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Attorneys for Clyde Hamstreet, CRO

UNITED STATES DISTRICT COURT  
DISTRICT OF OREGON

**SECURITIES AND EXCHANGE  
COMMISSION,**

Civil No. 6:09-cv-06056

Plaintiffs,

v.

**SUNWEST MANAGEMENT, INC.,  
CANYON CREEK DEVELOPMENT,  
INC.; CANYON CREEK FINANCIAL  
LLC, and JON M. HARDER**

Defendants.

and

**DARRYL E. FISHER; J. WALLACE  
GUTZLER; KRISTIN HARDER;  
ENCORE INDEMNITY MANAGEMENT  
LLC; SENENET LEASING COMPANY;  
FUSE ADVERTISING, INC.; KDA  
CONSTRUCTION, INC.; CLYDE  
HAMSTREET and CLYDE A.  
HAMSTREET & ASSOCIATES, LLC,**

Relief Defendants.

DECLARATION OF PAUL B. RUNDELL  
IN SUPPORT OF DISTRIBUTION PLAN  
OF RECEIVER AND CHIEF  
RESTRUCTURING OFFICER FOR  
SUNWEST ENTERPRISE

and

**DARRYL E. FISHER, J. WALLACE  
GUTZLER, KRISTIN HARDER, ENCORE  
INDEMNITY COMPANY, FUSE  
ADVERTISING, INC., KDA  
CONSTRUCTION, INC., CLYDE  
HAMSTREET AND CLYDE A.  
HAMSTREET & ASSOCIATES, LLC,**

Relief Defendants.

I, Paul B. Rundell, make this declaration based on my personal experience, knowledge and review of the business records of Sunwest Management, Inc. (“SMI”) and related entities (collectively, “Sunwest”). I am competent to testify about the matters described herein.

1. I am a Managing Director at Alvarez & Marsal (“A&M”). A&M, headquartered in New York, New York, is a global professional services firm specializing in, *inter alia*, crisis management, turnaround management, and business advisory services. I work in A&M’s Healthcare Industry Group advising healthcare related businesses including hospitals, assisted living facilities and nursing homes, and the companies that own the healthcare facilities.

2. I am a Certified Turnaround Professional, a Certified Insolvency Restructuring Advisor and have over 13 years of restructuring experience. My experience includes specialization in financial advisory and interim management, specifically asset disposition, cash management and financial analysis in the healthcare industry. Prior consensual restructurings that I have worked on include skilled nursing facilities, Assisted Living Facilities (“ALF”) and several acute hospitals. I have also worked on Chapter 11 restructurings including National Benevolent Association (continuing care retirement community) and St Vincent Catholic Medical Center (acute hospital).

3. A&M’s approach to restructurings is fact-based with a significant emphasis on independence, integrity, execution, and fairness.

4. A&M was engaged to provide advisory services by SMI in the spring of

2008, and I have been significantly involved in the engagement since its inception.

## **BACKGROUND OF SUNWEST'S FINANCIAL CRISIS AND INJUNCTION**

5. Sunwest was a collection of individual businesses with distinct shareholders usually majority owned by Messrs Jon Harder and Darryl Fisher. The businesses included over 350+ properties, including 289 ("ALF"), independent-living ("ILF"), and Alzheimer-care ("ALZ") facilities, a management company, development company, advertising agency, tenant-in-common ("TIC") broker-dealer, and interior design company (collectively "Sunwest" or the "Company"). At its peak, Sunwest was the 4th largest owner/operator of senior housing facilities in the United States according to the *Assisted Living Executive*. In May 2008, Sunwest operated approximately 23,500 units in 37 states.

6. Many factors led to the financial crisis at Sunwest, including aggressive acquisition and development growth, over-leveraged capital structure, poor financial controls, under-performing operations performance, and tightening credit markets. As a result, Sunwest faced a severe liquidity crisis and defaulted on a number of its loans in mid-2008.

6.1. Since its founding in 1991, Sunwest grew aggressively through numerous acquisitions and development projects. At its peak, Sunwest was completing 50+ acquisitions per year. Due to a slowdown in new acquisitions and development projects, Sunwest sustained higher than usual operating losses in its affiliated subsidiaries which depend on the acquisition and development business for fee income and excess cash flow from refinancings.

6.2. Sunwest had a cumbersome capital structure and financed its rapid growth primarily with investments from the retail marketplace using a TIC structure and with mortgage debt from institutional sources. Institutional lenders included General Electric Capital Corporation ("GECC") and Credit Suisse First Boston (now known as Credit Suisse) through Column Financial, as agent, and many regional banks. Sunwest through its broker-dealer, Canyon Creek Financial, raised capital from retail investors through a TIC structure. The TIC

investors acquired an undivided ownership stake in the real property and usually assumed a portion of any mortgage debt outstanding on the property. The cash costs of TIC financing ranged from 8 to 10% per annum which in addition to the high senior leverage further negatively affected cash-flow. Sunwest raised more than \$440 million of TIC and over \$1.8 billion in mortgage debt.

6.3 Exacerbating the liquidity crisis, Sunwest was the target of dozens of lawsuits seeking to foreclose on properties, alleging securities fraud, and enforcing personal guarantees granted by Messrs Harder and Fisher. In March 2009, the Securities and Exchange Commission sued Sunwest and other defendants, alleging securities fraud. The U.S. District Court in Eugene, Oregon, issued an injunction halting most foreclosure proceedings allowing the estate important time to develop a restructuring and distribution plan to equitably treat all the stakeholders in the estate and on March 10, 2009 a receiver was appointed (the "Receivership").

#### **ASSET DISPOSITION POLICY**

7. Hamstreet & Associates and AM& quickly concluded that the success of the global restructuring of Sunwest would depend on Sunwest's ability to sell or dispose of underperforming and non-core assets. The three major reasons that Sunwest had to dispose of assets were:

- (a) the asset's revenue did not cover its expenses;
- (b) the asset did not fit Sunwest's core long-term business plan; and
- (c) to provide liquidity for the restructuring.

8. Shortly after the receivership estate was created, I became chairman of the asset disposition team ("ADT"), which the CRO had established to carefully review and analyze all properties for disposition in light of the criteria stated above.

9. The ADT also included the CRO and the management Committee ("MC"), which is composed of two members of the Unsecured Creditors Committee and two members of the Tenants In Common Committee. The ADT was supported by a number of

Sunwest employees including financial, operations and legal staff. A&M and Steptoe & Johnson, as outside counsel, were also deeply involved in the work by the ADT.

10. Prior to the Receivership the ADT had already been working long hours, and it continued to do so to provisionally designate the following categories of properties:

(a) Hold-Co – This category includes:

(i) Senior living properties that will be held long term as part of the core senior care operations. These properties will be protected and nourished to enhance their revenue and contribution to the overall business. In general, these properties have at least enough Net Operating Income (“NOI”) to pay non default market debt service or they have the potential to be turned around in a reasonable period of time in order to be able to pay non default market debt service; and

(ii) Non-senior living properties whose value exceeds secured debt and whose NOI covers market interest on the secured portion of the debt (if any). These properties will not be part of Sunwest’s long-term business plan, but they may yield significant equity for creditors and investors if held for sale until markets recover.

(b) Trust-Co –This category includes:

(i) Non-senior living properties that have low value due to the current economic environment, but are not part of the core business model for Sunwest going forward. All of these properties are land properties and most do not have lender debt on them.

(c) Divest-Co – This category includes:

(i) Properties that drain business resources due to poor cash flow, litigation, or other factors, and (in the case of senior living facilities) are not good turnaround candidates;

(ii) Properties whose value is equal to or less than the debt and whose cash flow is insufficient to fund interest on secured debt in a reasonable time period; and

(iii) Properties where current value exceeds secured debt and there is

significant Harder-Fisher-Gutzler equity such that a sale would provide funding needed for restructuring.

11. Criteria for placing the properties in these groups included:

- (a) 3-month trailing net operating income;
- (b) Size and structure of debt;
- (c) Occupancy (past and projected);
- (d) Size and age of facility;
- (e) Physical condition of building(s);
- (f) History of facility administration;
- (g) Market and competition in facility location; and
- (h) Financial liabilities such as liens, status of buy-in obligations, unpaid real

estate taxes or deferred maintenance.

12. Sunwest engaged independent, nationally known brokers to market the properties in order to establish the current Fair Market Value (“FMV”) of assets that the ADT considered candidates to divest.

13. Once an asset was designated by the ADT and CRO as a possible divestiture, the asset was assigned to a broker and marketed for at least 30 days to determine the FMV.

14. In light of my extensive experience in marketing health care facilities, after consultation with the ADT, I engaged the broker that was best positioned to get the maximum bid for each designated property.

15. After the marketing process was complete, all offers along with outstanding debt amount, outstanding TIC amount, recent operating and financial performance and any other facts deemed important were analyzed by the ADT and then presented to the MC and CRO with a recommendation in order for MC and CRO to make a decision regarding whether the asset should be divested.

16. Disposition of assets that had a negative operating income continued as quickly as possible after the injunction order was entered.

17. Sunwest has the following properties and facilities in Hold-Co, Divest-Co and Trust-Co:

(a) Hold-Co (152 senior housing facilities and 13 non senior housing properties):

- (i) 149 senior housing facilities
- (ii) 3 NFP senior housing facilities
- (iii) 12 non-senior housing properties

(b) Divest-co (60 senior housing facilities and 26 non senior housing properties):

- (i) 21 senior housing facilities divested to-date
- (ii) 39 senior housing facilities in the asset disposition process
- (iii) 14 land properties
- (iv) 3 apartment complexes
- (v) 4 commercial properties
- (vi) 2 residential properties
- (vii) 3 senior housing projects under construction

(c) Trust-co (35 land properties)

### **LIQUIDATION ANALYSIS**

18. At the request of the CRO, I have prepared a liquidation analysis of Sunwest as of March of 2009. My liquidation analysis is attached hereto as Exhibit 1. My conclusion is that unsecured creditors, including investors, would recover between 3% and 13% of their claims in an orderly liquidation. I do not believe that recoveries available to unsecured creditors would be materially different today than in March.

I declare under penalty of perjury and the laws of the State of Oregon that the

foregoing is true and correct, and that this Declaration was executed on this 25th day of August, 2009 at Baltimore, Maryland.

/s/ Paul B. Rundell  
Paul B. Rundell

Submitted by:

/s/ Albert N. Kennedy  
**Albert N. Kennedy**, OSB No. 82142  
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Attorney for Clyde A. Hamstreet, CRO

# EXHIBIT 1

**Sunwest  
Liquidation Analysis  
Assumptions**

**Assumptions / Footnotes**

Although all properties would be sold under a liquidation scenario, for presentation purposes, the properties were bifurcated within their respective lists per the Plan of Distribution.

- 1 Liquidation process will take a total of eight months, six months to sell or allow the lenders to foreclose all of the properties and two months to wrap up everything else.
- 2 All assets sold will be through 363 or 363H of the US Bankruptcy code.
- 3 Liquidation costs equals 4% of total equity value, which includes closing costs, broker fees, and title expenses
- 4 Delinquent real estate taxes are assumed to be between \$75K - \$125K per senior housing facility and \$20K - \$40K per non senior housing facility.
- 5 NOI calculated by annualizing June YTD 2009. If a project has a receiver and the receiver has provided Sunwest with financials, these financials were annualized and if the receiver has not provided financials, Sunwest utilized August YTD 2008 financials and annualized them (the most current financials available before receivers began to be appointed).
- 6a Senior housing facilities' Liquidation Value is based on the highest recent offer or a Cap Rate range of 9.5% and 11% (depending on the scenario) on Annualized NOI.
- 6b Non senior housing facilities' Liquidation Value is based on a range of highest offer received (90%-80% depending on the scenario). If the property did not receive any offers, then the value was determined by taking 75%-65% of the broker's listing price.
- 7a Senior housing Adjusted Mortgage Debt is calculated by taking the outstanding principal first lien mortgage balance, adding six months of interest at an average of 6.5% and adding \$100K - \$200K for accrued (unpaid) attorney fees
- 7b Non senior housing Adjusted Mortgage Debt is calculated by taking the outstanding principal first lien mortgage balance, adding six months of interest at an average of 6.5% and adding \$75K for accrued (unpaid) attorney fees
- 8 Deficiencies were calculated by taking the difference between the Liquidation Value and the Adjusted Mortgage Debt (only taking the negative values).
- 9 Equity value is calculated taking the difference between Adjusted Mortgage Debt and the Liquidation Value (only taking positive value).
- 10 Facility has a receiver and the receiver has provided Sunwest with recent financials.
- 11 Facility has a receiver but has not provided recent financials, Sunwest utilized August YTD 2008 financials and annualized them (the most current financials available before receivers began to be appointed).
- 12 Facilities within the obligated group commonly known as Merrill Lynch - 2, 1 facility is listed in HoldCo and 1 facility in DivestCo, are left on their respective lists for presentation purposes.
- 13 Facilities within the obligated group commonly known as GE Capital - 4, 3 facilities are listed in HoldCo and 1 facility in DivestCo, are left on their respective lists for presentation purposes.
- 14 Facilities within the obligated group commonly known as GE Capital - 6, 5 facilities are listed in HoldCo and 1 facility in DivestCo, are left on their respective lists for presentation purposes.
- 15 Facilities within the obligated group commonly known as Column Financial, LLC - 20, 18 facilities are listed in HoldCo and 2 facilities in DivestCo, are left on their respective lists for presentation purposes.
- 16 Facilities within the obligated group commonly known as Column Financial, LLC - 27, 25 facilities are listed in HoldCo and 2 facilities are in DivestCo, are left on their respective lists for presentation purposes.
- 17 Facilities within the obligated group commonly known as Merrill Lynch - 7, 5 facilities are listed in HoldCo and 2 facilities are in DivestCo, are left on their respective lists for presentation purposes.
- 18 Projects with Liquidation Values calculated at 50%-25% of current Mortgage Value.

**Sunwest  
Liquidation Analysis(1)(2)  
Sources & Uses**

**TOTAL SOURCES:**

	<u>High Scenario</u>	<u>Low Scenario</u>
<u>Equity Value:</u>		
Senior Housing:		
HoldCo	\$ 76,621,429	\$ 48,324,817
DivestCo	20,138,659	16,983,251
Sub-Total	96,760,088	65,308,068
Non-Senior Housing:		
HoldCo	675,000	600,000
TrustCo	19,903,202	17,083,697
DivestCo	2,798,772	2,048,450
Sub-Total	23,376,975	19,732,148
Liquidation Costs <sup>(3)</sup>	(4,805,483)	(3,401,609)
<b>Total</b>	115,331,581	81,638,607
Third Party Claims	30,000,000	15,000,000
<b>Total Funds Available for Distribution</b>	<b>\$ 145,331,581</b>	<b>\$ 96,638,607</b>

	<u>Potential Claim Amount</u>	<u>% Rec</u>	<u>\$ Rec</u>		<u>Potential Claim Amount</u>	<u>% Rec</u>	<u>\$ Rec</u>
<b><u>TOTAL USES:</u></b>							
Case Administration	\$ 20,000,000	100%	\$ 20,000,000		\$ 40,000,000	100%	\$ 40,000,000
Tax and Other Priority <sup>(4)</sup> :							
Senior Housing	10,575,000	100%	10,575,000		17,625,000	100%	17,625,000
Non-Senior Housing	1,460,000	100%	1,460,000		2,920,000	100%	2,920,000
	\$ 32,035,000	100%	\$ 32,035,000		\$ 60,545,000	100%	\$ 60,545,000
Funds available for claimants			\$ 113,296,581				\$ 36,093,607
TICs	\$ 350,000,000	13%	\$ 44,523,336		\$ 425,000,000	3%	\$ 13,076,571
Preferred Members	50,000,000	13%	6,360,477		80,000,000	3%	2,461,472
LLC Members	5,000,000	13%	636,048		15,000,000	3%	461,526
Unsecured Note holders	60,000,000	13%	7,632,572		80,000,000	3%	2,461,472
Trade	15,000,000	13%	1,908,143		30,000,000	3%	923,052
HFG non Sunwest creditors	5,000,000	13%	636,048		10,000,000	3%	307,684
Lender Deficiency	405,629,657	13%	51,599,958		533,073,813	3%	16,401,830
<b>Total</b>	\$ 890,629,657	13%	\$ 113,296,581		\$ 1,173,073,813	3%	\$ 36,093,607

**Sunwest  
Liquidation Analysis  
HoldCo-High Scenario**

<b>Community Name</b>	<b>Mortgage Debt</b>	<b>Annualized NOI<sup>(5)</sup></b>	<b>Liquidation Value<sup>(6a)</sup></b>	<b>Adjusted Mortgage Debt<sup>(7a)</sup></b>	<b>Deficiency<sup>(8)</sup></b>	<b>Equity Value<sup>(9)</sup></b>
Absaroka	\$ 4,683,530	\$ 652,006	\$ 6,863,220	\$ 4,935,744	\$ -	\$ 1,927,475
Alpine Springs	4,739,108	776,245	7,700,000	4,993,130	-	2,706,870
Apple Ridge	4,623,000	157,346	3,750,000	4,873,248	1,123,248	-
Autumn Glen	1,760,791	164,817	1,734,919	1,918,017	183,098	-
Autumn Park	2,076,587	328,064	3,453,302	2,244,076	-	1,209,226
Big Sky	17,822,643	1,635,420	17,214,949	18,501,879	1,286,930	-
Briarwood	13,165,000	1,654,656	15,000,000	13,692,863	-	1,307,138
Brookside	6,600,000	442,443	4,657,293	6,914,500	2,257,207	-
Cambridge Place	4,179,138	496,698	5,228,403	4,414,960	-	813,443
Canterbury Gardens	2,951,804	198,220	2,086,531	3,147,738	1,061,207	-
Carriage Inn	3,339,339	699,713	7,365,397	3,547,868	-	3,817,529
Cedar Ridge	4,583,475	680,268	7,160,715	4,832,438	-	2,328,277
Century Fields	10,813,545	590,464	6,215,414	11,264,985	5,049,571	-
Chandler Place	8,291,421	603,479	6,352,412	8,660,892	2,308,480	-
Chehalem Springs	10,165,412	617,964	6,504,887	10,595,788	4,090,901	-
Chestnut Lane	5,025,000	588,352	6,193,180	5,288,313	-	904,867
Chris Ridge	19,018,457	1,324,604	13,943,197	19,736,557	5,793,359	-
Churchill	18,600,000	1,586,089	16,695,669	19,304,500	2,608,831	-
Cottage Village	2,273,366	366,312	3,855,919	2,447,251	-	1,408,668
Cottages, The	3,904,450	354,431	3,730,853	4,131,345	400,492	-
Cougar Springs	6,378,130	1,398,542	9,680,000	6,685,419	-	2,994,581
Culpepper Place	6,100,000	563,859	5,935,360	6,398,250	462,890	-
Desert Springs	5,835,000	578,213	6,086,448	6,124,638	38,189	-
Dry Creek	5,934,295	530,916	5,588,585	6,227,160	638,575	-
Eagles Manor	879,445	(270,581)	-	1,008,027	1,008,027	-
Eldorado Heights	3,150,904	760,803	6,600,000	3,353,308	-	3,246,692
Emerald Estates	5,162,928	145,117	5,600,000	5,430,724	-	169,276
Emerald Pointe	3,562,095	330,998	3,484,190	3,777,863	293,673	-
Englewood Heights (10)	11,160,000	890,736	9,376,168	11,622,700	2,246,532	-
Forest Glen	1,691,528	113,680	1,196,634	1,846,502	649,869	-
Georgian Place	5,032,950	683,647	7,196,282	5,296,520	-	1,899,762
Golden Eagle Plaza	3,073,157	620,563	4,000,000	3,273,034	-	726,966
Grayson View-Selinsgrove	8,743,590	920,378	9,688,192	9,127,757	-	560,434
Heritage Place (10)	2,000,000	260,112	2,738,021	2,165,000	-	573,021
Heritage, The	1,269,216	137,582	1,448,237	1,410,466	-	37,771
Hermiston Terrace	2,655,309	650,252	6,270,000	2,841,606	-	3,428,394
Heron Pointe	4,432,119	441,414	4,646,464	4,676,163	29,699	-
Heron Pointe Cottages	1,322,432	13,359	140,620	1,465,411	1,324,792	-
Hillside	20,000,000	2,504,445	22,610,000	20,750,000	-	1,860,000
Lassen House	-	653,189	500,000	100,000	-	400,000
Laurel Gardens	3,594,660	265,866	2,798,591	3,811,486	1,012,895	-
Legacy Crossing	12,401,571	1,245,156	13,106,905	12,904,622	-	202,283
Lexington Gardens	3,584,006	190,677	2,007,130	3,800,486	1,793,356	-
Magnolia Gardens	2,594,995	234,533	2,468,767	2,779,332	310,565	-
Maplewood	14,003,337	894,008	9,410,611	14,558,445	5,147,834	-
Meadowlark	7,293,123	661,258	6,960,608	7,630,149	669,541	-
Minnetonka	5,411,289	508,049	5,347,879	5,687,156	339,277	-
Moses Lake	6,371,934	465,733	4,902,451	6,679,022	1,776,571	-
Mountain Laurel	11,692,584	886,761	9,334,321	12,172,593	2,838,272	-
Mountain View-Ashland	10,751,000	640,425	6,741,319	11,200,408	4,459,088	-
Necanicum Village	8,164,343	470,065	4,948,049	8,529,684	3,581,635	-
Northpark Place (10)	6,570,952	684,492	7,205,179	6,884,508	-	320,671
Oak Tree Village (12)	21,537,742	1,877,442	19,762,543	22,337,719	2,575,176	-
Oakridge	-	954,073	500,000	100,000	-	400,000
Orchard Park	3,990,000	374,236	3,939,329	4,219,675	280,346	-
Oswego Springs	8,612,181	708,758	7,460,607	8,992,077	1,531,470	-
Palm Meadows Village	2,741,715	243,880	2,567,163	2,930,821	363,658	-
Parkway Village	6,920,000	210,669	2,217,565	7,244,900	5,027,335	-
Peachtree Village-GA	4,100,000	112,677	2,710,000	4,333,250	1,623,250	-
Peachtree Village-NM (10)	4,406,018	214,716	2,260,168	4,649,213	2,389,045	-
Remington House	3,933,457	240,394	2,530,465	4,161,294	1,630,829	-

**Sunwest  
Liquidation Analysis  
HoldCo-High Scenario**

<b>Community Name</b>	<b>Mortgage Debt</b>	<b>Annualized NOI<sup>(5)</sup></b>	<b>Liquidation Value<sup>(6a)</sup></b>	<b>Adjusted Mortgage Debt<sup>(7a)</sup></b>	<b>Deficiency<sup>(8)</sup></b>	<b>Equity Value<sup>(9)</sup></b>
River Road	-	581,189	500,000	100,000	-	400,000
River Rock Lodge	8,374,840	89,044	937,307	8,747,022	7,809,715	-
Rose Valley	4,125,549	520,261	5,476,434	4,359,630	-	1,116,805
Rose Valley Cottages	1,694,388	42,496	447,328	1,849,456	1,402,128	-
Sellwood Landing	9,737,819	872,500	9,184,214	10,154,298	970,084	-
Sequoia Springs Cottages (11)	4,477,900	271,586	2,858,797	4,723,432	1,864,634	-
Spring Arbor	2,869,344	474,339	4,993,046	3,062,597	-	1,930,449
Spring Creek Gardens	2,050,000	(184,290)	-	2,216,625	2,216,625	-
Spring Village	5,225,948	1,090,711	9,020,000	5,495,792	-	3,524,208
Sugarland Ridge	6,309,790	575,087	6,053,549	6,614,858	561,309	-
Sunrise Creek	12,880,000	1,029,820	10,840,207	13,398,600	2,558,393	-
Terrace at Riverstone	8,000,300	1,267,554	13,342,675	8,360,310	-	4,982,365
Terrace at Woodstock	6,800,000	823,478	8,668,192	7,121,000	-	1,547,192
Valley View	-	216,178	1,900,000	100,000	-	1,800,000
Waterford in Bellevue	8,700,000	434,196	4,570,487	9,082,750	4,512,263	-
Westbrook Gardens	7,335,000	236,574	2,490,249	7,673,388	5,183,138	-
Willow Creek	9,380,687	319,961	6,850,000	9,785,559	2,935,559	-
Windfield Village	4,013,181	657,716	6,923,328	4,243,609	-	2,679,719
Woodside Village	3,681,065	581,210	6,117,997	3,900,699	-	2,217,298
Wyndmoor (11)	6,500,000	301,216	3,170,692	6,811,250	3,640,558	-
<b>Sub-Total</b>			<b>482,015,611</b>	<b>532,434,354</b>	<b>103,860,122</b>	<b>53,441,379</b>
GE Capital - 4 (13)	34,014,013	2,974,229	31,307,672	35,419,468	4,111,796	-
GE Capital - 5	48,680,899	4,669,705	41,886,717	50,863,028	8,976,311	-
GE Capital - 6 (14)	42,090,123	4,392,879	44,655,304	43,958,052	-	697,252
Column Financial, LLC - 20 (15)	143,749,000	13,785,441	135,057,581	150,220,843	15,163,262	-
Column Financial, LLC - 27 (16)	119,975,000	12,991,880	132,498,829	126,374,188	-	6,124,642
Merrill Lynch - 5	26,124,129	3,838,551	36,840,819	27,473,163	-	9,367,656
Merrill Lynch - 7 (17)	33,813,457	3,088,247	32,507,861	35,412,394	2,904,533	-
RBS Greenwich	25,093,945	2,174,302	33,300,000	26,309,498	-	6,990,502
<b>Total</b>			<b>\$ 970,070,394</b>	<b>\$ 1,028,464,988</b>	<b>\$ 135,016,023</b>	<b>\$ 76,621,429</b>

**Sunwest  
Liquidation Analysis  
DivestCo-High Scenario**

<b>Community Name</b>	<b>Mortgage Debt</b>	<b>Annualized NOI<sup>(5)</sup></b>	<b>Liquidation Value<sup>(6a)</sup></b>	<b>Adjusted Mortgage Debt<sup>(7a)</sup></b>	<b>Deficiency<sup>(8)</sup></b>	<b>Equity Value<sup>(9)</sup></b>
Aberdeen Heights	\$ 7,790,176	\$ 395,883	\$ 5,750,000	\$ 8,143,357	\$ 2,393,357	\$ -
Addie Meedom	6,821,161	(14,785)	2,600,000	7,142,849	4,542,849	-
Alpine Meadow Cottages	6,197,500	75,539	795,150	6,498,919	5,703,768	-
Apple Meadows	1,464,497	(219,812)	1,500,000	1,612,094	112,094	-
Arbrook	11,500,000	598	8,900,000	11,973,750	3,073,750	-
Cache Valley	2,000,000	(30,328)	2,000,000	2,165,000	165,000	-
Caley Ridge	12,805,175	661,495	6,963,106	13,321,343	6,358,237	-
Cambridge Court-MT	2,619,137	(14,739)	1,900,000	2,804,259	904,259	-
Canyon Crest (13)	10,524,077	58,361	9,800,000	10,966,110	1,166,110	-
Chancellor Place (14)	7,999,336	(86,310)	6,500,000	8,359,314	1,859,314	-
Chestnut Hill	14,250,000	(186,147)	4,100,000	14,813,125	10,713,125	-
Colonial Gardens (15)	2,704,000	1,329	2,700,000	2,891,880	191,880	-
Cooper Villa (17)	5,471,933	260,933	4,700,000	5,749,771	1,049,771	-
Corinthians ALF	-	89,259	3,250,000	100,000	-	3,150,000
Corinthians RET	12,632,957	463,546	8,650,000	13,143,528	4,493,528	-
Cottonbloom	1,093,617	72,888	767,242	1,229,160	461,918	-
Country Gardens	3,550,000	385,648	4,059,454	3,765,375	-	294,079
Courtyard at Merced	7,250,015	31,748	334,191	7,585,640	7,251,449	-
Crown Pointe	18,200,000	(137,076)	18,000,000	18,891,500	891,500	-
Crystal Terrace	7,412,568	757,741	7,976,219	7,753,476	-	222,743
Dorchester House	1,304,765	(48,230)	2,300,000	1,447,170	-	852,830
Emerald Square	2,930,235	(102,950)	3,500,000	3,125,468	-	374,532
Forest Park	4,897,252	(188,598)	4,000,000	5,156,413	1,156,413	-
Garden Way	13,497,748	-	14,000,000	14,036,425	36,425	-
Glenellen	14,085,000	206,037	5,200,000	14,642,763	9,442,763	-
Grayson View-Harrisburg (17)	4,860,391	(185,423)	4,400,000	5,118,354	718,354	-
Hawthorne Gardens	7,217,044	80,295	845,205	7,551,598	6,706,392	-
Heritage Oaks Villas	11,600,000	182,892	7,500,000	12,077,000	4,577,000	-
Homestead at Newtown	9,800,000	198,658	5,350,000	10,218,500	4,868,500	-
Kensington Green	18,374,884	1,090,217	17,699,000	19,072,068	1,373,068	-
Kings Manor	12,271,132	676,277	7,118,702	12,769,944	5,651,242	-
Laurel Estates	7,467,692	152,242	1,602,545	7,810,392	6,207,847	-
Legacy of Dallas (12)	11,133,307	200,941	2,115,166	11,595,140	9,479,973	-
Maison Jardin	1,949,870	21,485	226,157	2,113,241	1,887,084	-
Mansion at Waterford	13,624,023	823,669	8,670,196	14,166,803	5,496,607	-
Middlefield Oaks	5,474,850	732,268	9,250,000	5,752,783	-	3,497,217
Northwesterly	2,181,826	173,034	3,100,000	2,352,736	-	747,264
Paragon Gardens	10,055,426	(247,270)	15,250,000	10,482,227	-	4,767,773
Park Place-SC	4,827,771	(143,412)	4,250,000	5,084,674	834,674	-
Parkview Estates	11,931,151	(536,088)	7,350,000	12,418,913	5,068,913	-
Parkview Estates Cottages	4,549,985	(171,131)	1,750,000	4,797,860	3,047,860	-
Pheasant Ridge SLC	10,066,265	1,162,040	12,232,004	10,493,418	-	1,738,586
Plaza at Sun Mountain (15)	12,797,000	(146,207)	8,200,000	13,312,903	5,112,903	-
Rainbow	7,206,862	91,416	962,274	7,541,085	6,578,811	-
Richland Pines	6,362,000	(371,224)	4,600,000	6,668,765	2,068,765	-
Riverchase Village	6,225,498	(518,892)	4,800,000	6,527,827	1,727,827	-
Riverdale Estates	4,137,451	(225,144)	-	4,371,919	4,371,919	-
Riverside at Belfair	3,373,969	271,456	2,857,430	3,583,623	726,193	-
Spring Meadows Cottages	2,735,000	(43,277)	1,060,000	2,923,888	1,863,888	-
Spring Meadows Retirement	7,679,357	(320,688)	6,100,000	8,028,936	1,928,936	-
Summit House	1,998,507	69,607	550,000	2,163,458	1,613,458	-
Sundial	3,160,820	(293,822)	4,000,000	3,363,547	-	636,453
Town Village	21,000,000	(436,644)	12,810,000	21,782,500	8,972,500	-
Tudor Heights	4,978,709	(337,637)	3,200,000	5,240,517	2,040,517	-
Victorian Manor	8,149,129	7,353	77,404	8,513,976	8,436,572	-
Victory Hills	7,614,246	429,686	4,523,016	7,961,709	3,438,693	-
Waterfield	-	(163,801)	3,500,000	100,000	-	3,400,000
Weatherly Springs (16)	2,579,000	4,307	3,220,000	2,762,818	-	457,183
Willows at Sherman (16)	5,780,000	(367,261)	2,555,116	6,067,850	3,512,734	-
<b>Total</b>			<b>\$ 301,969,579</b>	<b>\$ 452,109,657</b>	<b>\$ 170,278,738</b>	<b>\$ 20,138,659</b>

**Sunwest**  
**Liquidation Analysis**  
**NonSenior HoldCo-High Scenario**

		<b>Liquidation Value<sup>(6b)</sup></b>	<b>Adjusted Mortgage Debt<sup>(7b)</sup></b>	<b>Deficiency<sup>(8)</sup></b>	<b>Equity Value<sup>(9)</sup></b>
Apartments	Bluffs at Northwood Apartments	\$ 5,000,000	\$ 5,831,188	\$ 831,188	\$ -
Apartments	French Quarter Apartments	5,653,564	11,387,146	5,733,582	-
Apartments	Willow Trace Apartments	5,200,000	6,146,100	946,100	-
Commercial	Cascadia Canyon II	3,330,000	7,044,375	3,714,375	-
Commercial	Fairview Business Flex Park, LLC	4,990,000	7,922,000	2,932,000	-
Commercial	HR Industrial Properties (Fiber Fab)	2,025,000	2,185,600	160,600	-
Commercial	HR Salem Associates (Neilsen Building)	4,550,000	5,571,949	1,021,949	-
Commercial	Yakima Medical School Holdings, LLC	22,000,000	27,436,250	5,436,250	-
Commercial	Bechtel Warehouse	26,000,000	32,662,728	6,662,728	-
Commercial	Blue Mountain Assoc (9th & Rose)	2,500,000	4,479,930	1,979,930	-
Commercial	Cold Spring II (Stewart Property)	849,764	3,259,912	2,410,148	-
Land2 - Adjacent	Absaroka expansion land	750,000	75,000	-	675,000
<b>Total</b>		<b>\$ 82,848,328</b>	<b>\$ 114,002,179</b>	<b>\$ 31,828,851</b>	<b>\$ 675,000</b>

**Sunwest**  
**Liquidation Analysis**  
**NonSenior TrustCo-High Scenario**

		<b>Liquidation Value<sup>(6b)</sup></b>	<b>Adjusted Mortgage Debt<sup>(7b)</sup></b>	<b>Deficiency<sup>(8)</sup></b>	<b>Equity Value<sup>(9)</sup></b>
Land1 - Senior	River Pines	\$ 403,200	\$ 362,868	\$ -	\$ 40,332
Land2 - Adjacent	Cordova Estates Cottages	294,000	155,194	-	138,806
Land1 - Senior	Presidio Pointe	1,260,000	75,000	-	1,185,000
Land1 - Senior	Avondale Senior Living	112,500	75,000	-	37,500
Land1 - Senior	Mountain Terrace	855,000	75,000	-	780,000
Land1 - Senior	Prairie Ridge	571,500	75,000	-	496,500
Land1 - Senior	Drakes Landing	1,125,000	75,000	-	1,050,000
Land1 - Senior	Braxton Senior Living	1,890,000	75,000	-	1,815,000
Land1 - Senior	Gresham Station	1,425,000	75,000	-	1,350,000
Land1 - Senior	Chaparell Heights	1,260,000	75,000	-	1,185,000
Land1 - Senior	White Cliffs	656,250	75,000	-	581,250
Land1 - Senior	Lacey Care, LLC	135,000	75,000	-	60,000
Land1 - Senior	Poulsbo Senior Living	450,000	75,000	-	375,000
Land1 - Senior	Cottonwood Lodge	2,250,000	75,000	-	2,175,000
Land1 - Senior	Gemstone	292,500	75,000	-	217,500
Land1 - Senior	Lavender Fields	1,170,000	75,000	-	1,095,000
Land1 - Senior	Oregon Gardens	252,000	75,000	-	177,000
Land1 - Senior	Boones Ferry Place	569,060	75,000	-	494,060
Land2 - Adjacent	Autumn Park Cottages	75,000	75,000	-	-
Land2 - Adjacent	Blossom Valley Cottages	225,000	75,000	-	150,000
Land2 - Adjacent	Chesterley Meadows Cottages	360,000	75,000	-	285,000
Land2 - Adjacent	Garden Estates Cottages	845,336	75,000	-	770,336
Land2 - Adjacent	Hawthorne Inn Cottages	262,500	75,000	-	187,500
Land2 - Adjacent	Meadowlark Cottages	131,250	75,000	-	56,250
Land2 - Adjacent	Regal Estates Cottages	517,500	75,000	-	442,500
Land2 - Adjacent	Rose Valley Cottages II	405,000	75,000	-	330,000
Land2 - Adjacent	Sunshine Village Cottages	657,158	75,000	-	582,158
Land2 - Adjacent	Sweetwater Springs Cottages	142,500	75,000	-	67,500
Land3 - Non Sr.	Lowlands	187,500	75,000	-	112,500
Land3 - Non Sr.	Riddle Rd	87,120	75,000	-	12,120
Senior - Const.	The Bluffs	585,000	75,000	-	510,000
Commercial	Smart Park PH 1, LLC	65,000,000	62,592,875	-	2,407,125
Land3 - Non Sr.	Cold Spring I (Tumulum Property)	720,000	1,002,690	282,690	-
Land3 - Non Sr.	College Park Associates I	881,250	1,888,911	1,007,661	-
Land3 - Non Sr.	Smart Park 3 (Framatome)	3,811,500	3,074,234	-	737,266
<b>Total</b>		<b>\$ 89,864,624</b>	<b>\$ 71,251,773</b>	<b>\$ 1,290,351</b>	<b>\$ 19,903,202</b>

**Sunwest**  
**Liquidation Analysis**  
**NonSeniorDivestCo-High Scenario**

		Liquidation Value <sup>(6b)</sup>	Adjusted Mortgage Debt <sup>(7b)</sup>	Deficiency <sup>(8)</sup>	Equity Value <sup>(9)</sup>
Apartments	Overlook Apartments	\$ 7,250,000	\$ 9,871,913	\$ 2,621,913	\$ -
Apartments	Post Pointe Apartments	12,669,082	15,820,625	3,151,543	-
Apartments	River's Edge Apartments	15,625,000	22,758,145	7,133,145	-
Commercial	Cascadia Canyon I	4,320,000	20,162,435	15,842,435	-
Commercial	HR Retail Properties (Albertson's)	1,350,000	2,879,340	1,529,340	-
Commercial	Sunwest Properties II (Home Office)	3,150,000	6,337,113	3,187,113	-
Commercial	Sunwest Properties (warehouse)	1,325,000	1,925,042	600,042	-
Residential	Pronghorn	3,900,000	10,141,875	6,241,875	-
Residential	1980 Wallace Rd House	300,000	204,063	-	95,938
Land1 - Senior	Monteith Village	1,687,500	3,688,750	2,001,250	-
Land1 - Senior	Crescent Beach	487,500	1,055,875	568,375	-
Land1 - Senior	Vista Pointe	1,125,000	3,379,000	2,254,000	-
Land1 - Senior	Cedar Ridge	2,250,000	1,830,250	-	419,750
Land1 - Senior	Meeker Terrace	2,437,500	299,737	-	2,137,763
Land1 - Senior	Orchard Heights	2,250,000	4,721,250	2,471,250	-
Land2 - Adjacent	Spring Lake Property, LLC	150,000	140,816	-	9,184
Land3 - Non Sr.	Clark 40 (Land)	2,235,000	3,017,625	782,625	-
Land3 - Non Sr.	Grahams Ferry (The Grove)	900,000	3,171,468	2,271,468	-
Land3 - Non Sr.	Greenleaf Farms I, LLC	562,500	797,750	235,250	-
Land3 - Non Sr.	HR Stayton Retail	1,207,500	1,071,363	-	136,138
Senior - Const.	Wheatfields (18)	4,093,682	8,528,453	4,434,771	-
Senior - Const.	Copper Springs (18)	1,237,857	2,631,175	1,393,318	-
Senior - Const.	Milton Senior Living (18)	7,533,194	15,631,045	8,097,851	-
Land1 - Senior	Sierra Village at Riverwalk	50,000	75,000	25,000	-
Land2 - Adjacent	Addie Meedom Cottages	50,000	75,000	25,000	-
Land3 - Non Sr.	Smart Park 4 (30 acres)	1,481,040	3,829,170	2,348,130	-
<b>Total</b>		<b>\$ 79,627,355</b>	<b>\$ 144,044,276</b>	<b>\$ 67,215,694</b>	<b>\$ 2,798,772</b>

**Sunwest  
Liquidation Analysis  
HoldCo-Low Scenario**

<b>Community Name</b>	<b>Mortgage Debt</b>	<b>Annualized NOI<sup>(5)</sup></b>	<b>Liquidation Value<sup>(6a)</sup></b>	<b>Adjusted Mortgage Debt<sup>(7a)</sup></b>	<b>Deficiency<sup>(8)</sup></b>	<b>Equity Value<sup>(9)</sup></b>
Absaroka	\$ 4,683,530	\$ 652,006	\$ 5,927,326	\$ 5,035,744	\$ -	\$ 891,582
Alpine Springs	4,739,108	776,245	7,700,000	5,093,130	-	2,606,870
Apple Ridge	4,623,000	157,346	3,750,000	4,973,248	1,223,248	-
Autumn Glen	1,760,791	164,817	1,498,339	2,018,017	519,678	-
Autumn Park	2,076,587	328,064	2,982,397	2,344,076	-	638,321
Big Sky	17,822,643	1,635,420	14,867,456	18,601,879	3,734,423	-
Briarwood	13,165,000	1,654,656	15,000,000	13,792,863	-	1,207,138
Brookside	6,600,000	442,443	4,022,208	7,014,500	2,992,292	-
Cambridge Place	4,179,138	496,698	4,515,439	4,514,960	-	479
Canterbury Gardens	2,951,804	198,220	1,802,004	3,247,738	1,445,734	-
Carriage Inn	3,339,339	699,713	6,361,024	3,647,868	-	2,713,156
Cedar Ridge	4,583,475	680,268	6,184,253	4,932,438	-	1,251,816
Century Fields	10,813,545	590,464	5,367,857	11,364,985	5,997,127	-
Chandler Place	8,291,421	603,479	5,486,174	8,760,892	3,274,718	-
Chehalem Springs	10,165,412	617,964	5,617,857	10,695,788	5,077,931	-
Chestnut Lane	5,025,000	588,352	5,348,655	5,388,313	39,657	-
Chris Ridge	19,018,457	1,324,604	12,041,852	19,836,557	7,794,704	-
Churchill	18,600,000	1,586,089	14,418,987	19,404,500	4,985,513	-
Cottage Village	2,273,366	366,312	3,330,112	2,547,251	-	782,861
Cottages, The	3,904,450	354,431	3,222,100	4,231,345	1,009,245	-
Cougar Springs	6,378,130	1,398,542	9,680,000	6,785,419	-	2,894,581
Culpepper Place	6,100,000	563,859	5,125,992	6,498,250	1,372,258	-
Desert Springs	5,835,000	578,213	5,256,478	6,224,638	968,159	-
Dry Creek	5,934,295	530,916	4,826,505	6,327,160	1,500,654	-
Eagles Manor	879,445	(270,581)	-	1,108,027	1,108,027	-
Eldorado Heights	3,150,904	760,803	6,600,000	3,453,308	-	3,146,692
Emerald Estates	5,162,928	145,117	5,600,000	5,530,724	-	69,276
Emerald Pointe	3,562,095	330,998	3,009,073	3,877,863	868,790	-
Englewood Heights (10)	11,160,000	890,736	8,097,600	11,722,700	3,625,100	-
Forest Glen	1,691,528	113,680	1,033,456	1,946,502	913,046	-
Georgian Place	5,032,950	683,647	6,214,971	5,396,520	-	818,450
Golden Eagle Plaza	3,073,157	620,563	4,000,000	3,373,034	-	626,966
Grayson View-Selinsgrove	8,743,590	920,378	8,367,075	9,227,757	860,683	-
Heritage Place (10)	2,000,000	260,112	2,364,655	2,265,000	-	99,655
Heritage, The	1,269,216	137,582	1,250,750	1,510,466	259,716	-
Hermiston Terrace	2,655,309	650,252	6,270,000	2,941,606	-	3,328,394
Heron Pointe	4,432,119	441,414	4,012,855	4,776,163	763,308	-
Heron Pointe Cottages	1,322,432	13,359	121,444	1,565,411	1,443,967	-
Hillside	20,000,000	2,504,445	22,610,000	20,850,000	-	1,760,000
Lassen House	-	653,189	500,000	200,000	-	300,000
Laurel Gardens	3,594,660	265,866	2,416,965	3,911,486	1,494,521	-
Legacy Crossing	12,401,571	1,245,156	11,319,600	13,004,622	1,685,022	-
Lexington Gardens	3,584,006	190,677	1,733,431	3,900,486	2,167,055	-
Magnolia Gardens	2,594,995	234,533	2,132,117	2,879,332	747,216	-
Maplewood	14,003,337	894,008	8,127,346	14,658,445	6,531,099	-
Meadowlark	7,293,123	661,258	6,011,434	7,730,149	1,718,715	-
Minnetonka	5,411,289	508,049	4,618,623	5,787,156	1,168,533	-
Moses Lake	6,371,934	465,733	4,233,935	6,779,022	2,545,087	-
Mountain Laurel	11,692,584	886,761	8,061,459	12,272,593	4,211,134	-
Mountain View-Ashland	10,751,000	640,425	5,822,048	11,300,408	5,478,359	-
Necanicum Village	8,164,343	470,065	4,273,315	8,629,684	4,356,369	-
Northpark Place (10)	6,570,952	684,492	6,222,655	6,984,508	761,854	-
Oak Tree Village (12)	21,537,742	1,877,442	17,067,651	22,437,719	5,370,068	-
Oakridge	-	954,073	500,000	200,000	-	300,000
Orchard Park	3,990,000	374,236	3,402,148	4,319,675	917,527	-
Oswego Springs	8,612,181	708,758	6,443,251	9,092,077	2,648,826	-
Palm Meadows Village	2,741,715	243,880	2,217,095	3,030,821	813,726	-
Parkway Village	6,920,000	210,669	1,915,170	7,344,900	5,429,730	-
Peachtree Village-GA	4,100,000	112,677	2,710,000	4,433,250	1,723,250	-
Peachtree Village-NM (10)	4,406,018	214,716	1,951,964	4,749,213	2,797,250	-
Remington House	3,933,457	240,394	2,185,401	4,261,294	2,075,893	-

**Sunwest  
Liquidation Analysis  
HoldCo-Low Scenario**

<b>Community Name</b>	<b>Mortgage Debt</b>	<b>Annualized NOI<sup>(5)</sup></b>	<b>Liquidation Value<sup>(6a)</sup></b>	<b>Adjusted Mortgage Debt<sup>(7a)</sup></b>	<b>Deficiency<sup>(8)</sup></b>	<b>Equity Value<sup>(9)</sup></b>
River Road	-	581,189	500,000	200,000	-	300,000
River Rock Lodge	8,374,840	89,044	809,492	8,847,022	8,037,530	-
Rose Valley	4,125,549	520,261	4,729,648	4,459,630	-	270,018
Rose Valley Cottages	1,694,388	42,496	386,329	1,949,456	1,563,127	-
Sellwood Landing	9,737,819	872,500	7,931,821	10,254,298	2,322,477	-
Sequoia Springs Cottages (11)	4,477,900	271,586	2,468,961	4,823,432	2,354,470	-
Spring Arbor	2,869,344	474,339	4,312,176	3,162,597	-	1,149,579
Spring Creek Gardens	2,050,000	(184,290)	-	2,316,625	2,316,625	-
Spring Village	5,225,948	1,090,711	9,020,000	5,595,792	-	3,424,208
Sugarland Ridge	6,309,790	575,087	5,228,065	6,714,858	1,486,793	-
Sunrise Creek	12,880,000	1,029,820	9,361,997	13,498,600	4,136,603	-
Terrace at Riverstone	8,000,300	1,267,554	11,523,219	8,460,310	-	3,062,909
Terrace at Woodstock	6,800,000	823,478	7,486,166	7,221,000	-	265,166
Valley View	-	216,178	1,900,000	200,000	-	1,700,000
Waterford in Bellevue	8,700,000	434,196	3,947,239	9,182,750	5,235,511	-
Westbrook Gardens	7,335,000	236,574	2,150,670	7,773,388	5,622,718	-
Willow Creek	9,380,687	319,961	6,850,000	9,885,559	3,035,559	-
Windfield Village	4,013,181	657,716	5,979,238	4,343,609	-	1,635,628
Woodside Village	3,681,065	581,210	5,283,725	4,000,699	-	1,283,026
Wyndmoor (11)	6,500,000	301,216	2,738,325	6,911,250	4,172,925	-
<b>Sub-Total</b>			<b>430,357,573</b>	<b>540,534,354</b>	<b>146,703,552</b>	<b>36,526,771</b>
GE Capital - 4 (13)	34,014,013	2,974,229	27,038,444	35,719,468	8,681,024	-
GE Capital - 5	48,680,899	4,669,705	37,856,256	51,463,028	13,606,772	-
GE Capital - 6 (14)	42,090,123	4,392,879	39,765,944	44,458,052	4,692,108	-
Column Financial, LLC - 20 (15)	143,749,000	13,785,441	118,560,638	152,020,843	33,460,205	-
Column Financial, LLC - 27 (16)	119,975,000	12,991,880	115,270,807	128,874,188	13,603,381	-
Merrill Lynch - 5	26,124,129	3,838,551	33,180,707	27,973,163	-	5,207,544
Merrill Lynch - 7 (17)	33,813,457	3,088,247	21,226,030	29,846,851	8,620,821	-
RBS Greenwich	25,093,945	2,174,302	33,300,000	26,709,498	-	6,590,502
<b>Total</b>			<b>\$ 856,556,399</b>	<b>\$ 1,037,599,445</b>	<b>\$ 229,367,862</b>	<b>\$ 48,324,817</b>

**Sunwest  
Liquidation Analysis  
DivestCo-Low Scenario**

<b>Community Name</b>	<b>Mortgage Debt</b>	<b>Annualized NOI<sup>(5)</sup></b>	<b>Liquidation Value<sup>(6a)</sup></b>	<b>Adjusted Mortgage Debt<sup>(7a)</sup></b>	<b>Deficiency<sup>(8)</sup></b>	<b>Equity Value<sup>(9)</sup></b>
Aberdeen Heights	\$ 7,790,176	\$ 395,883	\$ 5,750,000	\$ 8,243,357	\$ 2,493,357	\$ -
Addie Meedom	6,821,161	(14,785)	2,600,000	7,242,849	4,642,849	-
Alpine Meadow Cottages	6,197,500	75,539	686,721	6,598,919	5,912,198	-
Apple Meadows	1,464,497	(219,812)	1,500,000	1,712,094	212,094	-
Arbrook	11,500,000	598	8,900,000	12,073,750	3,173,750	-
Cache Valley	2,000,000	(30,328)	2,000,000	2,265,000	265,000	-
Caley Ridge	12,805,175	661,495	6,013,592	13,421,343	7,407,751	-
Cambridge Court-MT	2,619,137	(14,739)	1,900,000	2,904,259	1,004,259	-
Canyon Crest (13)	10,524,077	58,361	9,800,000	11,066,110	1,266,110	-
Chancellor Place (14)	7,999,336	(86,310)	6,500,000	8,459,314	1,959,314	-
Chestnut Hill	14,250,000	(186,147)	4,100,000	14,913,125	10,813,125	-
Colonial Gardens (15)	2,704,000	1,329	2,700,000	2,991,880	291,880	-
Cooper Villa (17)	5,471,933	260,933	4,700,000	5,849,771	1,149,771	-
Corinthians ALF	-	89,259	3,250,000	200,000	-	3,050,000
Corinthians RET	12,632,957	463,546	8,650,000	13,243,528	4,593,528	-
Cottonbloom	1,093,617	72,888	662,618	1,329,160	666,542	-
Country Gardens	3,550,000	385,648	3,505,892	3,865,375	359,483	-
Courtyard at Merced	7,250,015	31,748	288,619	7,685,640	7,397,021	-
Crown Pointe	18,200,000	(137,076)	18,000,000	18,991,500	991,500	-
Crystal Terrace	7,412,568	757,741	6,888,553	7,853,476	964,923	-
Dorchester House	1,304,765	(48,230)	2,300,000	1,547,170	-	752,830
Emerald Square	2,930,235	(102,950)	3,500,000	3,225,468	-	274,532
Forest Park	4,897,252	(188,598)	4,000,000	5,256,413	1,256,413	-
Garden Way	13,497,748		14,000,000	14,136,425	136,425	-
Glenellen	14,085,000	206,037	5,200,000	14,742,763	9,542,763	-
Grayson View-Harrisburg (17)	4,860,391	(185,423)	4,400,000	5,218,354	818,354	-
Hawthorne Gardens	7,217,044	26,371	239,738	7,651,598	7,411,860	-
Heritage Oaks Villas	11,600,000	182,892	7,500,000	12,177,000	4,677,000	-
Homestead at Newtown	9,800,000	198,658	5,350,000	10,318,500	4,968,500	-
Kensington Green	18,374,884	1,090,217	17,699,000	19,172,068	1,473,068	-
Kings Manor	12,271,132	676,277	6,147,970	12,869,944	6,721,974	-
Laurel Estates	7,467,692	152,242	1,384,016	7,910,392	6,526,376	-
Legacy of Dallas (12)	11,133,307	200,941	1,826,735	11,695,140	9,868,405	-
Maison Jardin	1,949,870	21,485	195,318	2,213,241	2,017,923	-
Mansion at Waterford	13,624,023	823,669	7,487,897	14,266,803	6,778,907	-
Middlefield Oaks	5,474,850	732,268	9,250,000	5,852,783	-	3,397,217
Northwesterly	2,181,826	173,034	3,100,000	2,452,736	-	647,264
Paragon Gardens	10,055,426	(247,270)	15,250,000	10,582,227	-	4,667,773
Park Place-SC	4,827,771	(143,412)	4,250,000	5,184,674	934,674	-
Parkview Estates	11,931,151	(536,088)	7,350,000	12,518,913	5,168,913	-
Parkview Estates Cottages	4,549,985	(171,131)	1,750,000	4,897,860	3,147,860	-
Pheasant Ridge SLC	10,066,265	1,162,040	10,564,003	10,593,418	29,415	-
Plaza at Sun Mountain (15)	12,797,000	(146,207)	8,200,000	13,412,903	5,212,903	-
Rainbow	7,206,862	91,416	831,055	7,641,085	6,810,030	-
Richland Pines	6,362,000	(371,224)	4,600,000	6,768,765	2,168,765	-
Riverchase Village	6,225,498	(518,892)	4,800,000	6,627,827	1,827,827	-
Riverdale Estates	4,137,451	(225,144)	-	4,471,919	4,471,919	-
Riverside at Belfair	3,373,969	271,456	2,467,781	3,683,623	1,215,842	-
Spring Meadows Cottages	2,735,000	(43,277)	1,060,000	3,023,888	1,963,888	-
Spring Meadows Retirement	7,679,357	(320,688)	6,100,000	8,128,936	2,028,936	-
Summit House	1,998,507	69,607	550,000	2,263,458	1,713,458	-
Sundial	3,160,820	(293,822)	4,000,000	3,463,547	-	536,453
Town Village	21,000,000	(436,644)	12,810,000	21,882,500	9,072,500	-
Tudor Heights	4,978,709	(337,637)	3,200,000	5,340,517	2,140,517	-
Victorian Manor	8,149,129	7,353	66,849	8,613,976	8,547,127	-
Victory Hills	7,614,246	429,686	3,906,241	8,061,709	4,155,468	-
Waterfield	-	(163,801)	3,500,000	200,000	-	3,300,000
Weatherly Springs (16)	2,579,000	4,307	3,220,000	2,862,818	-	357,183
Willows at Sherman (16)	5,780,000	(367,261)	2,555,116	6,167,850	3,612,734	-
<b>Total</b>			<b>\$ 293,007,712</b>	<b>\$ 458,009,657</b>	<b>\$ 181,985,196</b>	<b>\$ 16,983,251</b>

**Sunwest  
Liquidation Analysis  
NonSenior HoldCo-Low Scenario**

		<b>Liquidation Value<sup>(6b)</sup></b>	<b>Adjusted Mortgage Debt<sup>(7b)</sup></b>	<b>Deficiency<sup>(8)</sup></b>	<b>Equity Value<sup>(9)</sup></b>
Apartments	Bluffs at Northwood Apartments	\$ 4,500,000	\$ 5,831,188	\$ 1,331,188	\$ -
Apartments	French Quarter Apartments	5,088,208	11,387,146	6,298,939	-
Apartments	Willow Trace Apartments	4,680,000	6,146,100	1,466,100	-
Commercial	Cascadia Canyon II	2,960,000	7,044,375	4,084,375	-
Commercial	Fairview Business Flex Park, LLC	4,491,000	7,922,000	3,431,000	-
Commercial	HR Industrial Properties (Fiber Fab)	1,822,500	2,185,600	363,100	-
Commercial	HR Salem Associates (Neilsen Building)	4,095,000	5,571,949	1,476,949	-
Commercial	Yakima Medical School Holdings, LLC	19,800,000	27,436,250	7,636,250	-
Commercial	Bechtel Warehouse	23,400,000	32,662,728	9,262,728	-
Commercial	Blue Mountain Assoc (9th & Rose)	2,250,000	4,479,930	2,229,930	-
Commercial	Cold Spring II (Stewart Property)	764,788	3,259,912	2,495,125	-
Land2 - Adjacent	Absaroka expansion land	675,000	75,000	-	600,000
<b>Total</b>		<b>\$ 74,526,495</b>	<b>\$ 114,002,179</b>	<b>\$ 40,075,684</b>	<b>\$ 600,000</b>

**Sunwest**  
**Liquidation Analysis**  
**NonSenior TrustCo-Low Scenario**

		<b>Liquidation Value<sup>(6b)</sup></b>	<b>Adjusted Mortgage Debt<sup>(7b)</sup></b>	<b>Deficiency<sup>(8)</sup></b>	<b>Equity Value<sup>(9)</sup></b>
Land1 - Senior	River Pines	\$ 358,400	\$ 362,868	\$ 4,468	\$ -
Land2 - Adjacent	Cordova Estates Cottages	254,800	155,194	-	99,606
Land1 - Senior	Presidio Pointe	1,120,000	75,000	-	1,045,000
Land1 - Senior	Avondale Senior Living	100,000	75,000	-	25,000
Land1 - Senior	Mountain Terrace	760,000	75,000	-	685,000
Land1 - Senior	Prairie Ridge	508,000	75,000	-	433,000
Land1 - Senior	Drakes Landing	1,000,000	75,000	-	925,000
Land1 - Senior	Braxton Senior Living	1,680,000	75,000	-	1,605,000
Land1 - Senior	Gresham Station	1,235,000	75,000	-	1,160,000
Land1 - Senior	Chaparell Heights	1,120,000	75,000	-	1,045,000
Land1 - Senior	White Cliffs	568,750	75,000	-	493,750
Land1 - Senior	Lacey Care, LLC	120,000	75,000	-	45,000
Land1 - Senior	Poulsbo Senior Living	400,000	75,000	-	325,000
Land1 - Senior	Cottonwood Lodge	1,950,000	75,000	-	1,875,000
Land1 - Senior	Gemstone	253,500	75,000	-	178,500
Land1 - Senior	Lavender Fields	1,040,000	75,000	-	965,000
Land1 - Senior	Oregon Gardens	224,000	75,000	-	149,000
Land1 - Senior	Boones Ferry Place	505,831	75,000	-	430,831
Land2 - Adjacent	Autumn Park Cottages	65,000	75,000	10,000	-
Land2 - Adjacent	Blossom Valley Cottages	195,000	75,000	-	120,000
Land2 - Adjacent	Chesterley Meadows Cottages	320,000	75,000	-	245,000
Land2 - Adjacent	Garden Estates Cottages	732,625	75,000	-	657,625
Land2 - Adjacent	Hawthorne Inn Cottages	227,500	75,000	-	152,500
Land2 - Adjacent	Meadowlark Cottages	113,750	75,000	-	38,750
Land2 - Adjacent	Regal Estates Cottages	460,000	75,000	-	385,000
Land2 - Adjacent	Rose Valley Cottages II	360,000	75,000	-	285,000
Land2 - Adjacent	Sunshine Village Cottages	569,537	75,000	-	494,537
Land2 - Adjacent	Sweetwater Springs Cottages	123,500	75,000	-	48,500
Land3 - Non Sr.	Lowlands	162,500	75,000	-	87,500
Land3 - Non Sr.	Riddle Rd	78,408	75,000	-	3,408
Senior - Const.	The Bluffs	520,000	75,000	-	445,000
Commercial	Smart Park PH 1, LLC	65,000,000	62,592,875	-	2,407,125
Land3 - Non Sr.	Cold Spring I (Tumulum Property)	624,000	1,002,690	378,690	-
Land3 - Non Sr.	College Park Associates I	763,750	1,888,911	1,125,161	-
Land3 - Non Sr.	Smart Park 3 (Framatome)	3,303,300	3,074,234	-	229,066
<b>Total</b>		<b>\$ 86,817,150</b>	<b>\$ 71,251,773</b>	<b>\$ 1,518,320</b>	<b>\$ 17,083,697</b>

**Sunwest**  
**Liquidation Analysis**  
**NonSenior DivestCo-Low Scenario**

		Liquidation Value <sup>(6b)</sup>	Adjusted Mortgage Debt <sup>(7b)</sup>	Deficiency <sup>(8)</sup>	Equity Value <sup>(9)</sup>
Apartments	Overlook Apartments	\$ 6,525,000	\$ 9,871,913	\$ 3,346,913	\$ -
Apartments	Post Pointe Apartments	11,402,174	15,820,625	4,418,451	-
Apartments	River's Edge Apartments	14,062,500	22,758,145	8,695,645	-
Commercial	Cascadia Canyon I	3,840,000	20,162,435	16,322,435	-
Commercial	HR Retail Properties (Albertson's)	1,215,000	2,879,340	1,664,340	-
Commercial	Sunwest Properties II (Home Office)	2,835,000	6,337,113	3,502,113	-
Commercial	Sunwest Properties (warehouse)	1,192,500	1,925,042	732,542	-
Residential	Pronghorn	3,510,000	10,141,875	6,631,875	-
Residential	1980 Wallace Rd House	270,000	204,063	-	65,938
Land1 - Senior	Monteith Village	1,462,500	3,688,750	2,226,250	-
Land1 - Senior	Crescent Beach	422,500	1,055,875	633,375	-
Land1 - Senior	Vista Pointe	1,000,000	3,379,000	2,379,000	-
Land1 - Senior	Cedar Ridge	2,000,000	1,830,250	-	169,750
Land1 - Senior	Meeker Terrace	2,112,500	299,737	-	1,812,763
Land1 - Senior	Orchard Heights	1,950,000	4,721,250	2,771,250	-
Land2 - Adjacent	Spring Lake Property, LLC	130,000	140,816	10,816	-
Land3 - Non Sr.	Clark 40 (Land)	1,937,000	3,017,625	1,080,625	-
Land3 - Non Sr.	Grahams Ferry (The Grove)	800,000	3,171,468	2,371,468	-
Land3 - Non Sr.	Greenleaf Farms I, LLC	487,500	797,750	310,250	-
Land3 - Non Sr.	HR Stayton Retail	1,046,500	1,071,363	24,863	-
Senior - Const.	Wheatfields (18)	2,046,841	8,528,453	6,481,612	-
Senior - Const.	Copper Springs (18)	618,929	2,631,175	2,012,246	-
Senior - Const.	Milton Senior Living (18)	3,766,597	15,631,045	11,864,448	-
Land1 - Senior	Sierra Village at Riverwalk	-	75,000	75,000	-
Land2 - Adjacent	Addie Meedom Cottages	-	75,000	75,000	-
Land3 - Non Sr.	Smart Park 4 (30 acres)	1,332,936	3,829,170	2,496,234	-
<b>Total</b>		<b>\$ 65,965,976</b>	<b>\$ 144,044,276</b>	<b>\$ 80,126,751</b>	<b>\$ 2,048,450</b>