

EXHIBIT 5

**RECEIVER'S, CRO'S AND DEBTOR'S SECOND AMENDED
DISCLOSURE STATEMENT (MAY 27, 2010)**

FINANCIAL PROJECTIONS OF ACQUIRER

EXHIBIT 5
RECEIVER'S, CRO'S AND DEBTOR'S SECOND AMENDED PLAN OF
REORGANIZATION (MAY 27, 2010)

SUMMARY FINANCIAL PROJECTIONS AND
CAPITALIZATION TABLE

Summary Financial Projections

These projections reflect the Acquirer's reasonable estimate of the future financial performance of the Holdco Properties to be acquired by the Acquirer. With these exceptions, interest rate expense, debt principal amortization, and credit statistics, these projections were prepared by the Acquirer. The interest rate expense, debt principal amortization and credit statistics were prepared by Alvarez and Marsal. These projections may differ from actual results.

These projections are based on many detailed facility-level assumptions. Broadly, the financial projections reflect an improvement in the operating performance of the Holdco Properties, investment in capital improvements in the facilities, and restructured debt.

Regarding operating performance, the Holdco Properties are expected to increase revenue by increasing occupancy from the current eighty percent occupancy levels and the average monthly rental rate from the current \$3,000 per month. During the same projection period, operating expense is expected to increase partly due to the increase in occupied units and increased spending at the facility level.

Capital expenditures are projected at \$500 per unit for ordinary maintenance of the facilities. In addition, about \$59 million has been set aside to fund deferred maintenance and working capital over the next two to three years.

The capital structure is highly levered with senior mortgage debt of about \$985 million across dozens of lenders. These loans have been restructured to allow for a minimum of a five year maturity, three years of fixed interest rates, interest only for the first year, and, in general, limited covenants and events of default.

3-year Financial Projections

| | 2011 | 2012 | 2013 |
|---------------------------------------|---------|---------|---------|
| Occupancy | 80% | 83% | 86% |
| Facility Revenue (Resident Rents) | 349,248 | 375,561 | 405,657 |
| Facility Operating Expenses | 242,063 | 253,732 | 265,839 |
| Management Fees | 17,462 | 18,778 | 20,283 |
| EBITDAR | 89,723 | 103,051 | 119,535 |
| Leases | 2,965 | 3,054 | 3,145 |
| EBITDA | 86,758 | 99,997 | 116,390 |
| Ordinary Capital Expenditures | 5,810 | 5,810 | 5,810 |
| Net Operating Income ("NOI") | 80,948 | 94,187 | 110,580 |
| General & Administrative ¹ | 2,620 | 2,570 | 2,570 |
| Cash available for Debt Service | 78,328 | 91,617 | 108,010 |
| Interest Expense | 53,232 | 52,566 | 56,437 |
| Principal Amortization | 9,215 | 22,780 | 23,388 |
| Total Debt Service | 62,448 | 75,346 | 79,825 |
| Cash available after Debt Service | 15,880 | 16,271 | 28,185 |

Summary Credit Statistics

| | | | |
|--|---------|---------|---------|
| Debt Balance | 976,560 | 953,780 | 930,392 |
| Debt Service Coverage Ratio ² | 1.39x | 1.33x | 1.46x |
| Project Yield ³ | 8.3% | 9.9% | 11.9% |

Notes:

- 1) Include tax and audit costs of the Joint Venture
- 2) Debt Service Coverage Ratio is defined as total debt service divided by EBITDA
- 3) Project Yield is defined as NOI divided by Total Debt

During the projection period ending December 2013, revenue is expected to increase from \$350 million to \$405 million, an annual growth rate of 5.1%. The revenue increase is driven by both increases in occupancy from 80% to 86% and increases in average monthly rents from \$3,130 per to \$3,380 per month. During the same period, expenses grew from \$242 million to \$265 million resulting in a growth in the net operating income from \$81 million to \$110 million or an annual growth rate of 11% during the period.

Regarding the capital structure, senior mortgage indebtedness is expected to be \$985 million at Confirmation and during the projection period through principal payments expected to be reduced to \$930 million. The weighted average interest rate is about 5.5% during the first three years after confirmation. The below capitalization table shows an equity to debt ratio of 20%.

Capitalization Table

The Acquirer is purchasing Holdco Properties for \$1.25 billion before adjustments. In addition the Acquirer will invest about \$58 million in deferred capital expenditures, maintenance and working capital. As agreed in the purchase and sale agreement, certain other transaction costs will be capitalized as part of the joint venture known as the Acquirer.

Claimants will have the opportunity to roll their claim into the Acquirer as common equity with similar rights as the Acquirer. Claimants would receive their claim as a distribution of cash or equity as described above in the Plan. If the claimants elect to receive an equity distribution, then their equity stake will be calculated based on the Equity Capitalization described in the below table and the estimated recovery amount for claimants.

(\$s in millions)

Estimated Sources and Uses, Total Equity Capitalization and Equity Roll-over Calculation

Purchase Price

| | |
|---|-------------------------|
| Total Assumed Debt | \$ 985,775 |
| Unadjusted Equity Portion of Purchase Price | 285,000 |
| Less: Adjustments to Equity Portion of Purchase Price | (26,198) |
| Adjusted Equity Investment | <u>258,802</u> |
| Total Enterprise Value / Purchase Price | <u>1,244,577</u> |

Adjustments to Equity Portion of Purchase

| | |
|---|----------------|
| Unadjusted Equity Portion of Purchase Price | 285,000 |
| Real Property Debt Adjustment (per PSA section 2.5) | (15,426) |
| 50% of Entrance Fee Liability (per PSA section 8.5) | (8,772) |
| Oregon State Reserve for Hillside (per PSA section 8.5) | (2,000) |
| Other Adjustment subject to PSA Sections 2.5, 7.1(i), 8.5, 8.6, 9.3, 11.1, 11.2, 13.2 | - |
| Adjusted Cash Equity Portion of Purchase Price | <u>258,802</u> |

Estimated Total Equity Capitalization for Roll-over Equity % Calculation

| | |
|---|-------------------|
| Plus: Transaction Costs | 12,939 |
| Plus: Initial Reserves, Working Capital, Deferred Maintenance, Capital Expenditures | 58,900 |
| Plus: Integration, Hedging, Licensing, and Other Transaction Costs | 16,500 |
| Transaction Costs | <u>88,339</u> |
| Total Equity Capitalization | <u>\$ 347,141</u> |

| | |
|--|----------------|
| Maximum Equity Roll-over | 49.0% |
| Maximum Roll-over Amount in Dollars | 170,099 |

The total purchase price of the Holdco Properties is about \$1.25 billion before adjustments. The sale or equity proceeds will be reduced by agreed upon adjustments for changes in indebtedness, working capital, entrance fees, and interest rates on restructured loans. These adjustments are itemized in the table above. In addition the equity capitalization of the enterprise is increased for

additional investment by the Acquirer for capital expenditures, working capital, integration, and transaction costs.

Those claimants electing to roll over into the Acquirer will have the opportunity collectively to roll into 49% percent of the total equity. The total equity capitalization is estimated to be \$350 million. An illustration of an equity roll-over stake is described below.

If a claimant has a claim of \$2,500,000 and the estimated recovery from the sale is 40% (rounded up for illustration purposes), then the claimant would have equity in the Acquirer of \$1,000,000. Based on the current equity capitalization of the Holdco Properties of \$350 million, the \$1,000,000 roll over stake would be worth 0.30% or 30 basis points of the Acquirer ($\$1,000,000 / \$350,000,000 = 0.30\%$).