units	0	0	0	0	0	0	0	0	0	0	0	0
08.3.2	122	Always machine Units	0	0	0	0	0	0	0	0	0	0	0	0
08.3.3	107	Always machine Units	0	0	0	0	0	0	0	0	0	0	0	0
08.3.4	176	Always machine Units	0	0	0	0	0	0	0	0	0	0	0	0
Total	1,247	Units	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05

10/24/2009

Summary:

Mathematical Operations



DENVER CAMPUS, LLC
DEVELOPMENT PLAN
Departmental Costs Summary
Exhibit C - Unallocated Annual Expenses

	2005 Year 1	2006 Year 2	2007 Year 3	2008 Year 4	2009 Year 5	2010 Year 6	2011 Year 7	2012 Year 8	2013 Year 9	2014 Year 10	2015 Year 11	2016 Year 12	2017 Year 13	Total
Personnel		111,103	111,103	111,103	111,103	111,103	111,103	111,103	111,103	111,103	111,103	111,103	111,103	1,334,325
Design & development	1,027,710	1,204,695	1,204,695	1,204,695	1,204,695	1,204,695	1,204,695	1,204,695	1,204,695	1,204,695	1,204,695	1,204,695	1,204,695	13,044,139
Legal		48,905	48,905	48,905	48,905	48,905	48,905	48,905	48,905	48,905	48,905	48,905	48,905	432,371
Sales & information		902,688	1,012,169	1,042,534	1,073,510	1,103,024	1,133,203	1,172,381	1,203,502	1,244,840	1,282,185	1,320,650	1,358,125	12,659,435
Marketing	1,400,000	1,820,000	1,804,837	1,941,065	1,899,720	2,052,722	2,121,510	2,185,189	2,250,713	2,318,235	2,387,702	2,459,415	2,511,100	25,049,127
Information Technology		142,230	142,230	142,230	142,230	142,230	142,230	142,230	142,230	142,230	142,230	142,230	142,230	1,755,580
Administration		455,435	455,435	455,435	455,435	455,435	455,435	455,435	455,435	455,435	455,435	455,435	455,435	5,525,205
Total	2,427,710	4,861,133	4,853,624	5,043,777	5,119,597	5,222,204	5,317,778	5,414,938	5,515,754	5,619,510	5,712,081	5,810,040	5,914,458	57,759,198

VR Annual Dept Expenses

EXHIBIT K

QUALIFIED TRANSFEREE

"Qualified Transferee" shall mean

(a) an insurance company, bank, savings and loan association, investment bank, trust company, commercial credit corporation, pension plan, pension fund, pension fund advisory firm, mutual fund, real estate investment fund or governmental entity or plan; or

(b) an investment company, money management firm or "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act of 1933, as amended, which regularly engages in the business of making or owning real estate loans or investments, or an "institutional accredited investor" within the meaning of Regulation D of the Securities Act of 1933, as amended; or

(c) a Person that is otherwise a Qualified Transferee but that is acting in an agency capacity for a syndicate of lenders where at least 51% (by loan balance owned) of the lenders in such syndicate are otherwise Qualified Transferees under clauses (a) through (c) above; or

(d) an institution substantially similar to any of the foregoing; or

(e) an investment fund, limited liability company, limited partnership or general partnership where a nationally recognized manager of investment funds, which is a Qualified Transferee, acts at the general partner, managing member or fund manager; or

(f) any entity Controlled by or Controlling, or under common Control (each term, as defined below) with, any of the entities described in clauses (a) through (d) of this definition,

provided, that, in case of each of clauses (a) through (e) of this definition, such party has at least \$600,000,000 in total assets (in name or under management) and (except with respect to a pension advisory firm, asset manager, or similar fiduciary) at least \$200,000,000 in capital/statutory surplus or shareholder's equity, and except with respect to a pension advisory firm, asset manager or similar fiduciary, is regularly engaged in the business of making or owning commercial real estate loans (or interests therein) or investments.

For purposes of this definition only, "Control" means the ownership, directly or indirectly, in the aggregate of more than fifty percent (50%) of the beneficial ownership interests of an entity and the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of an entity, whether through the ability to exercise voting power, by contract or otherwise, and "Controlled" having meanings correlative thereto.

Electronically Recorded Official Records Douglas County CO
Carole R. Murray Clerk and Recorder

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Wilmer Cutler Pickering Hale and Dorr LLP
100 Light Street, Suite 1300
Baltimore, Maryland 21202
Attn: Jill R. Seldman, Esquire

SPACE ABOVE THIS LINE FOR RECORDER'S USE

MEMORANDUM OF GROUND LEASE

THIS MEMORANDUM OF GROUND LEASE is made and entered into as of October 11, 2006, by and between MSRESS III DENVER CAMPUS, LLC, a Delaware limited liability company (hereinafter referred to as "Landlord"), and LITTLETON CAMPUS, LLC, a Maryland limited liability company (hereinafter referred to as "Tenant").

WITNESSETH:

WHEREAS, Landlord and Tenant have entered into a certain Ground Lease Agreement (hereinafter referred to as the "Lease") of even date herewith; and

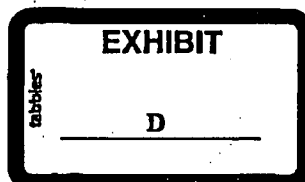
WHEREAS, Landlord and Tenant desire to enter into this Memorandum of Ground Lease to set forth certain terms and conditions of the Lease.

NOW, THEREFORE, for and in consideration of the sum of TEN AND NO/100 DOLLARS (\$10.00) in hand paid by Landlord and Tenant, each to the other, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant, intending to be legally bound, hereby set forth the following information with respect to the Lease:

1. Premises. The premises consist of certain premises located in Highlands Ranch, Colorado, more particularly and legally described on Exhibit A attached hereto and by reference thereto incorporated herein (hereinafter referred to as the "Premises").

2. Landlord. The name and address of Landlord are as follows:

MSRESS III Denver Campus, LLC
c/o Mr. Andrew Bauman
Morgan Stanley/US RE Investing Division
1585 Broadway, Floor 37
New York, New York 10036
Phone: (212) 761-4468
Fax: (212) 507-4861



RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Wilmer Cutler Pickering Hale and Dorr LLP
100 Light Street, Suite 1300
Baltimore, Maryland 21202
Attn: Jill R. Seidman, Esquire

SPACE ABOVE THIS LINE FOR RECORDER'S USE

MEMORANDUM OF GROUND LEASE

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WITNESSETH:

WHEREAS, Landlord and Tenant have entered into a certain Ground Lease Agreement (hereinafter referred to as the "Lease") of even date herewith; and

WHEREAS, Landlord and Tenant desire to enter into this Memorandum of Ground Lease to set forth certain terms and conditions of the Lease.

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MSRESS III Denver Campus, LLC
c/o Mr. Andrew Bauman
Morgan Stanley/US RE Investing Division
1585 Broadway, Floor 37
New York, New York 10036
Phone: (212) 761-4468
Fax: (212) 507-4861

3. Tenant. The name and address of Tenant are as follows:

Littleton Campus, LLC
701 Maiden Choice Lane
Baltimore, Maryland 21228
Attention: General Counsel
Phone: (410) 737-8914
Fax: (410) 727-8828

4. Date of Lease. The Lease is dated as of October 11, 2006.

5. Commencement Date. The Commencement Date of the Lease is as of the date hereof, or any later date upon which Landlord has acquired fee simple title to the Premises.

6. Term. The initial term of the Lease, unless sooner terminated pursuant to the terms of the Lease, shall be for a period of eleven (11) years beginning on the Commencement Date and terminating and expiring at 11:59 p.m. on the date immediately preceding, the eleventh (11th) anniversary of the Commencement Date.

7. Notice Prohibiting Construction or Mechanics Liens. Landlord desires to protect itself and its interest in the Premises and all portions thereof and improvements thereon against the filing of mechanic's liens. Accordingly, Landlord hereby provides notice that all leases (including the Lease) entered into for the rental of premises located within or upon the Premises contain the following language:

Landlord's interest in the Premises shall not be subjected to liens of any nature by reason of Tenant's construction, alteration, renovation, repair, restoration, or reconstruction of the Improvements or any improvements on or in the Premises, or by reason of any other act or omission of Tenant (or of any person claiming by, through or under Tenant) including, but not limited to, construction, mechanics' and materialmen's liens. All persons dealing with Tenant are hereby placed on notice that such persons shall not look to Landlord or to Landlord's credit or assets (including Landlord's interest in the Premises) for payment or satisfaction of any obligations incurred in connection with the construction, alteration, renovation, repair, restoration, replacement or reconstruction thereof by or on behalf of Tenant. Tenant has no power, right or authority to subject Landlord's interest in the Premises to any mechanic's or materialmen's lien or claim of lien.

8. Tenant's Right of First Offer. Landlord and Tenant hereby provide notice that Landlord has granted, and does hereby grant, to Tenant a right of first offer to purchase the Premises in the event of a proposed sale thereof by Landlord, upon certain terms and conditions as more particularly set forth in the Lease.

9. Tenant's Option to Purchase. Landlord and Tenant hereby provide notice that Landlord has granted, and does hereby grant, to Tenant an option to purchase the Premises upon certain terms and conditions as more particularly set forth in the Lease.

10. Subject to Tri-Party Agreement. This Memorandum of Ground Lease is subject to that certain Ground Lessor Tri-Party Agreement ("Tri-Party Agreement") effectively dated of even date herewith among Capmark Finance Inc., Landlord and Tenant.

11. Purpose and Effect. This Memorandum of Ground Lease is made and executed by the parties hereto for the purpose of recording the same in the Public Records of Douglas County, Colorado, and is subject in each and every respect, to the rents and other terms, covenants and conditions of the Lease, bearing even date herewith, between the parties hereto and this Memorandum of Ground Lease is executed and delivered with the understanding and agreement that the same shall not in any manner or form whatsoever, alter, modify or vary the rents and other terms, covenants and conditions of the Lease bearing even date herewith between the parties hereto.

[Signatures on following pages.]

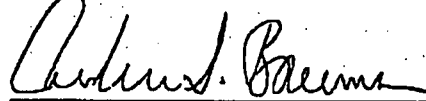
IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed
under seal as of the day and year first above written.

LANDLORD: MSRESS III DENVER CAMPUS, LLC, a Delaware
limited liability company

By: Morgan Stanley Real Estate Special Situations Fund
III, L.P.

By: Morgan Stanley Real Estate Special Situations III -
GP, L.L.C., its General Partner

By:



Name: Andrew Bauman

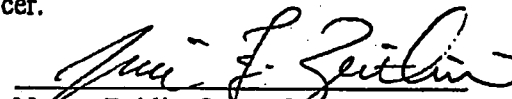
Title: Vice President

STATE OF NEW YORK

CITY OF NEW YORK

On this the 4th day of OCTOBER, 2006, before me, Julie F. Zeitlin, the
undersigned officer, personally appeared Andrew S. Bauman, who acknowledged himself to be
the Vice President of Morgan Stanley Real Estate Special Situations III - GP, L.L.C., a Delaware
limited liability company, general partner of Morgan Stanley Real Estate Special Situations Fund
III, L.P., a Delaware limited partnership, sole member of MSRESS III DENVER CAMPUS,
LLC, a Delaware limited liability company, and that he, as such Vice President being authorized
so to do, executed the foregoing instrument for the purposes therein contained, by signing the
name of the corporation by her/himself as such officer.

(NOTARY SEAL)

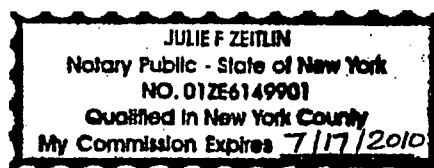


Notary Public, State of New York

Printed Name:

Notary Commission No.: _____

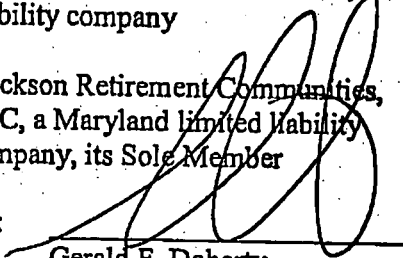
My Commission Expires: _____



TENANT:

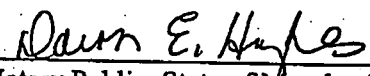
**LITTLETON CAMPUS, LLC, a Maryland
limited liability company**

By: Erickson Retirement Communities,
LLC, a Maryland limited liability
company, its Sole Member

By: 
Gerald F. Doherty,
Executive Vice President and
General Counsel

STATE OF MARYLAND
Anne Arundel
COUNTY OF ~~BALTIMORE~~

On this the 11th day of Oct., 2006, before me, the undersigned officer, personally
appeared Gerald F. Doherty, who acknowledged himself to be the Executive Vice President and
General Counsel for ERICKSON RETIREMENT COMMUNITIES, LLC, a Maryland limited
liability company, as Sole Member of LITTLETON CAMPUS, LLC, a Maryland limited
liability company, and that he, as such Executive Vice President and General Counsel being
authorized so to do, executed the foregoing instrument for the purposes therein contained, by
signing the name of the company by himself as such officer.


Notary Public, State of Maryland

(NOTARY SEAL)

DAWN E. HUGHES
Printed Name NOTARY PUBLIC STATE OF MARYLAND
My Commission Expires February 23, 2009
Notary Commission No.: _____
My Commission Expires: _____

Exhibit A to Memorandum of Ground Lease

**Legal Description
(see attached)**

PARCEL ONE:

LOTS 1 AND 2,
ERICKSON FILING NO. 1,
RECORDED JUNE 2, 2006 AT RECEPTION NO. 2006046418, AND TECHNICAL PLAT CORRECTION
CERTIFICATES RECORDED SEPTEMBER 13, 2006 AT RECEPTION NO. 2006079335 AND JUNE 13, 2006
AT RECEPTION NO. 2006049968,
COUNTY OF DOUGLAS,
STATE OF COLORADO.

PARCEL THREE:

RESERVATION OF ACCESS ACROSS THE LINES RELINQUISHED IN RULE AND ORDER IN CASE NO. 83
CV 274 IN THE DISTRICT COURT OF DOUGLAS COUNTY, COLORADO, RECORDED January 17, 1985 IN
BOOK 558 AT PAGE 587 WHERE PASSAGEWAYS UNDER THE ROADWAY HAVE BEEN PROVIDED, AS
MORE PARTICULARLY SET FORTH IN SAID RULE AND ORDER.

**ASSIGNMENT OF LICENSES, PERMITS, PLANS, CONTRACTS
AND WARRANTIES**

THIS ASSIGNMENT OF LICENSES, PERMITS, PLANS, CONTRACTS AND WARRANTIES (this "Assignment") is made and entered into as of the 11th day of October 2006, by LITTLETON CAMPUS, LLC, a Maryland limited liability company, having a mailing address at 701 Maiden Choice Lane, Baltimore, Maryland 21228 ("Assignor"), in favor of MSRESS III DENVER CAMPUS, LLC, a Delaware limited liability company, having a mailing address at c/o Morgan Stanley/US RE Investing Division, 1585 Broadway, Floor 37, New York, New York 10036 ("Assignee");

WITNESSETH:

WHEREAS, Assignor has this day conveyed to Assignee certain real property located in Highlands Ranch, Douglas County, Colorado and more particularly described on Exhibit A attached hereto and made a part hereof (the "Land"); and

WHEREAS, in conjunction with the conveyance of the Land, Assignor has agreed to assign all of its right, title and interest in and to certain licenses, permits, plans, contracts and warranties relating to the design, development, construction, ownership, operation, management and use of the Land and the improvements located thereon (together, the "Real Property").

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties agree as follows:

1. Assignment. Assignor does, to the extent permitted by law, hereby transfer, assign and set over to Assignee to the extent assignable all of Assignor's right, title and interest in and to (i) all general intangibles relating to the design, development, construction, ownership, operation, management and use of the Real Property, (ii) all certificates of occupancy, zoning variances, licenses, building, use or other permits, approvals, authorizations and consents obtained from and all materials prepared for filing or filed with any governmental agency in connection with the design, development, construction, ownership, operation, management and use of the Real Property, (iii) all architectural drawings, plans, specifications, soil tests, feasibility studies, appraisals, engineering reports and similar materials relating to the Real Property, and (iv) all contract rights (including without limitation rights to indemnification), payment and performance bonds or warranties or guaranties relating to the Real Property, RESERVING UNTO ASSIGNOR, however, any right, title or interest in and to any of the foregoing which may be necessary or advisable in connection with Assignor's continued operation of its business at the Real Property as tenant under a Ground Lease (the "Ground Lease") between Assignee, as landlord, and Assignor, as tenant, dated on or about the date hereof (the items described in this Section 1 being hereinafter referred to as the "Licenses, Permits, Plans, Contracts and Warranties"); RESERVING, however, unto Assignor the right to enforce the same during the term of the Ground Lease between Assignor, as tenant, and Assignee, as landlord, with respect to the Real Property.

EXHIBIT

E

2. Representations and Warranties of Assignor. Assignor represents and warrants to Assignee that (i) the Licenses, Permits, Plans, Contracts and Warranties are in full force and effect, (ii) Assignor has duly and punctually performed or caused to be performed all and singular the terms, covenants and conditions of the Licenses, Permits, Plans, Contracts and Warranties to be performed by or on behalf of Assignor, (iii) Assignor has not received any notice of default, nor is Assignor aware of any default (or facts which, with the passage of time would result in a default) under any of the Licenses, Permits, Plans, Contracts and Warranties, (iv) Assignor has not received any notice of non-renewal or revocation of any of the Licenses, Permits, Plans, Contracts and Warranties, and (v) except as contemplated by encumbrances and agreements permitted under the Ground Lease, Assignor has not sold, assigned, transferred, mortgaged or pledged its right, title and interest in any of the Licenses, Permits, Plans, Contracts and Warranties.

3. Further Assurances. Assignor covenants with Assignee that it will execute or procure any additional documents necessary to establish the rights of Assignee hereunder and shall, at the cost of Assignee, take such action as Assignee shall reasonably request to enforce any rights under any of the Licenses, Permits, Plans, Contracts and Warranties that are, by their terms, not assignable to Assignee.

4. Binding Effect. This Assignment shall be binding upon and inure to the benefit of Assignor, Assignee and their respective successors and assigns.

5. Legend. Notwithstanding anything contained herein to the contrary, the interests and rights of Assignee pursuant to this Assignment are subject in all respects to terms, covenants and limitation as set forth in that certain Ground Lessor Tri-Party Agreement dated as of October 11, 2006 among Capmark Finance Inc., as Agent, Assignee and Assignor, the provisions of which Ground Lessor Tri-Party Agreement are incorporated herein by reference to the same extent as if fully set forth herein.

[Signatures on following page.]

IN WITNESS WHEREOF, Assignor has executed this Assignment as of the date set forth above.

Signed, sealed and delivered in the presence of the following witness:

Dawn E. Hughes
Signature of Witness

Dawn E. Hughes
Printed Name of Witness

LITTLETON CAMPUS, LLC, a Maryland limited liability company

By: **Erickson Retirement Communities, LLC**,
a Maryland limited liability company.
Its: Sole Member

By: Gerald F. Doherty
Executive Vice President

Exhibit A

**Legal Description
(see attached)**

PARCEL ONE:

LOTS 1 AND 2,
ERICKSON FILING NO. 1,
RECORDED JUNE 2, 2006 AT RECEPTION NO. 2006046418, AND TECHNICAL PLAT CORRECTION
CERTIFICATES RECORDED SEPTEMBER 13, 2006 AT RECEPTION NO. 2006079335 AND JUNE 13, 2006
AT RECEPTION NO. 2006049968,
COUNTY OF DOUGLAS,
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PARCEL THREE:

RESERVATION OF ACCESS ACROSS THE LINES RELINQUISHED IN RULE AND ORDER IN CASE NO. 83
CV 274 IN THE DISTRICT COURT OF DOUGLAS COUNTY, COLORADO, RECORDED January 17, 1985 IN
BOOK 558 AT PAGE 587 WHERE PASSAGEWAYS UNDER THE ROADWAY HAVE BEEN PROVIDED, AS
MORE PARTICULARLY SET FORTH IN SAID RULE AND ORDER.

MEMBER INTEREST PLEDGE AGREEMENT

This MEMBER INTEREST PLEDGE AGREEMENT (the "Agreement") is made and entered into as of October 11, 2006, (the "Effective Date") by ERICKSON RETIREMENT COMMUNITIES, LLC, a Maryland limited liability company ("ERC" or the "Pledgor"), in favor of MSRESS III DENVER CAMPUS, LLC, a Delaware limited liability company (the "Pledgee").

RECITALS

WHEREAS, Pledgee acquired that certain real property commonly known as "Wind Crest" in Highlands Ranch, Douglas County, Colorado, pursuant to and as more particularly described in that certain Deed from Littleton Campus, LLC, a Maryland limited liability company ("LC"), to Pledgee of even date herewith (the "Deed") (as used herein, the term "Property" shall have the meaning ascribed thereto in the Deed); and

WHEREAS, subject to and upon the terms and conditions set forth in this Agreement and the Ground Lease Agreement (the "Lease"), between Pledgee and LC (hereinafter referred to as the "Tenant"), Pledgee has agreed to lease to Tenant, and Tenant has agreed to lease from Pledgee, the Leased Property, which together with all other capitalized terms not defined herein shall have the meaning set forth in the Lease; and

WHEREAS, Pledgor has partially guaranteed Tenant's performance under the Lease pursuant to that certain Limited Guaranty and Indemnity Agreement of even date herewith from Pledgor in favor of Pledgee (the "Guaranty"); and

WHEREAS, Pledgor, directly or indirectly, is the sole owner of one hundred percent (100%) of the equity interests of the Tenant; and

WHEREAS, as a condition precedent to Pledgee leasing the Leased Property to Tenant, Pledgor has agreed to pledge and grant to Pledgee a security interest in the entire member interest of Pledgor in Tenant consisting of a 100% sole membership interest held by ERC (collectively, the "Member Interest"), effective upon the execution and delivery by Tenant of the Lease, in order to secure Tenant's performance under the Lease and ERC's performance under the Guaranty.

AGREEMENTS

NOW, THEREFORE, in consideration of the premises and of other good and valuable consideration, the receipt and sufficiency of which are hereby expressly acknowledged, the parties hereto, intending to be legally bound, do hereby agree as follows:

1. Defined Terms. Any capitalized term not otherwise defined herein shall have the meaning given to such term in the Lease.

EXHIBIT

F

2. Pledge. As security for (i) Tenant's full, prompt and complete payment of Rent, and all other amounts required to be paid by Tenant under the Lease when due, (ii) the full, prompt and complete performance of all other obligations of Tenant under the Lease when due, and (iii) Pledgor's full, prompt and complete performance of all of its obligations under the Guaranty ((i) (ii) and (iii) are hereinafter collectively referred to as the "Obligations"), the Pledgor hereby pledges and assigns to Pledgee the Member Interest and hereby grants to Pledgee a security interest in and to the Member Interest, including without limitation, all of Pledgor's capital accounts in and interest in the income, profits, gains and losses of Tenant and of Pledgor's right to receive distributions and the return of capital contributions from Tenant (collectively, the "Collateral"); provided however, that the Collateral shall not include cash payments, distributions or return of capital contributions or other payments by Tenant paid on, or in respect of, the Member Interest ("Distributions") so long as, at the time such payment is made or after giving effect to such payment, (v) neither Tenant nor Pledgor is in default under any of the Project Documents, (w) Tenant is not in continuing default (beyond applicable notice and cure periods) under the Lease dealing with the payment of Rent, (x) no other event which with the giving of notice or passage of time would constitute an Event of Default under the Lease dealing with matters other than the payment of Rent shall have occurred and is continuing (beyond applicable notice and cure periods) as to which Pledgee has not waived such Event of Default, (y) no claim for payment or performance has been made by Pledgee against Pledgor under the Guaranty which has not been satisfied or which is based on matters other than Events of Default arising under the Lease, and (z) Pledgor has established in favor of Pledgee, as security for the payment of the Option Purchase Price under the Lease, a letter of credit or other assurance or financial security, in a form reasonably approved in writing by Pledgee, assuring Pledgee that the net amount of all Distributions (net of amounts which are re-contributed by Pledgor to Tenant in order to pay bona fide obligations of Tenant under the Project Documents) will be available to apply toward payment of the Option Purchase Price if and when it becomes due and payable. Tenant may only make, and Pledgor may only receive Distributions which are made in accordance with the foregoing conditions and limitations on making Distributions free and clear of the lien and operation of this Agreement.

3. Financing Statement. Simultaneously with execution hereof, Pledgor authorizes Pledgee to file a UCC-1 Financing Statement with the State of Maryland (the "Financing Statement") evidencing the security interest granted by Pledgor to Pledgee in the Collateral. The Pledgor agrees that, at any time and from time to time, Pledgor will promptly execute and deliver all further instruments and documents, and take all further action, that may be reasonably necessary or desirable, or that the Pledgee may reasonably request, in order to perfect and protect any security interest granted hereby or to enable the Pledgee to exercise and enforce its rights and remedies hereunder with respect to the Member Interest or other Collateral.

4. Remedies, Rights Upon Default.

(a) Upon and after the occurrence of an Event of Default, and subject to the provisions of Section 2 hereof, the Pledgee shall have the rights and remedies with respect to the Collateral provided for in the Uniform Commercial Code in effect in the State of Maryland (the "UCC"), including the right to, without demand of performance or other demand, advertisement, or notice of any kind (except such notice as may be specifically required by law and the notice

and advertisement requirement specified in subsection (c) hereinbelow), to or upon the Pledgor or any other person, forthwith realize upon its security interest in the Collateral or any part thereof, and forthwith sell or otherwise dispose of and deliver the Collateral or any part thereof at public or private sale or sales, at any time or place, at such prices and on such terms (including, but without limitation, a requirement that any purchaser of all or any part of the Collateral purchase the Member Interest or other interests constituting the Collateral for investment and without any intention to make a distribution thereof) as it may deem best, for cash or on credit, or for future delivery without assumption of any credit risk, with the right of Pledgee or any purchaser to purchase upon any such sale the whole or any part of the Collateral free of any right or equity of redemption in the Pledgor, which right or equity is hereby expressly waived and released to the extent permitted by law.

(b) The proceeds of any such disposition shall be applied as follows:

(i) First, to the costs and expenses incurred in connection therewith or incidental thereto or to the care or safekeeping of any of the Collateral or in any way relating to the exercise or enforcement of the rights of the Pledgee hereunder, including reasonable attorneys' fees and legal expenses incurred in connection therewith;

(ii) Second, to the satisfaction of the Obligations which are then due and payable;

(iii) Third, to the payment of any other amounts required by applicable law; and

(iv) Fourth, to the Pledgor to the extent of any surplus proceeds.

(c) Any notification required by Section 9-611 of the UCC shall be deemed reasonably and properly given if given to the Pledgor in accordance with Section 11 hereof, at least ten (10) days before any sale or disposition of any of the Collateral. Any advertisement of the sale or other disposition of such Collateral shall be deemed to be reasonable if such advertisement is placed in a newspaper of general circulation in or about the location of the principal place of business of the Tenant at least once in each of the two (2) calendar weeks immediately preceding the sale.

5. Representations and Warranties. The Pledgor hereby represents, warrants and covenants to the Pledgee as follows:

(a) Pledgor is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Maryland and its address is 701 Maiden Choice Lane, Baltimore, Maryland 21228;

(b) Tenant is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Maryland, and is qualified to do business in the state in which the Leased Property is located;

(c) This Agreement has been duly executed and delivered by the Pledgor and is a valid and binding obligation of the Pledgor enforceable against it in accordance with its terms, subject to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally;

(d) Pledgor is the sole holder of record and the sole beneficial owner of the Member Interest free and clear of any liens, warrants, calls, security interests, options, encumbrances or other charges thereon or affecting title thereto, except the Bank Pledge (defined in Section 23 below) and the security interest created by this Agreement and perfected by the filing of the Financing Statement;

(e) Pledgor has full legal power and right to pledge and grant the security interest conveyed hereby in the Collateral and every part thereof; the making of such pledge and the granting of such security interest do not violate the provisions of any law, regulation, contract, agreement, restrictive covenant or legend, order of court, corporate charter or bylaw, stockholders agreement or other instrument binding upon it or any part of the Collateral; and no consent or approval of any governmental body or regulatory authority, or any securities exchange, was or is necessary to the validity or effectiveness thereof;

(f) The Member Interest has been duly authorized, validly issued and is fully paid and nonassessable;

(g) All corporate actions or other actions or consents necessary to authorize and effectuate the terms of this Agreement on behalf of Pledgor have been taken or obtained;

(h) Pledgor will not (i) suffer or permit any amendment or modification of the operating agreement of the Tenant without the prior written consent of Pledgee (which consent may not be unreasonably withheld, conditioned or delayed) as and when such consent is required pursuant to the operating agreement of the Tenant; (ii) without the prior written consent of Pledgee, assign its rights to control Tenant or permit any other person to control Tenant; or (iii) waive, release or compromise any rights or claims that Pledgor may have against any other party which arise under the operating agreement of the Tenant;

(i) The Member Interest is not an interest which is dealt in or traded on securities exchanges or in securities markets, the terms of Tenant's operating agreement do not expressly provide that it is a security governed by Article 8 of the UCC, nor is the Tenant registered as an investment company under the federal investment company laws, and the Member Interest is not held in a securities account and is not certificated. Pledgor, so long as this Agreement is in effect, will not certificate the Member Interest.

6. Preservation of Collateral. The Pledgor will pay promptly when due all taxes, assessments and governmental charges and levies upon or against the Collateral, in each case before the same become delinquent and before penalties accrue thereon, unless and to the extent that the same are being contested in good faith by appropriate proceedings. The Pledgee may, at its option, make any payments or take any other action it may reasonably deem necessary or desirable to cure any default by Pledgor pursuant to the terms of this Agreement, to remove or

discharge any liens, attachments or levies against or upon the Collateral, whether voluntary or involuntary, or otherwise to conserve, protect or further perfect its interest in the Collateral. The Pledgor shall, promptly upon demand, reimburse the Pledgee for all such advances or expenses incurred by the Pledgee.

7. No Further Transfer or Encumbrances. Except as permitted by the express terms of the Lease, and other than the Bank Pledge and the liens on and security interests in the Collateral created hereby, the Pledgor hereby covenants and agrees that it shall not sell, convey or otherwise dispose of any of the Collateral, nor create, incur or permit to exist any pledge, mortgage, lien, charge, encumbrance or any security interest whatsoever with respect to any of the Collateral or the proceeds thereof. The Pledgor further covenants and agrees that it shall not consent to or approve the issuance of any additional Member Interest in Tenant or the merger of Tenant with any other entity, except (i) where the issuance is not prohibited by the express terms of Lease and where the issued interests or entrusts in the entity surviving the merger, is subject to the lien created under this Agreement, and (ii) any issuance of member interests in Tenant to a non-equity member as provided in Tenant's Second Amended and Restated Operating Agreement, dated as of September 25, 2006. Without in any way limiting the foregoing, unless and until Tenant exercises the Purchase Option set forth in the Lease and pays Pledgee all amounts due in connection therewith, Pledgor may not elect to or voluntarily sell or in any manner convey the Member Interest.

8. Voting Rights. Notwithstanding anything herein to the contrary, unless and until an Event of Default occurs and is continuing, and the Pledgee forecloses upon the Collateral in accordance with this Agreement, the Pledgor shall have the right to exercise its voting and other rights with respect to the Member Interest and Pledgor shall have the right to receive cash payments, distributions or return of capital contributions in respect of the Member Interest, but only under and subject to the terms, conditions and limitations applicable to Distributions as set forth in Section 2 above. Notwithstanding the foregoing sentence, upon the occurrence and during the continuation beyond applicable notice and cure periods of (i) an Event of Default under the Lease dealing with the payment of Rent, (ii) an Event of Default under the Lease dealing with any matter other than the payment of Rent, for which Pledgee has given notice to Pledgor and Pledgee has not waived such Event of Default, or (iii) a claim by the Pledgee under the Guaranty which has not been satisfied or which is based on matters other than Events of Default under the Lease, the Pledgee shall be entitled to exercise any and all rights of conversion, exchange or subscription or any other similar rights, privileges or options pertaining to the Collateral as if it were the absolute owner thereof, including, without limitation, the right to exchange, at its discretion, any and all of the Collateral upon the merger, consolidation, reorganization, recapitalization or other readjustment of the Tenant or, upon the exercise of any such right, privilege or option pertaining to the Collateral, and in connection therewith, to deposit and deliver any and all of the Collateral with any committee, depository, transfer agent, registrar or other designated agency upon such terms and conditions as the Pledgee may determine.

10. Duty of Pledgee. The Pledgee may take any action set forth in this Agreement without liability to the Pledgor (except for Pledgee's own gross negligence or willful misconduct), Tenant or any other person, except to account for property actually received by it, but the Pledgee shall have no duty to exercise any of such rights, privileges or options and shall

not be responsible for any failure to do so or delay in so doing. The Pledgee's only duty with respect to the Collateral shall be to exercise reasonable care to assure the safe custody of the Collateral, and the Pledgee shall be relieved of all responsibility for the Collateral upon delivery or proffer of delivery of the Collateral to the Pledgor.

11. Costs. The Pledgor shall pay on demand all costs and expenses (including reasonable attorney's fee) incurred by and on behalf of the Pledgee incident to any collection; servicing, sale, disposition or other action taken by the Pledgee with respect to the Collateral or any portion thereof following the occurrence and during the continuance of an Event of Default; provided, however, that this Agreement shall in all respects be nonrecourse to Pledgor and Pledgee shall look only to the Member Interest to satisfy any liability of Pledgor hereunder.

12. Notices.

(a) Any and all notices, demands, consents, approvals, offers, elections and other communications required or permitted under this Agreement shall be deemed adequately given if in writing and the same shall be delivered either in hand, or by mail or Federal Express or similar expedited commercial carrier, addressed to the recipient of the notice, postpaid and registered or certified with return receipt requested (if by mail), or with all freight charges prepaid (if by Federal Express or similar carrier).

(b) All notices required or permitted to be sent hereunder shall be deemed to have been given for all purposes of this Agreement, upon the date of receipt or refusal, except that whenever under this Agreement a notice is either received on a day which is not a business day or is required to be delivered on or before a specific day which is not a business day, the day of receipt or required delivery shall automatically be extended to the next business day.

(c) All such notices shall be addressed:

If to Pledgee: MSRESS III DENVER CAMPUS, LLC
c/o Morgan/Stanley US RE Investing Division
1585 Broadway, Floor 37
New York, NY 10036
Attn: Andrew S. Bauman
Phone: (212) 761-4468
Fax: (212) 761-0253

With a copy to: Wilmer Cutler Pickering Hale and Dorr LLP
100 Light Street - Suite 1300
Baltimore, Maryland 21202
Attn: Mark Pollak, Esq.
Phone: (410) 986-2860
Fax: (410) 986-2828

If to Pledgor: Erickson Retirement Communities, LLC
701 Maiden Choice Lane
Baltimore, Maryland 21228
Attn: General Counsel
Phone: (410) 737-8864
Fax: (410) 737-8828

By notice given as herein provided, the parties hereto and their respective successors and assigns shall have the right from time to time and at any time during the term of this Agreement to change their respective addresses effective upon receipt by the other parties of such notice and each shall have the right to specify as its address any other address within the United States of America.

13. Entire Agreement. This Agreement contains the full understanding of the Pledgor and the Pledgee in respect of the pledge of the Collateral, and may not be amended or otherwise modified except in a writing duly executed by the Pledgor and the Pledgee. Except for the obligations expressly set forth in this Agreement, Pledgor shall have no obligations under the Lease.

14. Waiver. The failure by either party to insist upon or to enforce any of its rights hereunder shall not constitute a waiver thereof. Any waiver shall be in writing and signed by the party granting the waiver.

15. Exercise of Rights. All rights, remedies and powers of the Pledgee hereunder are irrevocable and cumulative, and not alternative or exclusive, and shall be in addition to all other rights, remedies and powers given hereunder or in or by any other instrument or any law now existing or hereafter made or enacted.

16. Severability. If any term, covenant or condition of this Agreement, or the application thereof to any person, shall be invalid or unenforceable, the remainder of this Agreement or the application of such term, covenant or condition to persons or circumstances other than those to which it is held to be invalid or unenforceable shall not be affected thereby, and each term shall be valid and enforceable to the fullest extent permitted by law.

17. Termination. This Agreement shall terminate upon the earlier to occur of (i) the termination of the Lease and performance in full of the Obligations, or (ii) Pledgor's transfer of its interest in the Tenant or in the Lease pursuant to Article 14 of the Lease.

18. Binding Nature of Agreement. This Agreement shall be binding upon Pledgor and Pledgee and their respective successors and assigns.

19. Construction. When used herein, the singular may also refer to the plural and vice versa; and the use of any gender shall be applicable to all genders. Headings in the Agreement are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

20. Governing Laws. This Agreement shall be governed by and construed in accordance with the laws of the State of Maryland.

21. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

23. Limitation of Pledge and Assignment. Pledgee hereby acknowledges that Pledgor has previously granted to Capmark Finance Inc, a California corporation f/k/a GMAC Commercial Mortgage Corporation ("Bank"), a security interest in and to the Member Interest pursuant to that certain Member Interest Pledge Agreement from Pledgor to Bank dated March 29, 2006 (the "Bank Pledge"). Accordingly, notwithstanding anything contained herein to the contrary, the interests and rights of Pledgee pursuant to this Agreement are subordinate to the rights of Bank therein, subject in all respects to the terms, covenants and limitations as set forth in that certain Ground Lessor Tri-Party Agreement dated of even date herewith by and among Bank, Pledgee and Tenant (the "Tri-Party Agreement"), which Tri-Party Agreement is incorporated herein as if fully set forth herein.

[Signatures on following pages.]

Executed and acknowledged by the undersigned as of the day and year first written
above.

PLEDGOR:

**ERICKSON RETIREMENT COMMUNITIES,
LLC, a Maryland limited liability company**

By: 

Name: Gerald F. Doherty

Title: Executive Vice President

[SIGNATURES CONTINUE ON NEXT PAGE]

PLEDGEE:

MSRESS III DENVER CAMPUS, LLC, a Delaware
limited liability company

By: Morgan Stanley Real Estate Special Situations Fund
III, L.P., a Delaware limited partnership, Its Sole
Member

By: Morgan Stanley Real Estate Special Situations
III - GP, L.L.C., a Delaware limited liability
company, Its General Partner

By: 

Name: Andrew Bauman

Title: Vice President

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional)

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

Patricia Berkey Boyd
Wilmer Cutler Pickering Hale and
Door LLP
100 Light Street, Suite 1300
Baltimore, Maryland 21202

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - Insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME

Erickson Retirement Communities, LLC

OR 1b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

1c. MAILING ADDRESS

701 Maiden Choice Lane

CITY

Baltimore

STATE

MD

POSTAL CODE

21228

COUNTRY

USA

1d. TAX ID #: SSN OR EIN

ADD'L INFO RE
ORGANIZATION
DEBTOR

1e. TYPE OF ORGANIZATION
LLC

1f. JURISDICTION OF ORGANIZATION
Maryland

1g. ORGANIZATIONAL ID #, if any
W04550497

☐ NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - Insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR 2b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

2c. MAILING ADDRESS

CITY

STATE

POSTAL CODE

COUNTRY

2d. TAX ID #: SSN OR EIN

ADD'L INFO RE
ORGANIZATION
DEBTOR

2e. TYPE OF ORGANIZATION

2f. JURISDICTION OF ORGANIZATION

2g. ORGANIZATIONAL ID #, if any

☐ NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - Insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME

MSRESS III Denver Campus, LLC

OR 3b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

3c. MAILING ADDRESS

1585 Broadway, Floor 37 (A. Bauman)

CITY

New York

STATE

NY

POSTAL CODE

10036

COUNTRY

USA

4. This FINANCING STATEMENT covers the following collateral:

All of Debtor's member interest in Littleton Campus, LLC, a Maryland limited liability company ("LC"), including without limitation, all of Debtor's capital accounts in and interest in the income, profits, gains and losses of LC and of Debtor's right to receive distributions and the return of capital contributions from LC as pledged pursuant to that certain Member Interest Pledge Agreement, dated as of October //, 2006, by Debtor in favor of Secured Party.

5. ALTERNATIVE DESIGNATION (if applicable): ☐ LESSOR/LESSOR ☐ CONSIGNEE/CONSIGNOR ☐ BAILEE/BAILOR ☐ SELLER/BUYER ☐ AG. LIEN ☐ NON-UCC FILING
6. OPTIONAL FILER REFERENCE DATA: ☐ ESTATE RECORDS... Attach Addendum ☐ 7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (if applicable) (ADDITIONAL FEE) ☐ All Debtors ☐ Debtor 1 ☐ Debtor 2

FILING OFFICE COPY - NATIONAL UCC FINANCING STATEMENT (FORM UCC1) (REV. 07/29/98)

* An Individual's social security number is not required to be placed on the form in Wisconsin (See Instructions)

EXHIBIT

G

LIMITED GUARANTY AND INDEMNITY AGREEMENT

FOR VALUE RECEIVED, and in consideration for, and as an inducement to MSRESS III DENVER CAMPUS, LLC, a Delaware limited liability company, as "Landlord," to enter into a certain Ground Lease Agreement (the "Lease," which is incorporated herein by reference) effectively dated on or about the date hereof with LITTLETON CAMPUS, LLC, a Maryland limited liability company, as "Tenant," with respect to lands located in Highlands Ranch, Douglas County, Colorado (the "Property") upon which a continuing care retirement community known as "Wind Crest" is being developed, ERICKSON RETIREMENT COMMUNITIES, LLC, a Maryland limited liability company, as "Guarantor," unconditionally and absolutely indemnifies and holds Landlord, its officers, directors, shareholders, employees, agents, attorneys, successors and assigns and each of them, jointly and severally, harmless from and against any loss, cost, liability, damage, claim or expense, including attorneys' fees, suffered or incurred by Landlord at any time, arising under or on account of any of the following, and guarantees to Landlord payment and performance of each of the following (collectively, the "Guaranteed Obligations"):

(a) Fraud, willful misconduct, or material misrepresentation made by Tenant or Guarantor or their affiliates in or in connection with (i) the Purchase and Sale Agreement between Tenant and Landlord dated as of October 11, 2006, (ii) the Lease, (iii) this Limited Guaranty and Indemnity Agreement ("Guaranty"), (iv) the Project Documents (this and other capitalized terms not specifically defined herein shall, unless the context otherwise requires, have the meaning ascribed to such terms in the Lease), or (v) any other documents executed by Tenant or Guarantor in connection therewith.

(b) The failure by Tenant to pay or cause to be paid taxes affecting the Property or to pay assessments or other governmental impositions, charges for labor, materials or other charges which may create liens on any portion of the Property.

(c) The misapplication or misappropriation of (i) proceeds of insurance covering any portion of the Property, (ii) proceeds of the sale, condemnation or transfer in lieu of condemnation of any portion of the Property, or (iii) rentals or other income relating to the Property received by or on behalf of Tenant or Guarantor for any period for which there are unpaid amounts due and payable pursuant to the Lease.

(d) Tenant's causing or permitting waste to occur in, on or about the Property or failing to maintain or causing to be maintained the Property and Improvements, except for ordinary wear and tear.

(e) The failure of Tenant to properly apply and pay to Landlord any and all sums and amounts received or payable to Tenant at the time of any conveyance of the Property pursuant to any option to purchase exercised by Wind Crest, Inc., or any successor entity, as set forth in the Project Documents, after proper payment of all prior due and payable obligations of Tenant under the Project Documents, to the extent of all amounts due and payable to Landlord at that time.

EXHIBIT

H

(f) Any loss by fire or any other casualty to the extent not compensated by insurance proceeds as a result of Tenant's failure to comply with the insurance provisions of the Lease.

(g) All court costs and reasonable attorneys' fees actually incurred by Landlord for which Tenant is liable pursuant to the terms of the Lease.

(h) The removal of any chemical, material or substance in excess of legal limits or which is required by any governmental entity, to which exposure is prohibited, limited, or regulated by any federal, state, county, or local authority, and which may or could pose a hazard to the health and safety of the occupants of the Property (which substances are also defined in the Lease as "Hazardous Substances"), regardless of the source of origination (including sources off the Property which migrate onto the Property or its groundwater); the restoration of the Property to comply with all governmental regulations pertaining to Hazardous Substances found in, on or under the Property, regardless of the source of origination (including sources off the Property which migrate onto the Property or its groundwater); any failure by Tenant to complete the work and/or otherwise comply with the Operations and Maintenance Program described on Exhibit A; and any indemnity or other agreement to hold Landlord harmless from and against any and all losses, liabilities, damages, injuries, costs and expenses relating to Hazardous Substances arising under Article XIX of the Lease. Guarantor shall not be liable hereunder if the Property becomes contaminated due to acts on the Property (including sources off the Property which migrate onto the Property or its groundwater) subsequent to Landlord's re-entry onto the Property by a termination of the Lease and eviction of the Tenant. Liability hereunder shall extend beyond termination or expiration of the Lease unless at such time Tenant provides Landlord with an environmental assessment report acceptable to Landlord, in Landlord's sole discretion, showing the Property to not be in violation of any law or laws relating to Hazardous Substances. The burden of proof under this subsection with regard to establishing the date upon which such Hazardous Substances were placed or appeared in, on or under the Property shall be upon Guarantor.

(i) Any and all costs incurred in order to cause the Property to comply with any applicable Accessibility Laws and any indemnity or other agreement to hold Landlord harmless from and against any and all losses, liabilities, damages, injuries, costs or expenses of any kind arising as a result of non-compliance with any applicable Accessibility Laws; provided, however, Guarantor shall not be liable for compliance with any Accessibility Laws that first become effective, or for any violation of any applicable Accessibility Laws resulting from alterations or improvements to the Property that are performed, subsequent to Landlord's re-entry onto the Property by a termination of the Lease and eviction of the Tenant, or subsequent to any transfer of Tenant's interest under the Lease to an unrelated party approved in writing by Landlord pursuant to the provisions of the Lease; provided that such transferee assumes in writing all obligations of Tenant pertaining to Accessibility Laws pursuant to the Lease. The burden of proof under this subsection with regard to establishing the date upon which such non-compliance with any Accessibility Laws occurred at the Property shall be upon Guarantor.

(j) Any failure by Tenant to pay in full Rent due under the Lease or to pay any other sum or amount due to Landlord under the Lease. Notwithstanding the foregoing to the contrary,

commencing on the date that a final certificate of occupancy has been issued by Douglas County, Colorado for the final residential building of the first residential neighborhood of the Wind Crest continuing care retirement community (more fully described on the Development Plan attached as Exhibit C to the Development Agreement, as defined below, as "Phase I"), Guarantor's liability under this subsection shall be limited, for each period during which all Rent and other sums are not otherwise paid in full to Landlord by Tenant, to the amount of management fees and development fees which are paid or are payable to Guarantor under the Management and Marketing Agreement, dated as of March 29, 2006, by and between Guarantor and Wind Crest, Inc. ("Facility Tenant") (the "Management Agreement") and the Development Agreement, dated as of March 29, 2006, by and between Guarantor and Tenant (the "Development Agreement"), during such period for which Rent or such other sums have not been paid.

(k) (i) Guarantor shall comply with all material terms and provisions of the Management Agreement, as the manager thereunder, shall not enter into any modifications or amendments of the Management Agreement, nor, except as otherwise expressly set forth in the Lease, terminate the same prior to the expiration thereof, without Landlord's prior written consent. Guarantor shall not enter into any extension or replacement of the Management Agreement or elect not to extend the term of the Management Agreement without Landlord's prior written consent. Guarantor shall promptly deliver to Landlord copies of all notices provided by Guarantor or the Facility Tenant under the terms of the Management Agreement concerning notices of default, notices of changes or modifications to the Premises (as defined in the Management Agreement) and the like.

(ii) In addition to the foregoing, Guarantor hereby agrees to subordinate its right to payment under the Management Agreement to the Guaranteed Obligations and assign its right to such payment to Landlord, subject to the terms of this subsection (k)(ii). In furtherance of such subordination and assignment, Guarantor shall unconditionally and irrevocably direct the Facility Tenant to send all fees payable under the Management Agreement ("Management Fees") to an account (and any successor account) established by Landlord at Bank of America, or such other financial institution as Landlord may designate from time to time, for the purpose of implementing the terms of this subsection (k) (the "Lockbox Account"). Landlord may, at its option, declare that all Management Fees paid into the Lockbox Account shall remain in the Lockbox Account and be used solely for the purpose of paying any amounts owing from Guarantor to the Tenant or Landlord (as applicable). Landlord may, at its option, by written notice to the Facility Tenant, direct that any and all future payments in respect of Management Fees shall be made directly to Landlord to be held by Landlord and to be distributed to satisfy Guarantor's obligations under the Lease and this Guaranty. Landlord is and shall be at all times the sole owner of the Lockbox Account and shall have the right to change the identity of the Lockbox Account depository at any time and without notice to Guarantor. Guarantor hereby acknowledges that it does not have access to the Lockbox Account and has no ownership interest whatsoever in the Lockbox Account, including, without limitation, any power or authority to withdraw or wire transfer funds from, or to direct the withdrawal or wire transfer of funds from, the Lockbox Account, and agrees that it shall not now or in the future seek access to, or claim any ownership interest in the Lockbox Account, including without limitation, the power to exercise any of the foregoing rights. Notwithstanding Guarantor's intention that Landlord be the sole owner of the Lockbox Account, to the extent that Guarantor may be deemed to have any

ownership interest in the Lockbox Accounts, Guarantor hereby grants to Landlord a security interest in and a pledge of each Lockbox Account and all funds deposited therein, to secure the payment and performance of its obligations to Landlord. The security interest hereby granted and conveyed covers and will cover all forms of accounts in which funds in the Lockbox Account are placed, as well as all income and proceeds from the disposition of the account. Any Management Fees received by Guarantor from the Facility Tenant to which it is not entitled shall be received and held in trust by Guarantor, solely as agent for Landlord, and Guarantor shall immediately turn over same to Landlord for deposit in the Lockbox Account and/or application to and against obligations and amounts owing from Guarantor to Landlord. Guarantor shall execute such endorsements as may be necessary to effect the provisions of this subsection (k). In this regard, Guarantor hereby grants Landlord a special and irrevocable power of attorney coupled with an interest to make any such endorsement as attorney-in-fact for Guarantor, and with full power of substitution. Landlord shall release the Management Fees to Guarantor from the Lockbox Account (or if paid to Landlord, from Landlord's possession), on a monthly basis, provided that no default with respect to Guarantor under the terms of this Guaranty and that no Event of Default (as defined in the Lease) with respect to Tenant under the Lease has occurred and is then continuing and all obligations and amounts owing from Guarantor to the Landlord are satisfied through and including the then-current fiscal period. Guarantor shall be entitled to any amounts remaining in the Lockbox Account (or if paid to Landlord, in Landlord's possession) upon ultimate satisfaction of all obligations and amounts owing from Guarantor and the Tenant to Landlord.

The effectiveness of the immediately preceding paragraph in this subsection (k)(ii) shall be suspended unless and until Landlord provides written notice to the contrary.

(l) (i) Guarantor shall comply with all material terms and provisions of the Development Agreement, as the developer thereunder, shall not enter into any modifications or amendments of the Development Agreement, nor, except as otherwise expressly set forth in the Lease, terminate the same prior to the expiration thereof, without Landlord's prior written consent. Guarantor shall not enter into any extension or replacement of the Development Agreement or elect not to extend the term of the Development Agreement without Landlord's prior written consent. Guarantor shall promptly deliver to Landlord copies of all notices provided by Guarantor or Tenant under the terms of the Development Agreement concerning notices of default, notices of changes or modifications to the Leased Property and the like. In addition to the foregoing, Guarantor hereby agrees to subordinate its right to payment under the Developer Agreement to the Guaranteed Obligations.

(ii) In the event that any Development Distribution (as defined in the Lessor-Developer Agreement, dated as of even date herewith, between Guarantor and Landlord) that is paid to Guarantor will cause or causes the Project to fail the Balance Test as set forth in the Lease, or will increase or increases such a Balance Test failure, Guarantor shall not be entitled to the payment of any such Development Distribution and any amounts so received by Guarantor shall promptly be repaid by Guarantor to Tenant.

(m) Guarantor hereby agrees and guarantees to Landlord that it will complete the construction of any buildings, non-residential elements, and/or any related infrastructure or

public improvements of or related to the Project that are initiated by Tenant or any affiliate, free of any liens or encumbrances other than those associated with the Permitted Exceptions (as defined in the Lease), including the payment or bonding of any mechanics' liens filed with respect to the Project. This guaranty will be independent of the other rights and obligations of the parties hereto and may be enforced by any remedy available at law or in equity.

(n) Guarantor will at all times maintain liquidity in an amount equal to the Liquidity Requirement. During any period that Guarantor is not in compliance with the Liquidity Requirement, Guarantor is precluded from making any New Investments, which shall be Landlord's sole remedy for breach of this subsection (n). The "Liquidity Requirement" shall require Guarantor to maintain Cash and Cash Equivalents in an amount equal to the sum of: (i) the greater of \$24,000,000 or such amount as may be required to satisfy the highest level of liquidity required under any liquidity covenant contained in documentation relating to Senior Indebtedness; plus (ii) \$15,000,000. The following definitions will apply to this subsection:

(1) "Cash and Cash Equivalents" includes amounts drawn by Guarantor under the Bank Line of Credit.

(2) "Bank Line of Credit" means an existing line of credit provided by Mercantile-Safe Deposit and Trust Company, and any replacement line of credit.

(3) "New Investments" means the expenditure of funds for the acquisition (including the acquisition of land), construction or development of new continuing care retirement communities (or land therefor) ("CCRC"), either directly or through an affiliate. New Investments will not include the expenditure of funds required under the terms of any financing for a then existing CCRC or necessary to avoid the existence or continuance of a default with respect to any financing on a CCRC.

(4) "Parity Debt" means collectively, (A) any securities (the "Subordinated Securities") issued under the Trust Indenture dated June 15, 2003, as amended, between Guarantor and Deutsche Bank National Trust Company, and (B) any other indebtedness of Guarantor that is by its terms on a *pari passu* basis with the Subordinated Securities insofar as any right to payment and security is concerned.

(5) "Senior Indebtedness" means any other indebtedness of Guarantor other than (a) Parity Debt, and (b) indebtedness that by its terms is explicitly subordinated to the Parity Debt.

(o) If the exercise by Landlord or Tenant of their rights under Article XXIV of the Lease, regarding the requirements of Tenant to purchase the Property, would result in a violation of the liquidity and/or equity requirements imposed upon Tenant under any Project Loan, Guarantor shall be obligated to contribute to Tenant, or at Landlord's option, such amounts shall be paid directly to Landlord by Guarantor, 100% of all additional capital contributions required to fund the purchase of the Property.

(p) In the event that additional capital contributions are required by Guarantor to Tenant so that Tenant may fulfill its obligations under the Project Documents (which obligations of Tenant are not otherwise the additional direct obligation of Guarantor as set forth in this Guaranty), and Guarantor does not make such additional contributions to Tenant, Landlord's sole remedies for breach of this subsection (p) is that there shall be deemed to be a breach under the Ground Lease and Landlord shall be entitled to exercise its rights under the Member Interest Pledge Agreement by Guarantor for the benefit of Landlord, dated as of even date herewith (the "Pledge Agreement").

(q) If the Project becomes subject to bond financing, in the event that Facility Tenant fails or declines to exercise its purchase option and thereby causes any purchase deposit paid to Tenant to be refunded by Tenant to Facility Tenant, Guarantor hereby agrees and guarantees Landlord that Guarantor shall be solely responsible for, and shall timely make, full payment to Facility Tenant of such of any and all transaction costs related to the purchase deposit on behalf, and for the account, of Tenant, to the extent that Tenant does not have funds sufficient for such payment. At the time of such payment, Guarantor shall obtain a full and absolute release from the secured party under the bond financing, and recover for the benefit of Tenant, all collateral assigned by Tenant to the secured party under the bond financing. Without limiting the generality of the foregoing, Guarantor's obligation to obtain such release shall include an obligation to pay any and all amounts, costs and expenses (including those in excess of the transaction costs related to the refund of the purchase deposit) needed to fully redeem and retire the applicable issue of bonds and to obtain a full and absolute release of the Project from all liens, encumbrances or any interests of any third party arising out of the purchase option.

(r) Guarantor hereby guarantees the timely and complete performance of any obligations of Landlord which may arise from any agreement with any third party related to the development and operation of the Project that is entered into by Landlord as "owner" of the Land (or which Landlord may be subject as "owner" of the Land). Guarantor hereby agrees that Landlord is entering into such agreements as the land owner only, upon the request of Tenant, Facility Tenant and/or Guarantor, that Landlord shall have no liability or obligation under such agreements and that such obligations and liabilities are to be assumed and performed by Tenant, Facility Tenant and Guarantor, as applicable, without claim to Landlord.

(s) Any failure by Tenant to comply with and/or satisfy, or cause compliance with or satisfaction of, any conditions, requirements, permits, approvals, or authorizations relating to the development and/or operation of the Property or Wind Crest, including but not limited to (x) any failure to satisfy the conditions for rezoning of the Property in accordance with and as specified by Resolution No. R-005-076 issued by the Board of County Commissioners of the County of Douglas, Colorado (the "County") as adopted on June 21, 2005 and/or (y) any failure to comply with and/or meet the standards set forth in that certain Agreement Regarding Attainable Seniors' Housing between the County and Tenant dated as of July 19, 2005.

(t) Any and all liability relating to and/or arising out of or in connection with any failure by Tenant to comply with the terms and obligations of that certain Wastewater Service Agreement between Highlands Ranch Water and Sanitation, Phase II District and John and

Marie Bowen and John and Katherine Bowen recorded in Book 655, Page 384 in the public records of Douglas County, Colorado.

(u) Any and all liability relating to and/or arising out of or in connection with any lien filed against the Property by the Colorado Commissioner of Financial Services under C.R.S. Section 12-13-106.

The obligations in subsections (a) through (u), except as specifically provided otherwise therein, shall survive the termination or expiration of the Lease. Landlord's rights under this Guaranty are in addition to all rights of Landlord under the Lease, and payments by Guarantor under this Guaranty shall not reduce the obligations and liabilities of Tenant under the Lease; provided, however, this shall not be construed to permit Landlord to collect from Tenant for the same obligations or liabilities for which Landlord has already received payment from Guarantor.

The Lease and this Guaranty, and the obligations of Guarantor and Tenant hereunder and thereunder, are secured by a pledge of all of the membership interests in Tenant pursuant to the Pledge Agreement, the terms and conditions of which are hereby incorporated herein by this reference, however, unless specifically set forth herein, recourse is not limited for such security for the enforcement of any rights hereunder.

The validity of this Guaranty and the obligations of the Guarantor shall not be terminated, affected, or impaired by reason of (i) any forbearance, releases, settlements or compromises between Landlord and Tenant or any other guarantor, by reason of any waiver of or failure to enforce any of the rights and remedies reserved to Landlord in the Lease or otherwise, (ii) the invalidity, illegality or unenforceability of the Lease for any reason whatsoever, (iii) the relief or release of Tenant or any other guarantor from any of their obligations under the Lease by operation of law or otherwise, including, without limitation, the insolvency, bankruptcy, liquidation or dissolution of Tenant or any other guarantor or the rejection of or assignment of the Lease in connection with proceedings under the bankruptcy laws now in effect or hereafter enacted (other than any written release of Tenant or any release of Tenant pursuant to the express terms of the Lease in connection with a permitted assignment thereunder as provided hereinbelow), (iv) any modification or amendment of the Lease, or (v) any other act or omission of Landlord or Tenant which would otherwise constitute or create a legal or equitable defense in favor of Guarantor except to the extent that the same constitutes a defense to enforcement of the Lease against the Tenant thereunder.

Guarantor represents and warrants that it is the direct or indirect owner of one hundred percent (100%) of the equity interests of Tenant and, therefore has a material economic interest in Tenant and that the execution of this Lease will be of direct benefit to it, whether or not it shall ever occupy any portion of the Leased Premises; however, such equity interests are subject to a security interest given to Capmark Finance Inc., a California corporation f/k/a GMAC Commercial Mortgage Corporation. ("Bank") pursuant to that certain Member Interest Pledge Agreement from Guarantor to Bank dated March 29, 2006 (the "Bank Pledge") and accordingly, notwithstanding anything contained herein to the contrary, the interests and rights of Landlord in such equity interests of Tenant pursuant to this Agreement are subordinate to the rights of Bank therein, subject in all respects to the terms, covenants and limitations as set forth in that certain

Ground Lessor Tri-Party Agreement dated of even date herewith, by and among Bank, Landlord and Tenant (the "Tri-Party Agreement"). This Guaranty will remain in full force and effect as to any renewal, modification, amendment, or extension of the Lease, any assignment or transfer by Landlord, any assignment, transfer or subletting by Tenant, any change in the status, composition, structure or name of Tenant or Guarantor, or any holdover by Tenant under the Lease, and as to any assignee of Tenant's interest under the Lease.

If Guarantor, directly or indirectly, advances any sums to Tenant or to the Bank, Guarantor's rights to contribution for such sums and indebtedness will be subordinate in all respects to the amounts then and thereafter due and owing by Tenant under the Lease. Payment by Guarantor of any amount pursuant to this Guaranty shall not in any way entitle Guarantor to any right, title or interest (whether by way of subrogation or otherwise) in and to any of the rights or remedies Landlord may have against Tenant, unless and until all of the obligations then payable or performable by Tenant under the Lease have been performed, including particularly, but without limitation, payment of the full amount then due and owing to Landlord under the Lease and this Guaranty.

Wherever reference is made to the liability, obligations or covenants of Tenant in the Lease, such reference is deemed likewise to refer to Guarantor, jointly and severally, with Tenant. The liability of Guarantor for the Guaranteed Obligations and other obligations contained in this agreement shall be primary; in any rights of action which accrue to Landlord under the Lease, Landlord may proceed against Guarantor and/or Tenant, jointly or severally, and may proceed against Guarantor without having demanded performance of, commenced any action against, exhausted any remedy against, or obtained any judgment against Tenant. This is a guaranty of payment and not of collection, and Guarantor waives any obligation on the part of Landlord to enforce the terms of the Lease against Tenant as a condition to Landlord's right to proceed against Guarantor.

Guarantor expressly waives (i) notice of acceptance of this Guaranty and of presentment, demand and protest, (ii) notice of any default hereunder or under the Lease (other than notices and copies thereof to the parties specified in and as expressly required by the Lease) and of all indulgences, (iii) demand for observance, performances or enforcement of any terms for provisions of this Guaranty or the Lease, and (iv) all other notices and demands otherwise required by law which Guarantor may lawfully waive. Guarantor agrees that if this Guaranty is enforced by suit or otherwise, Guarantor shall reimburse Landlord, upon demand, for all expenses incurred in connection therewith, including, without limitation, reasonable attorneys' fees.

Guarantor agrees that in the event that Tenant shall become insolvent or shall be adjudicated a bankrupt, or shall file a petition for reorganization, arrangement or other relief under any present or further provision of the Bankruptcy Reform Act of 1978, or if such a petition be filed by creditors of said Tenant, or if Tenant shall seek a judicial readjustment of the rights of its creditors under any present or future Federal or State law or if a receiver of all or part of its property and assets is appointed by any State or Federal court, no such proceeding or action taken therein shall modify, diminish or in any way affect the liability of Guarantor under this Guaranty and the liability of Guarantor with respect to the Lease shall be of the same scope as if

Guarantor itself executed the Lease as the named lessee thereunder and no "rejection" and/or "termination" of the Lease in any of the proceedings referred to in this paragraph shall be effective to release and/or terminate the continuing liability of Guarantor to Lessor under this Guaranty with respect to the Lease for the remainder of the Lease Term stated therein unaffected by any such "rejection" and/or "termination" in said proceedings.

Guarantor further agrees that, to the extent Tenant or Guarantor makes a payment or payments to Landlord under the Lease or this Guaranty, which payment or payments or any part thereof are substantially invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to the Tenant or Guarantor or their respective estate, trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then to the extent of such payment or repayment, this Guaranty and the advances or part thereof which have been paid, reduced or satisfied by such amount shall be reinstated and continued in full force and effect as of the date such initial payment, reduction or satisfaction occurred.

Guarantor hereby waives, to the maximum extent permitted by law, all defenses available to a surety, whether or not the waiver is specifically enumerated in this Guaranty.

The Landlord, by its acceptance of this Guaranty, acknowledges and agrees that, except as otherwise provided in the Tri-Party Agreement, the Guaranteed Obligations are and shall be subordinate in right of payment to payment of all obligations owing to Bank as described in the Loan Documents (which term shall have the meaning ascribed to it in the Tri-Party Agreement). Unless and until Bank shall notify the Landlord that an Event of Default has occurred under the Loan Documents (a "Bank Default Notice"), the Guarantor may pay and perform the Guaranteed Obligations in accordance with the terms of this Guaranty. After receipt of a Bank Default Notice, except as provided in the Tri-Party Agreement, any payments received by the Landlord in respect of the Guaranteed Obligations (including any amounts received as a result of any collection actions or any distributions in a bankruptcy or dissolution proceeding, or other proceeding for the benefit of creditors) shall be held in trust by the Landlord for Bank, and shall be turned over to Bank for application to the obligations described in the Loan Documents. In addition, after receipt of a Bank Default Notice, Landlord shall cease all collection efforts in connection with the Guaranteed Obligations until the obligations under the Loan documents have been paid in full, excepting only those actions required to maintain Landlord's rights as against parties other than Bank. Bank is hereby named as a third party beneficiary of these subordination provisions, none of which may be amended without Bank's prior written consent, which may be withheld in Bank's sole and absolute discretion.

All of the terms and provisions of this Guaranty shall inure to the benefit of the successors and assigns of Landlord and are binding upon the respective successors and assigns of Guarantor.

Within seven (7) days after written request therefor from Landlord, Guarantor shall deliver to Landlord, or its designee, an estoppel letter from Guarantor ratifying and confirming Guarantor's obligations under this Guaranty.

A determination that any provision of this Guaranty is unenforceable or invalid will not affect the enforceability or validity of any other provision, and any determination that the application of any provision of this Guaranty to any person or circumstances is illegal or unenforceable will not affect the enforceability or validity of such provision as it may apply to any other persons or circumstances.

No modification or amendment of this Guaranty will be effective unless executed by Guarantor and consented to by Landlord in writing, and no cancellation of this Guaranty will be valid unless executed by Landlord in writing.

If Tenant's obligations are void or voidable due to illegal or unauthorized acts by Tenant in the execution of the Lease, Guarantor shall nevertheless be liable hereunder to the same extent as it would have been if the obligations of Tenant had been enforceable against Tenant.

This Limited Guaranty and Indemnity Agreement is governed exclusively by its provisions, and by the laws of the State of Maryland, as the same may from time to time exist.

[Signature on following page.]

IN WITNESS WHEREOF, the parties hereto have caused this Limited Guaranty and
Indemnity Agreement to be executed as of October 11, 2006.

ERICKSON RETIREMENT COMMUNITIES,
LLC, a Maryland limited liability company

By: 

Name: Gerald F. Doherty

Title: Executive Vice President

EXHIBIT A

Operations and Maintenance Program

All UST's and AST's, contaminated soil and regulated asbestos containing materials have been removed from site. Terracon's Phase I update identified the information regarding removal of these materials with exception of the soil sampling for the UST at 3330 West County Line Road. Terracon did collect soil samples after the removal of the 3330 West County Line Road tank but the actual removal and demolition of this structure took place in August 2006, after the date of their Phase I update.

Terracon also provided oversight during the removal of the registered UST/AST's, contaminated soil removal and final air clearances at the completion of the asbestos abatement. Terracon also sent a closure report to the Colorado Department of Health for closure on the registered UST/AST's.

Although our wetlands areas were deemed to be non-jurisdictional by the Army Corps of Engineers we agreed to "voluntarily" mitigate on a ratio of ½ to 1 during our zoning. This is recorded in our Planned Development (PD) document recorded at Douglas County. We have committed to enlarge Pond "A" in Tract "A" to create a wetland area south of and contiguous with Pond "A". This area is more that 50% of the wetlands lost in Lot 1. The actual planting of the wetland area will be done in the spring of 2007 after our irrigation system is in place. The water will be supplied by Centennial Water and Sanitation using effluent water from the waste treatment plant.

No pre-existing buildings will remain on the Property. New construction does not have plans for a radon mitigation system. Sampling will be done on a yearly basis to determine if there is an unacceptable level of radon. If such a level exists, a plan will be put in place to mitigate it.

Northern District of Texas Claims Register

09-37023-sgj11 Littleton Campus, LLC

Judge: Stacey G. Jernigan

Chapter: 11

Office: Dallas

Last Date to file claims: 02/28/2010

Trustee:

Last Date to file (Govt):

Creditor: (13027353) MSRESS III Denver Campus, LLC c/o Andrew Bauman/Matthew Summers Ballard Spahr LLP, 300 E Lombard, 18 FL Baltimore Maryland 21202 410-528-5679	Claim No: 1 <i>Original Filed</i> Date: 02/24/2010 <i>Original Entered</i> Date: 02/24/2010	Status: <i>Filed by:</i> CR <i>Entered by:</i> Knapp, Bradley <i>Modified:</i>
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Secured claimed: \$26650000.00

Total claimed: \$26650000.00

History:

Details 1-1 02/24/2010 Claim #1 filed by MSRESS III Denver Campus, LLC, total amount claimed:
\$26650000 (Knapp, Bradley)

Description: (1-1) Real Estate/Other

Remarks:

Claims Register Summary

Case Name: Littleton Campus, LLC

Case Number: 09-37023-sgj11

Chapter: 11

Date Filed: 10/19/2009

Total Number Of Claims: 1

	Total Amount Claimed	Total Amount Allowed
Unsecured		
Secured	\$26650000.00	
Priority		
Unknown		
Administrative		
Total	\$26650000.00	\$0.00