

# Chestnut Hill

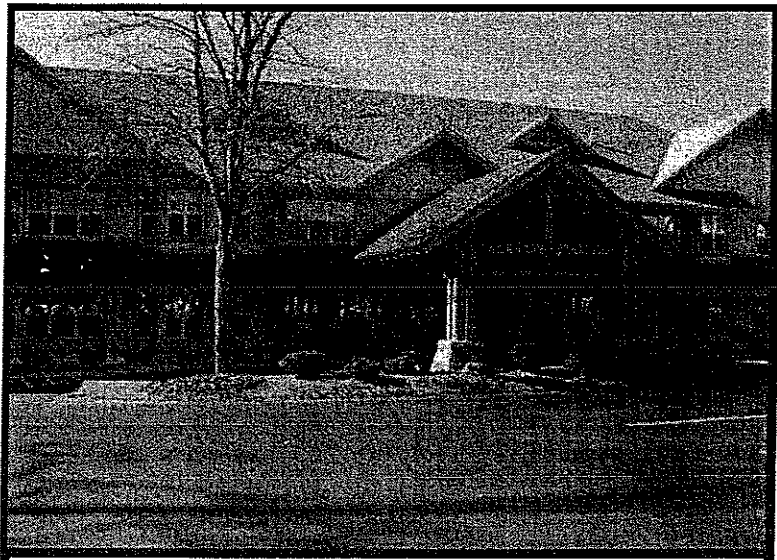
## Highlands, North Carolina

**CANYON CREEK  
DEVELOPMENT, INC.**  
3723 Fairview Industrial Dr, SE Suite 270  
P.O. Box 3006,  
Salem, Oregon 97302-0006  
503.375.9016

### Executive Summary November 2006

#### *The Property*

Canyon Creek Development, Inc. is in the process of acquiring Chestnut Hill, an existing independent and assisted senior living community, for \$14,700,000. Chestnut Hill is located on approximately 40 acres in Highlands, NC, in the heart of the Blue Ridge Mountains. Highlands is accessible from the Anderson, SC airport which is 53 miles away and is adjacent to Highlands Cashiers Hospital which operates an 80 bed skilled nursing and 24 bed acute care facility.



20 Chestnut Hill Drive, Highlands, NC 28741

Chestnut Hill consists of 36 "Cottages", 20 senior apartments ("The Lodge") and a brand new 26 unit assisted living facility ("The Suites"). The campus was started in 1992 with the construction of the Cottages which range in size from 700-1,960 square feet. The suites range in size from 388-630 square feet. We have an option to purchase the 39.3 acre parcel for \$2,000,000; we are under agreement to purchase the Cottages, Lodge and Suites from the current owner for \$12,700,000.

#### *Key Initiatives*

Upon purchase of the Chestnut Hill facility, we plan to will enter into a long-term management contract with our affiliate, Sunwest Management, Inc, which manages 212 facilities in 27 states. Currently, the average blended occupancy rate for Chestnut Hill is 56%. Sunwest Management plans to maintain current rental rates and through aggressive marketing efforts, attain a 95% occupancy rate. The buy-in cottages will be listed with a local real estate broker with expertise in the senior living business.

#### *Financing Strategy*

We plan to use tenant in common (TIC) ownership interest to finance the \$4,615,475 in equity for the acquisition stage of both the land and the buildings. We will seek a total loan in the amount of \$14,350,000.



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### INVESTOR TRANSACTION SUMMARY

**ANTICIPATED CLOSING DATE:** November 30, 2006

**MINIMUM CASH INVESTMENT:** \$100,000

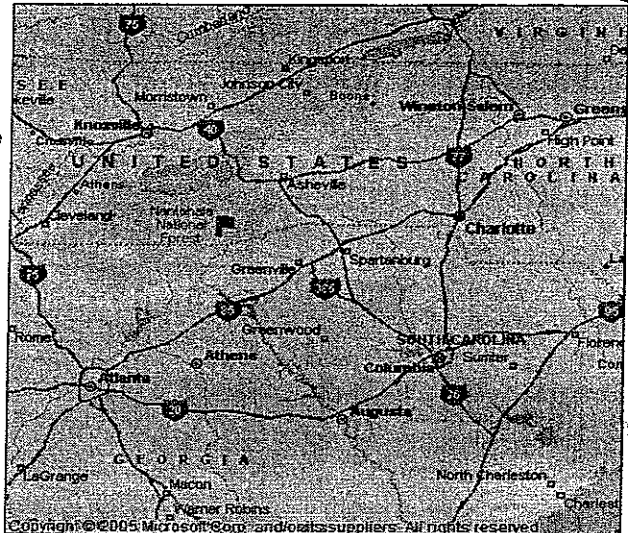
**PROPERTY DESCRIPTION:** Chestnut Hill is located on 40 acres in the blue ridge mountains and consists of 36 cottages, 20 senior apartments and 26 assisted living units

**PROPERTY ADDRESS:** 20 Chestnut Hill Drive, Highlands, North Carolina 28741

**TOTAL ACQUISITION AND DEVELOPMENT COST:** \$18,965,475

**EQUITY REQUIRED:** \$4,615,475 (acquisition of both the land and buildings)

**APPROXIMATE LOAN AMOUNT:** \$14,350,000 (Personally guaranteed by the Principals); \$4,615,475 available for assumption. Each investor must assume a minimum amount of debt in an amount no less than 10% of the investor's cash investment.



**COLLATERAL REQUIRED:** All TIC equity to be subordinated to a bank loan.

**OPERATING LLC:** The Operator will be Highlands Senior Living Property, LLC, a single purpose Oregon Limited Liability Company formed by and affiliated with Jon M. Harder and Darryl E. Fisher (the "Principals"). The sole purpose of the Operator will be to operate the Property. The Operator will be owned in the majority by the Principals who also own a majority of Sunwest Management, Inc., the proposed manager of the Property.

**APPRAISAL:** No appraisal is available at this time.

**INVESTOR DEAL STRUCTURE:** All equity investors will be Tenants In Common. The TIC investor will enter into a triple net leaseback contract that will generate a return targeted at 10% for investors investing cash and debt at a 1:1 ratio. The return for an investor investing cash only and assuming the minimum amount of debt is targeted at 9.89%. The return may be more or less depending upon the change in the variable interest rate on the loan. The Operator will be granted an option to buy the investor's interest anytime after 18 months at fair market value, determined as either the purchase price paid by the investor plus an offer of 2% per year for appreciation or as determined by appraisal. A detailed description of this TIC interest is set forth in the offering memorandum.

#### DISCLAIMER

The information contained herein has either been given to Canyon Creek Development by the current owner/representative and/or agent of the property or obtained from sources that we deem reliable. We have no reason to doubt its accuracy, but we do not guarantee it. The value of this investment is dependent upon the estimates and assumptions made above, as well as the investment income, the tax bracket, and other factors which a tax advisor and/or legal counsel should evaluate. The prospective buyer should carefully verify each item of income, expense, and all other information contained herein.

The property is subject to change in terms of price, prior sale and/or mortgage, or withdrawal at any time, for any reason whatsoever without notice.

No representations or warranties, expressed or implied, relating to any matter contained in this submission or the condition of premises or parts thereof, are made to any purchaser who is deemed not to rely on any representations, but is relying solely on their own investigation.

This material does not constitute an offer or a solicitation to purchase securities and must be accompanied or preceded by the corresponding Offering Memorandum (OM) and any amendments thereto. All prospective accredited investors must read the OM, which contains more complete information on the risks and terms of the offering, including the terms of the lease which will generate the projected cash flow and the source and use of funds including acquisition and/or development costs.