

SONATA

HEALTH CARE

developer, owner, operator



Sonata Health Care, LLC
Table of Contents

- I. Sonata Health Care, LLC
 - A. Corporate Overview..... 2
 - B. Senior Management Team..... 3
 - C. Current initiatives/Investment Opportunities..... 5
 - D. Sonata Senior Living Community Profile 6
 - E. Sonata Memory Care Community Profile 7
 - F. Capital/Financial Markets 8
 - G. Team of Professionals..... 9

- II. Sonata Senior Living, LLC
 - A. Who We Are..... 10
 - B. Our Experience..... 10
 - C. Previous Client References 10

The information and materials contained in this presentation are strictly confidential, furnished solely for the purpose of evaluating opportunities described herein and not to be used for any other purpose or made available to any other person without the express written consent of Sonata Health Care, LLC, as hereinafter defined.

I. Sonata Health Care

A. CORPORATE OVERVIEW

Sonata Health Care, LLC, is a Florida based senior housing and health care facility owner, developer and operator. With over 130 years combined experience, the Sonata Health Care team provides a single source for design, development and operations of instrumental assisted living, assisted living and memory care senior living communities and medical related facilities.

Sonata Health Care, LLC, was founded on the premise that senior housing and healthcare real estate is the strongest and most promising niche in the real estate investment spectrum – driven by an aging U.S. population that is creating an enormous demand for communities and facilities that provide housing alternatives, personal care and medical care in convenient, comfortable and modern settings.

Sonata has concentrated its efforts in the southeast U.S., the region of the country with the largest concentration of seniors and pre-seniors driving the highest levels of growth and demand for healthcare space over the next several decades.

Through our wholly owned management company, **Sonata Senior Living, LLC**, we have strategically elected to internally control the management, marketing and operations for our Sonata communities. We believe this alignment of the real estate with the operations allows us the control, consistency, oversight and economies of scale that result in the highest returns for our investors.

Although successful investments in senior housing rely on strong markets (supply and demand) and well designed, appealing communities (real estate), the most critical and influential factor is the strength and experience of the management team operating the communities. Sonata Senior Living's team is comprised of senior living executives with a proven track record of success with the industry's top performing providers.

B. SENIOR MANAGEMENT TEAM

Our senior management team is comprised of real estate professionals with over 130 years of combined experience, industry knowledge and relationships that collectively spans all aspects of owning, developing and operating senior housing communities, healthcare facilities, and other types of commercial real estate.



Stuart J. Beebe serves as President and Chief Executive Officer (CEO) and is responsible for the overall execution of the company's strategic initiatives. Mr. Beebe brings over 27 years of real estate experience to the company. Previously, as President and CEO of CNL Retirement Properties, a public unlisted REIT, Mr. Beebe led the strategic initiative resulting in the sale of the REIT in 2006 to Health Care Property Investors for \$5.3 billion, then the largest healthcare REIT transaction in history. Mr. Beebe joined the CNL REIT in 2002 and was directly involved in over \$3.5 billion of acquisitions, consisting of 180 senior housing facilities and 77 medical office buildings and specialty hospitals.

Mr. Beebe has also held senior management positions at CNL Corporate Properties and Lincoln Property Company, two of the country's largest privately-owned real estate companies. Mr. Beebe graduated from Baylor University with a Bachelor of Arts degree in Accounting.

Stuart Mottern serves as the company's Chief Investment Officer (CIO) and oversees all new investment initiatives. Mr. Mottern has extensive experience structuring health care real estate acquisition and development projects, including debt, equity and REIT financing.



Previously at CNL Retirement Properties, Mr. Mottern was involved in the acquisition of properties valued in excess of \$770 million and he provided asset management oversight of a property portfolio valued in excess of \$1 billion. Mr. Mottern has a Big 4 accounting and consulting background and spent several years in corporate finance for a Fortune 500 firm involved in M&A, strategic planning and financial analysis. Mr. Mottern has a Bachelor's degree and MBA in finance from Florida State University and has

attended courses at the Johns Hopkins University Senior Living Program.



Shelley Esden serves as Senior Vice President of Operations and leads the company's senior living management activities. Additionally, Ms. Esden participates in evaluating opportunities, including reviewing all market research and providing critical design input. Ms. Esden has over 16 years of experience in all aspects of senior housing operations and development activities and has held senior management and regional director roles with nationally recognized owners, developers and operators, including Summerville Senior Living, Legacy Senior Living and Marriott Senior Living.

Ms. Esden began her career in senior housing working on elderly initiatives with the State of Florida. Ms. Esden graduated with honors from Florida State University with a Masters in Healthcare Administration and graduated from the University of Florida with a Bachelor of Arts degree in Political Science.



Frank Zorc serves as the Senior Vice President of Design and Construction and is directly responsible for leading the design, development and construction activities of the company. Mr. Zorc brings over 30 years of experience encompassing all aspects of real estate development/construction management and includes senior management positions with Ginn Development Company, Walt Disney Imagineering, Disney Development Company, and several privately held development companies located in central Florida. Mr. Zorc is a licensed class A General Contractor. He earned his degree in Architecture from Georgia Institute of Technology.



Brooke Ellis, serves as Vice President of Marketing and is responsible for the development of all strategic marketing initiatives while overseeing the sales, marketing and lease-up activities of the company's senior housing communities. Ms. Ellis has held senior management roles in marketing, sales and operations and provided consulting services for national providers, including Summerville Senior Living, National Health Care and Homestead Health Services. Ms. Ellis is certified by the National Council of Certified Dementia Care Practitioners (NCCDP) as a National Dementia Care Practitioner and Trainer (CDP). Ms. Ellis graduated from the University of Central Florida with a Liberal Arts degree.



Stephen Caruso serves as Vice President of Business Development and evaluates new development and acquisition opportunities. Mr. Caruso also takes a leading role in executing the company's due diligence efforts. Mr. Caruso brings over 10 years of experience in commercial real estate management, leasing and brokerage activities in the central Florida market. For the past three years, Mr. Caruso has focused on identifying acquisition opportunities and development sites in the southeast and mid-Atlantic for senior housing and medical office buildings. Mr. Caruso graduated from Florida State University with a Bachelor of Science degree in Finance.

C. CURRENT INITIATIVES/ INVESTMENT OPPORTUNITIES

Our current **development initiatives** include several sites in central Florida under contract or control where we are completing an extensive due diligence and feasibility analysis. We have targeted two “Sonata Senior Living Communities” and two “Sonata Memory Care Communities” for groundbreaking in 2010, with the expectation to continue a similar level of production pace over the foreseeable future.

Our current **acquisition initiatives** are focused on identifying and selectively pursuing investments that are opportunistic in nature and where our management expertise and experience allows us to create value. We believe there will be compelling opportunities over the next 12-18 months to acquire underperforming loans and/or distressed properties. Our platform of financial and operational expertise will allow us to quickly evaluate opportunistic and repositioning projects. Our acquisition strategy will focus primarily on communities where we can improve service delivery, occupancy rates and cash flow.

We select markets that demonstrate strong demand and limited supply, high barriers to entry, and, most importantly, opportunities where we can effectively leverage our relationships, experience, knowledge and execution skills to create a competitive advantage.

We leverage our extensive network of relationships and utilize a proprietary market analysis methodology to identify, evaluate and pursue opportunities that present a high probability of generating superior, risk-adjusted returns.

Investment Opportunities

Sonata Health Care is uniquely qualified and positioned to benefit from the compelling investment opportunities in senior housing and healthcare real estate today. We are currently initiating discussions with qualified parties who may have an interest in investing with us.

Additional material within this packet provides further insight into our strategic business and operating philosophy and outlines several investment opportunities we are currently pursuing.

For additional information or inquiries, contact:

Stuart J. Beebe
President & CEO
(407)286-6490
sbeebe@sonatahc.com

Stuart Mottern
Chief Investment Officer
(407)286-6490
smottern@sonatahc.com

D. SONATA SENIOR LIVING COMMUNITY PROFILE

The 'Sonata' name was chosen by the leadership team since a sonata is defined as a three or four part musical composition that blends various instruments and movements together in a harmonious fashion. That concept exemplifies the goals that Sonata has established for its senior living community:

- Ensuring an exceptional lifestyle for its residents, fostering independence and choice, with pricing that creates an exceptional value for the families involved
- Utilizing a 'continuum of care' philosophy that combines rental units for instrumental assisted living, assisted living and memory care residents in one community
- Employing a design that enables flexibility in the utilization of units as residents age in place and as market demand and demographics change
- Integrating Sonata's signature "At Your Service" customer service programming as a guiding philosophy to ensure optimal resident, guest and team member satisfaction
- Creating an enduring investment that is productive in both the long and short term

The Sonata community is a modern, state of the art senior living community with a flexible, efficient design offering rental instrumental assisted living (IAL), assisted living (AL) and memory care (MC) in a single community, providing a "continuum of care" that allows residents to "age in place" as their housing and health care needs change. The community is comprised of 127 IAL, AL and MC units, totaling approximately 131,000 square feet and may be developed on sites ranging from five to 12 acres. The flexible design allows for an additional wing of 36 instrumental assisted living units.

Each level of care has its own distinct dining room, a wide array of amenities and social areas and is connected to common "service" areas, maximizing operational efficiencies. Residents may choose from studio, one bedroom and two bedroom apartments that offer multiple upgrades, appliances, all utilities, housekeeping and maintenance for one monthly fee.

Communities are carefully designed and operated to enrich our residents' lives while optimizing resident privacy, choice and dignity in a residential, homelike setting. We offer our residents the broadest range of senior lifestyles, hospitality services and personal care to accommodate their needs as long as possible. Instrumental assisted living residents have the option to select enhanced services on an "as needed" basis, often allowing them to maintain their independence longer. Assisted living and memory care services are specifically tailored for those residents requiring additional personal assistance.

Continuum of care communities that provide multiple levels of care and service have proven to fill up faster, maintain higher occupancies and generate higher revenues and operating margins than single purpose properties.

E. SONATA MEMORY CARE COMMUNITY PROFILE

Our free-standing memory care communities, referred to as the Sonata Cottage, are single-story and generally fit on three acre sites, containing 42 units in a 34,000 square foot floorplan. The Sonata Cottage has been purposefully designed with the latest innovations and technological advances to meet the unique needs of those suffering from various levels of dementia and Alzheimer's. The majority of rooms are private and clustered in small neighborhoods, fostering a homelike residential setting. Our design was created to allow for resident freedom and independence in a dignified (rather than institutional) setting.

Alzheimer's disease is the most common cause of dementia, accounting for 75% of all diagnosed cases. Dementia is a brain disorder that seriously impairs a person's ability to carry out activities of daily living. There is currently no treatment available to slow or stop the deterioration of brain cells in Alzheimer's disease. The U.S. Food and Drug Administration has approved five drugs that temporarily slow worsening of symptoms for about six to 12 months, on average, for about half of the individuals that take them.

The number of Americans with Alzheimer's and other dementia is rapidly increasing each year due to the steady growth in the older population. It is estimated that five percent of the population aged 65-74 and 50% of all seniors over the age of 85 suffer from Alzheimer's. Today, over 5.3 million Americans suffer from some form of dementia and over 10 million baby boomers are expected to develop dementia in their lifetime.

F. CAPITAL / FINANCIAL MARKETS

Today's constrained financial markets have severely limited transactional real estate activity. However, unlike most commercial real estate sectors, financing options for senior housing still exist through government sponsored entities and HUD/FHA sponsored programs. One such program, the HUD 232 LEAN program, provides roughly 75% of total development costs packaged in a non-recourse construction/ permanent loan with competitive interest rates. The loans are interest-only during the construction period and then fully amortize over 40 years. Interest rates are locked just prior to the construction start. The HUD 232 LEAN program is not an affordable housing initiative and does not require that the developer set aside or provide any rent subsidies to its residents.

There are two distinct components of the HUD 232 Program:

- > Section 232 - new construction or substantial rehabilitation
- > Section 232/223(f) - acquisition and refinancing of existing facilities

Effective March 1, 2009, loans submitted under Section 232 (new development) are processed under the LEAN program. This new streamlined program has been very well received and now represents a competitive alternative for developers, owners and operators who have traditionally favored conventional financing sources.

We also maintain numerous relationships with conventional lenders including regional and community banks, life insurance companies and credit companies that provide construction and acquisition and permanent financing on a limited basis for medical office buildings, ambulatory surgery centers and urgent care facilities that are supported by strong demand in strategic markets with creditworthy tenants and/or healthcare system sponsorship.

We believe the current interest rate environment is extremely attractive, as fiscal and economic pressures will begin to push the interest rate of treasury instruments and other borrowing rates much higher over the next several years. We suggest that now is an extraordinary window of opportunity to secure permanent debt at very attractive rates.

G. TEAM OF PROFESSIONALS

HUD Approved Lender	Walker & Dunlop <i>Doug Bath – Group Head</i> www.walkerdunlop.com
General Contractor	The Douglas Company <i>Pete Douglas – President</i> www.douglascompany.com Winter Park Construction <i>Jeff Forrest – President</i> www.WPC.com
Architect	Bessolo Design Group <i>Kevin Bessolo – President</i> www.bessolo.com Baker Barrios <i>Tim Baker – AIA, Principal</i> <i>Carlos Barrios – AIA, Principal</i> www.bakerbarrios.com
Market Analyst	Value Tech Realty Services <i>Kay Kauchik – President</i> www.gotovalue.com
Interior Design Consultant	Mosaic Design Studio <i>Lisa Cini – President</i> www.mosaicdesignstudio.com
Foodservice Consultant	Innovative Foodservice Design Team <i>Lee Simon – Designer</i> www.ifdesignteam.com
Landscape Architect	Phil Graham Studio <i>Hunter Booth – Senior Associate</i> www.vcdesigngroup.com
Lighting, Low Voltage & Commissioning Consultant	X-nth <i>Aram Ebben – Design Principal</i> <i>Grant Ramsay – Principal</i> www.x-nth.com
Insurance Consultant	Willis HRH <i>Michael Pokora – Managing Director</i> <i>Rodger Lederer – Account Executive</i> www.willis.com
Legal – Transactional / Entity Structuring	Lowndes, Drosdick, Doster, Kantor & Reid <i>Eddie Francis</i> <i>Jim Hoctor</i> www.lowndes-law.com
Legal – HUD Loan	Fenigstein & Kaufman <i>Jack Fenigstein</i> www.fenkauf.com
Legal – Corporate	Greenberg Traurig <i>Michael Sullivan</i> www.gtlaw.com
Accounting, Audit & Compliance	Larson Allen <i>Lori Sims – Principal</i> www.larsonallen.com

II. SONATA SENIOR LIVING, LLC

A. WHO WE ARE

Sonata Senior Living, LLC is a wholly owned subsidiary of Sonata Health Care, providing comprehensive management and marketing services to our senior housing communities. Our acute understanding of today's seniors has enabled us to redefine the way senior living is viewed. Whether creating innovative new programming, modernizing building designs or enhancing customer service programs, every decision we make is directed by a profound commitment to our residents and to our staff. This approach has ultimately allowed us to maximize operational margins while providing superior service to residents and their families. Our commitment to innovation, operational efficiencies and core values drives our ability to optimize census growth, financial performance and customer satisfaction, ultimately resulting in value creation.

B. OUR EXPERIENCE

The Sonata Senior Living team is comprised of experienced senior housing executives that have a proven track record with the industry's top performing senior housing providers. Members of the team have been instrumental in the development, operations and marketing of more than 30 successful senior housing communities including continuum-of-care, instrumental assisted living, assisted living, and memory care communities, in both for-profit and not-for-profit settings.

C. PREVIOUS CLIENT REFERENCES

Cascade Living Group
EPOCH Senior Living
Florida Christian Homes
Grand Court Communities
Heritage Assisted Living
Legacy Senior Management
Life Wellness Communities
Lutheran Services of Georgia

Marriott Senior Living Services
Masonic Homes of MA
McLean Care
New Seasons Retirement Communities
Paragon Retirement Communities
Summerville Senior Living
The Washington Home
Towers Home Care
Waters Edge of Bradenton