

Press Release Regarding Corbinton
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Drucker & Falk, LLC (D&F) and its Senior Living Dept. announce the development of a new Continuing Care Retirement Community (CCRC) in Hillsborough, N.C., named Corbinton, affiliated with Duke University Health System. D&F's Senior Living group is the lead developer on behalf of a not-for-profit 501 c-3 owner.

Corbinton is located on approximately 14 acres of land, and part of a larger 40 acre site located adjacent to the Historic District in the Town of Hillsborough. The balance of the site will be designed for a single family active adult community consisting of 47 homes, which will be developed separately from the CCRC. The site is located along Old Hwy. 70 about a mile east of the intersection of Hwy. 70 and Hwy. 86 in Hillsborough. The CCRC has been under development by D&F for about nine months, culminating in the approval by The Town of Hillsborough in early May.

Last summer D&F began working with the owner of the site, an investment group headed by Ellis Coleman of EYC Companies based in Raleigh, NC. A due diligence process was pursued in order to establish the feasibility of the community, evaluate the quality of the site, and in general to validate the prospects of a successful CCRC development. Consumer research was conducted in October of 2007. The totality of the due diligence activity affirmed a need for the community. A site plan has been developed by Freeman White Architects of Charlotte, N.C.

Corbinton is planned to consist of a total of 227 independent living residences, with 18 duplexes, 22 cottages and 187 apartments. The healthcare component will be comprised of a total of 53 units, with 20 units of assisted living, 21 skilled nursing units and 12 memory care units. The CCRC will be built in a single phase.

The Duke Affiliation:

The relationship with Duke University Health System is the third of this type created by Drucker & Falk's Senior Living Department. The original model for the relationship was established at Galloway Ridge in Fearington Village which opened in 2005. The second CCRC is The Cardinal at North Hills which is currently under development, expecting to begin construction in early 2009. D&F's senior living dept. initiated both of these projects.

According to Bob Lippard, D&F's Director of Senior Living; "the Duke University Health System relationship is a 'good housekeeping seal of approval' for our community and is in fact the only such comprehensive Duke involvement in any senior living community other than the D&F related facilities in the market. Our prospective residents realize that Duke doesn't engage in this in-depth relationship with just any community or developer and that Duke services provided on the campus are an immeasurable value added proposition that increases the quality of life for residents of the community."

Duke University Health System plans to design and operate a 10,000 sq/ft Duke Center for Living on the campus of Corbinton. Another major component of Duke programming includes an on-site primary care clinic that will provide in depth medical support to its residents

Other Duke University Health System services will include a full time medical director, both for independent living residents as well as the healthcare residents, home health and hospice services, and the possibility of rehabilitation and pharmacy services and sub-specialty medical services. Duke's learning in retirement programming is also planned to be available on site as well as health seminars. Finally, a health concierge function is anticipated such that any resident needing physician appointments, scheduling of procedures, right on up to billing questions will have those provided on a facilitated basis when done within the Duke System.

Corbinton Facts:

The range of housing options at Corbinton will extend from an apartment of about 900 sq/ft on up to a free standing cottage component of 2,100 sq/ft. Duplexes will range from 1,600 to 1,875 sq/ft. The average size independent living unit (ILU) will be around 1,325 sq/ft. In addition the main building housing the apartment units will include about 45,000 sq/ft of "commons spaces" including dining venues, theatre, technology center, bar, billiards, banking center and a host other functions, in addition to the Duke Center for Living. Parking is provided in both surface and underground parking areas.

Total Square Footage of the Community: about 475,000 feet of heated space.

Pricing for Corbinton will be based on a 90% refundable entrance fee which is anticipated to range from \$272,000 for the smallest apartment (in 2008 dollars) up to \$603,000 for the cottages. The average entrance fee cost is projected at around \$410,000. At the time a resident leaves the community or passes on, 90% of the entrance fee is refunded to the resident or his/her estate.

Monthly service fees (in 2008 dollars) are estimated to range from \$1,800/month up to \$3,700 for the cottage units. Monthly service fees cover the cost "in Toto" of services provided to the resident – meals, utilities, transportation, repair & maintenance, activities,

security, access to Duke's CFL and a myriad of other services. The community's pricing is projected to be competitive with other existing CCRC's in the market.

The not for profit owner is an organization named Pacific Retirement Services (PRS) based in Medford, Oregon. Mr. Lippard made the acquaintance of the President of PRS's newly formed east coast operations, Mr. Martin Satava, based in Memphis, Tn. thru their work together on the development team at Galloway Ridge in the late 1990'ies. PRS will be assisting Mr. Lippard and D&F in the development process, and PRS will be managing the community when it opens.

The construction cost of the project is anticipated to be about \$70 million with "hard" and "soft" costs in excess of \$90 million, by the time of construction start up. Construction start up is projected to take place in late 2010, and be completed within 18 months or late spring of 2012.

The Sales & Marketing offices for the community will open in late June, and be located in the Town of Hillsborough initially. Sales & Marketing will be conducted by Retirement Dynamics, based in Charlotte NC. It is anticipated that the Priority Deposit program will be initiated at that time. The Application to the NC Dept. Of Insurance was made in early May to begin the marketing of Corbinton and was approved this past week. The approval allows for the start up of the initial phase of the sales process – taking \$1,000 fully refundable deposits. A Sales Office and model unit is planned to be located on the site of the CCRC by late fall of this year.

The same development team (D&F, PRS, Freeman White and Retirement Dynamics) is working together on a new CCRC being developed by D&F on behalf of a D&F syndicate of investors, to be located in the SouthPark area of Charlotte, NC. Newspaper coverage of that project in the market began in early May of this year.