

Life Services Network CCRC Presentation

National Investment Center

THAT CLOUD LOOKS LIKE
OUR DEPLETED 401K
ACCOUNT.



THAT CLOUD LOOKS LIKE
OUR UNDERFUNDED
PENSION PLAN.



THAT *LITTLE* CLOUD
LOOKS LIKE OUR
SAVINGS ACCOUNT.



THAT *BIG* CLOUD LOOKS
LIKE THE LOOMING
SOCIAL SECURITY CRISIS.



LOOK! HERE COMES
OUR RETIREMENT!

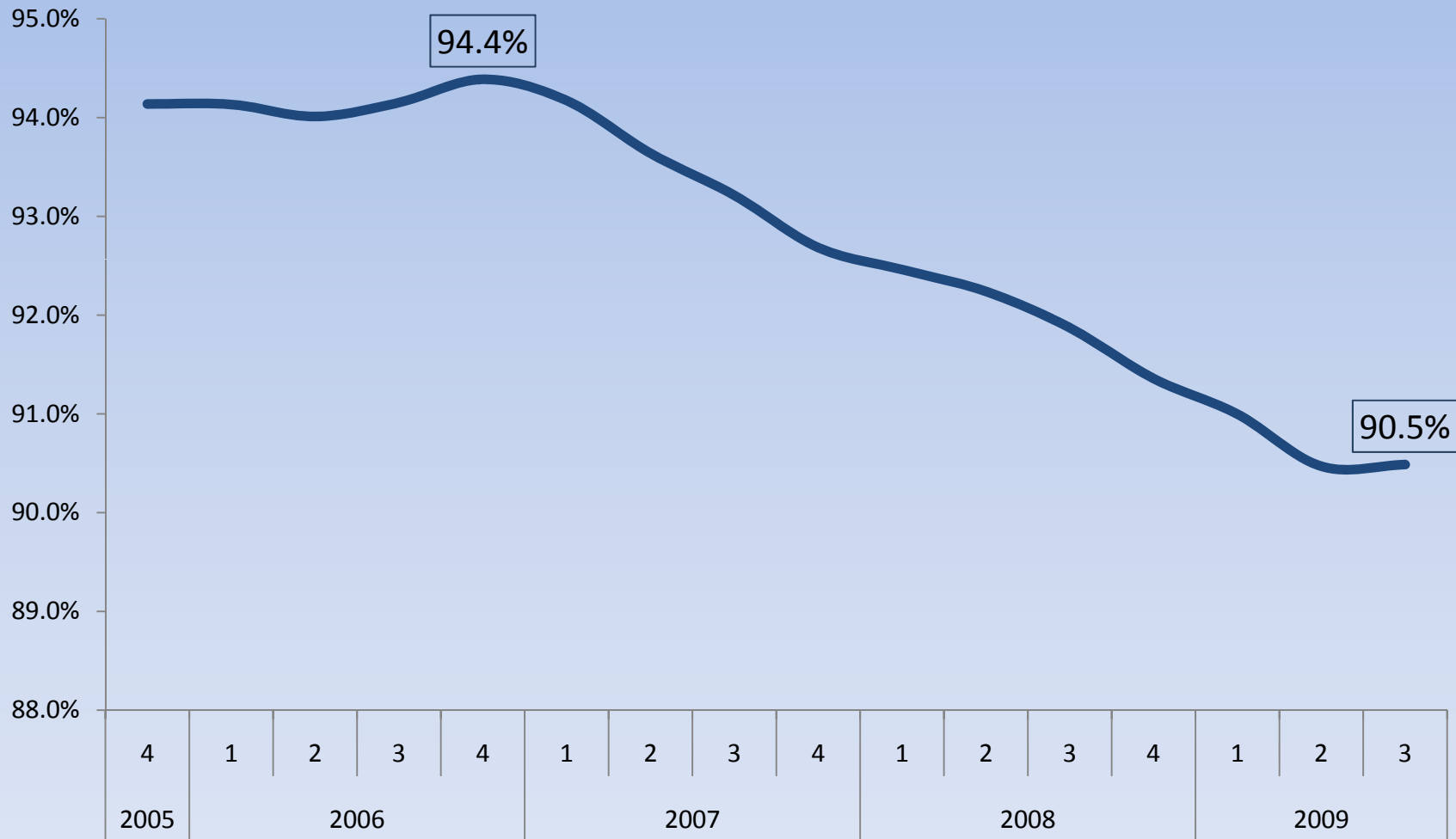


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Agenda

1. CCRCs Are Largely Holding Up Well
2. What Has, And what Is Happening In Chicago?
3. How Are The Fundamentals Shaping Up For 2010 and Beyond?

CCRC Occupancy Rates Have Declined

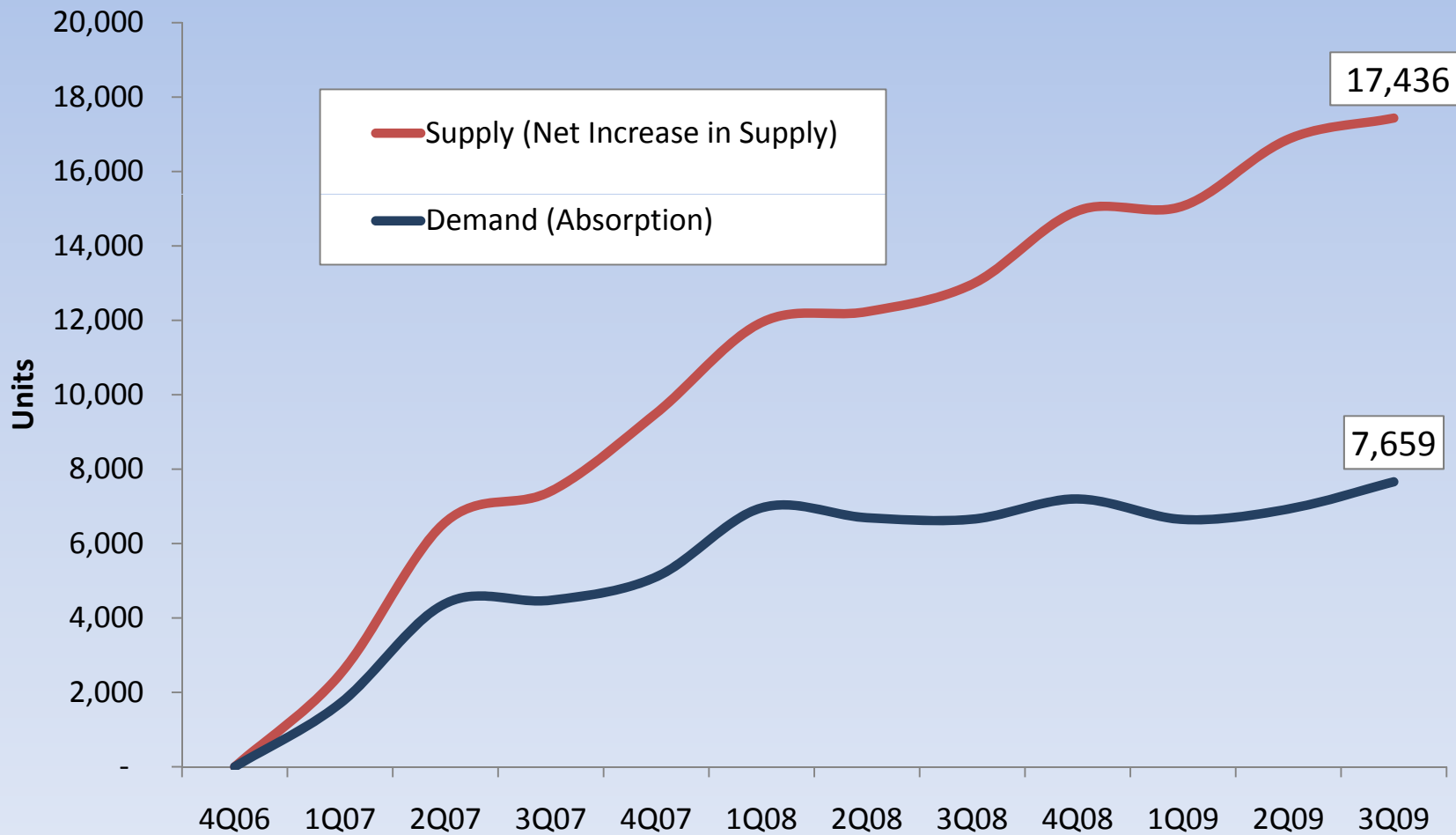


But in Line with Other Forms of SHC

	Peak Occupancy	Quarter	Trough Occupancy	Quarter	Peak to Trough Change (pts)
Rental IL	92.9%	2Q06	88.2%	2Q09	-470
Rental AL	91.5%	1Q07	88.6%	1Q09	-290
Entrance Fee CCRC	94.9%	1Q07	90.6%	2Q09	-430
Rental CCRC	93.6%	4Q06	90.1%	3Q09	-350

Demand is Still Rising

CCRC Supply and Demand Since 4Q06



As Are Entrance Fees

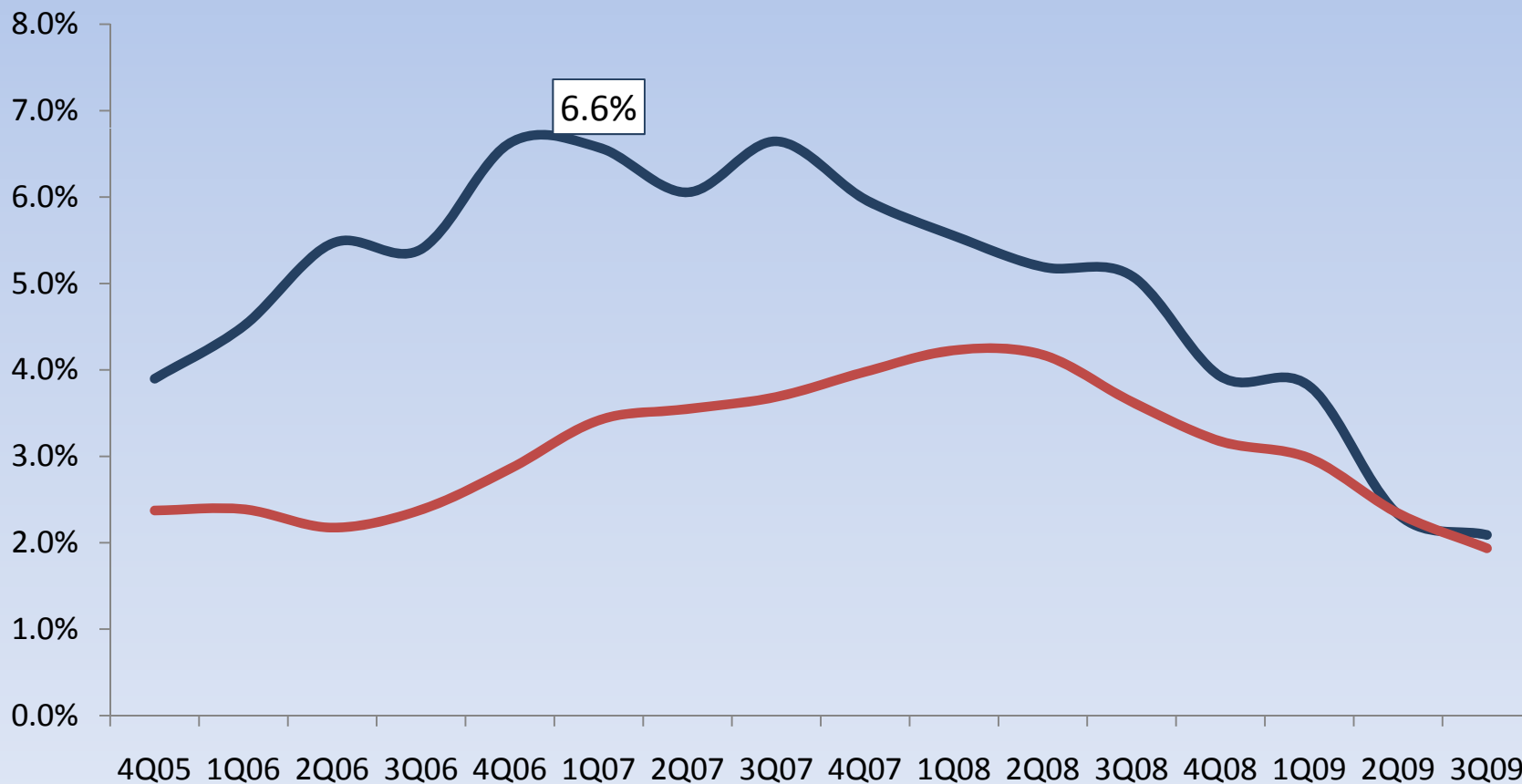
Average CCRC Entrance Fee



Were EF CCRCs Overbuilding?

Construction Versus Inventory

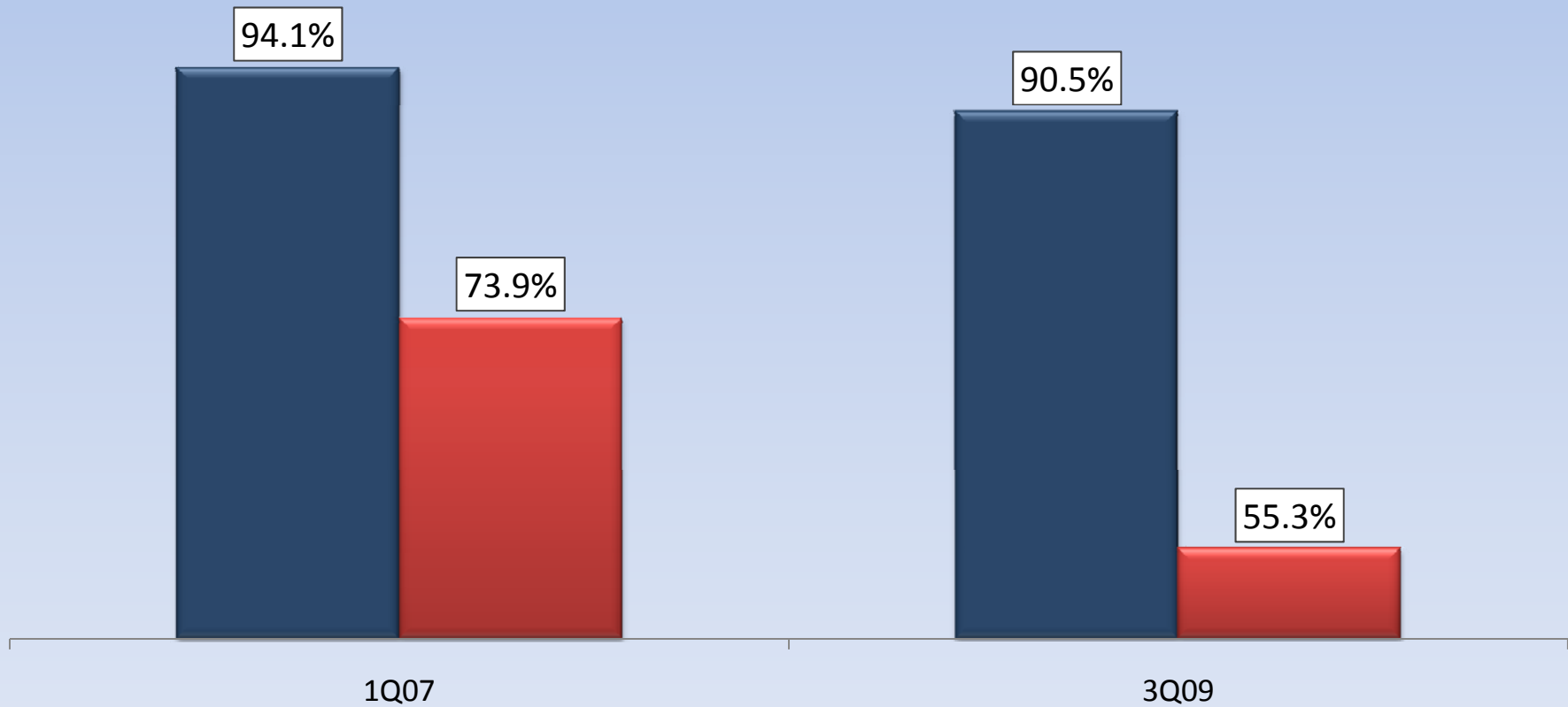
— Entrance Fee CCRC — Majority Rental IL



There is Trouble Out There

Seniors Housing Occupancy by Age of Property

■ All Others ■ Properties Less than 2 Years Old



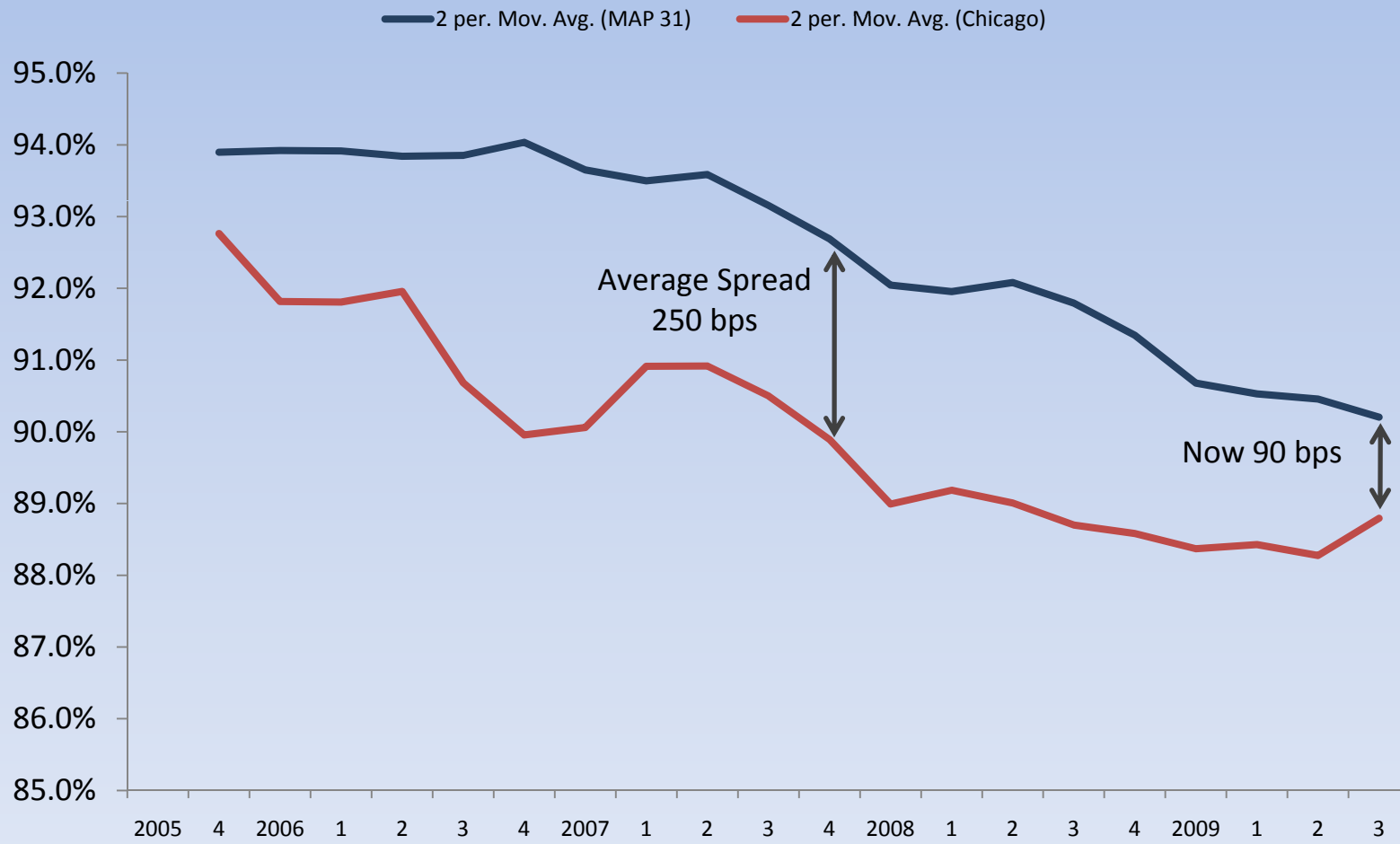
Where Was the Construction?

CCRC Units Under Construction – 1Q07

Metro	CCRC Units Under Construction
Chicago, IL	1,814
Philadelphia, PA	956
Denver, CO	821
Seattle, WA	751
San Diego, CA	594
Dallas, TX	527
Kansas City, MO	469
Phoenix, AZ	460
Pittsburgh, PA	449
Total – 31 MSAs	8,446

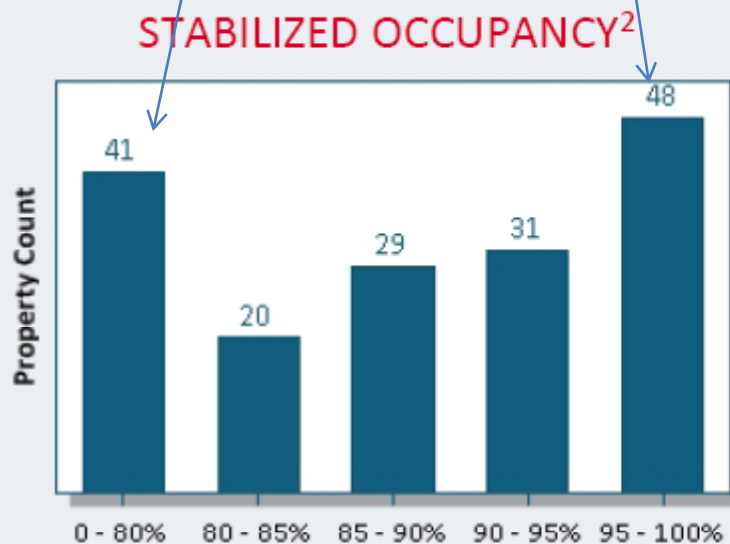
How Is Chicago Performing?

Chicago vs. MAP 31- CCRC Occupancy Trends

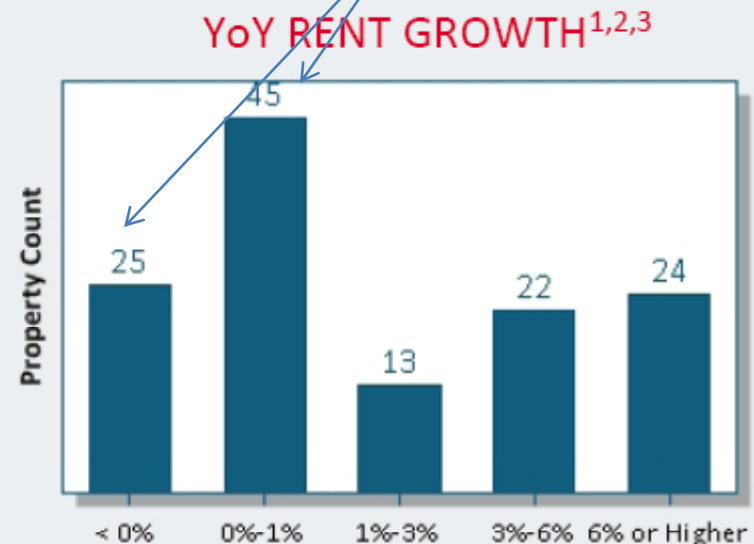


Chicago Area Seniors Housing Stats 3Q09

There are a significant number of top and bottom performers



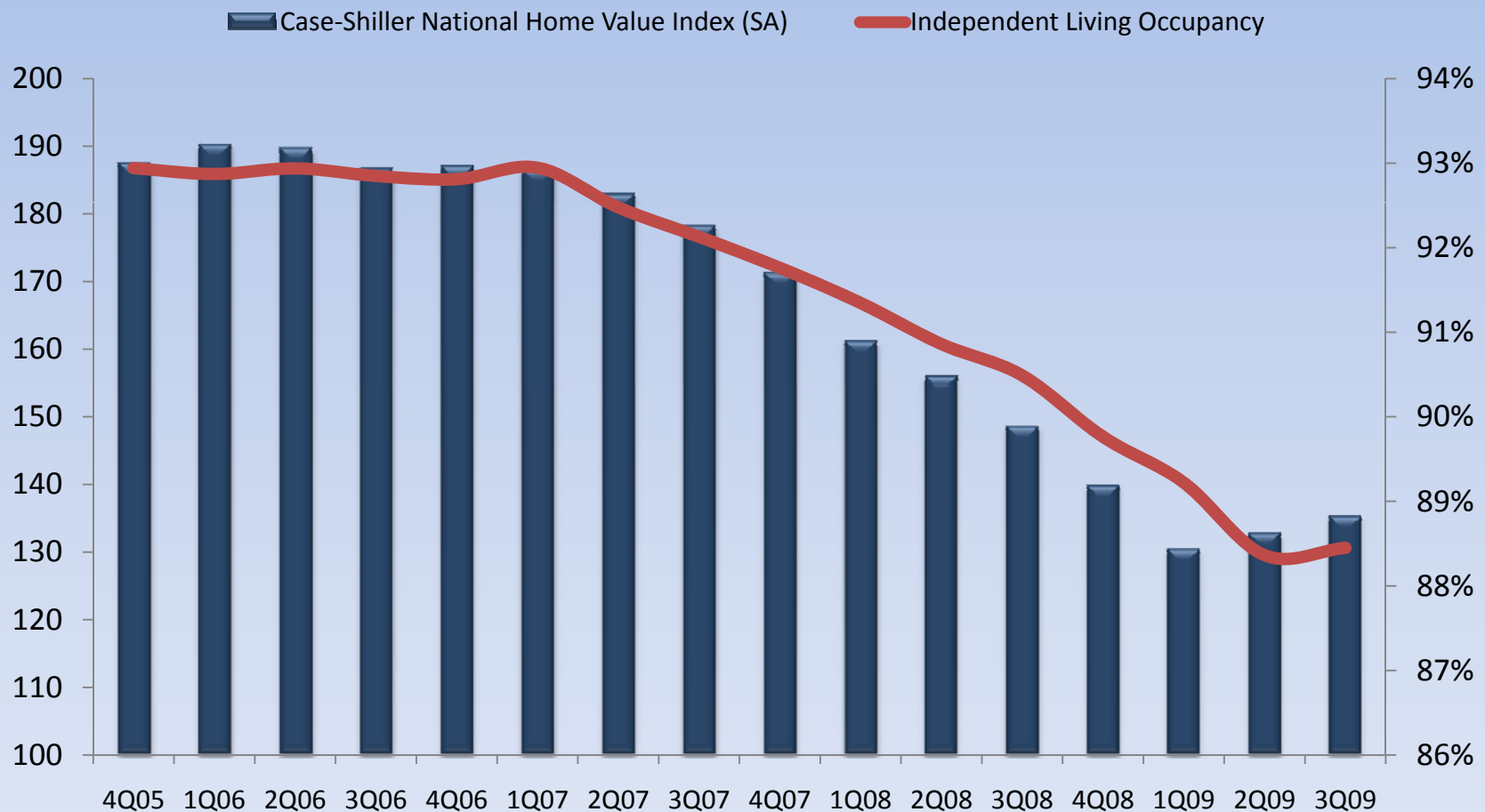
Most operators report they are choosing not to raise rents.



1. For properties with data four quarters previously.
2. Includes all Seniors Housing Properties, IL and AL.
3. Growth distributions IL and AL properties in aggregate.

Will Occupancy Turn Up in 2010?

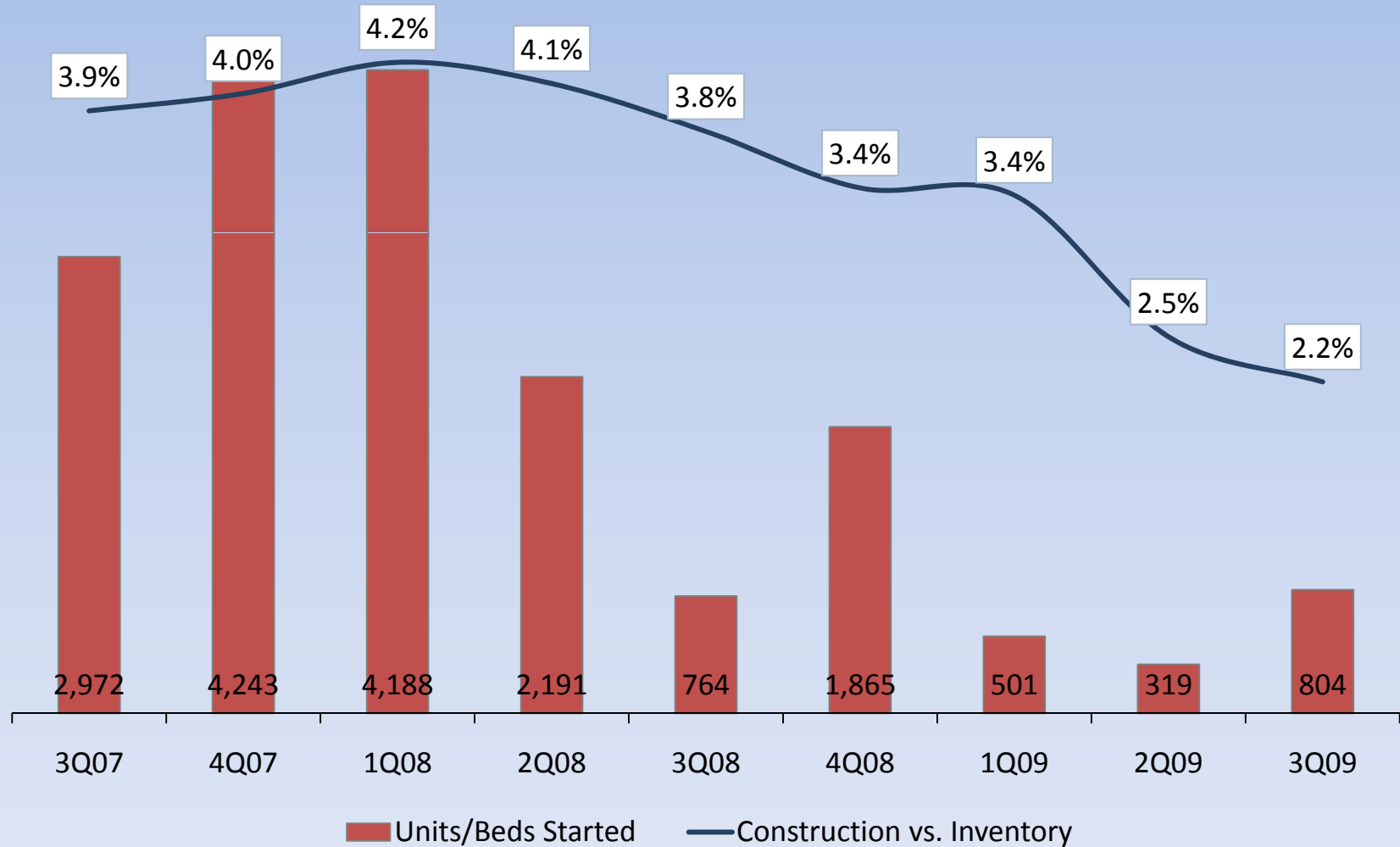
IL Occupancy and Home Prices



Source: NIC MAP® Data & Analysis Service; S&P/Case-Shiller Home Price Indices

How About 2011 and Beyond?

Seniors Housing Construction



GAO Study

- Requested in February, 2009 by Herb Kohl, Chairman of the Senate Special Committee on Aging
- Focus on contracts and transparency

GAO Study - Objectives

- Identifying the different ways CCRCs are structured and operate.
- Determining the current nature and adequacy of regulation to ensure the financial solvency of CCRCs.
- Identifying best practices for minimizing the financial risk CCRCs may pose for residents (including best practices for ensuring the financial viability of CCRCs).