THIS DISCLOSURE STATEMENT HAS NOT YET BEEN APPROVED FOR CIRCULATION BY THE BANKRUPTCY COURT. THE BANKRUPTCY COURT WILL SCHEDULE A HEARING AT WHICH TIME IT WILL DETERMINE WHETHER THIS PLEADING CONTAINS ADEQUATE INFORMATION AS THAT PHRASE IS UTILIZED IN 11 U.S.C. § 1125.

UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF FLORIDA
JACKSONVILLE DIVISION

In re)

LIFE CARE ST. JOHNS, INC.,) Case No.: 3:13-bk-4158-JAF
a Florida not-for-profit corporation,
doing business as GLENMOOR,) Chapter 11

Debtor.)

______________________________)

DISCLOSURE STATEMENT

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Dated: November 27, 2013

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DISCLAIMER

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS INCLUDED HEREIN FOR PURPOSES OF SOLICITING ACCEPTANCES OF CHAPTER 11 PLAN DATED NOVEMBER 26, 2013, SUBMITTED BY LIFE CARE ST. JOHNS, INC., DOING BUSINESS AS GLENMOOR ("GLENMOOR" OR "DEBTOR") (AS MAY BE AMENDED IN ACCORDANCE WITH THE TERMS THEREOF AND APPLICABLE LAW, THE "PLAN"). THE INFORMATION CONTAINED HEREIN MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN. NO PERSON MAY GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS, OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT, REGARDING THE PLAN OR THE SOLICITATION OF ACCEPTANCES OF THE PLAN.

ALL CREDITORS AND PARTIES IN INTEREST ARE ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN, THE EXHIBITS ANNEXED TO THE PLAN AND THE PLAN SUPPLEMENT. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE HEREOF AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN SHALL BE CORRECT AT ANY TIME AFTER THE DATE HEREOF.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH § 1125 OF THE UNITED STATES BANKRUPTCY CODE AND RULE 3016 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER NON-BANKRUPTCY LAW.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS. THIS DISCLOSURE STATEMENT SHALL NOT BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING NOR SHALL IT BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX OR OTHER LEGAL EFFECTS OF THE PLAN AS TO HOLDERS OF CLAIMS AGAINST OR EQUITY INTERESTS IN THE DEBTOR.

THIS DISCLOSURE STATEMENT MAY CONTAIN FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF SECTION 27A AND SECTION 21E OF THE SECURITIES ACT, AS AMENDED. SUCH STATEMENTS MAY CONTAIN WORDS SUCH AS "MAY," "WILL," "MIGHT," "EXPECT," "BELIEVE," "ANTICIPATE," "COULD," "WOULD," "ESTIMATE," "CONTINUE," "PURSUE,"

OR THE NEGATIVE THEREOF OR COMPARABLE TERMINOLOGY, AND MAY INCLUDE, WITHOUT LIMITATION, INFORMATION REGARDING EXPECTATIONS FOR FUTURE EVENTS. FORWARD-LOOKING STATEMENTS ARE INHERENTLY UNCERTAIN AND ACTUAL RESULTS MAY DIFFER FROM THOSE EXPRESSED OR IMPLIED IN THIS DISCLOSURE STATEMENT AND THE FORWARD-LOOKING STATEMENTS CONTAINED HEREIN. IN PREPARING THIS DISCLOSURE STATEMENT, THE DEBTOR RELIED ON FINANCIAL DATA THAT WAS AVAILABLE TO IT AT THE TIME OF SUCH PREPARATION, AND ON VARIOUS ASSUMPTIONS. WHILE THE DEBTOR BELIEVES THAT SUCH FINANCIAL INFORMATION FAIRLY REFLECTS THE FINANCIAL CONDITION OF THE DEBTOR AS OF THE DATE HEREOF AND THAT THE DEBTOR'S ASSUMPTIONS REGARDING FUTURE EVENTS REFLECT REASONABLE BUSINESS JUDGMENTS, NO REPRESENTATIONS OR WARRANTIES ARE MADE AS TO THE ACCURACY OF THE FINANCIAL INFORMATION CONTAINED HEREIN OR DEBTOR'S ASSUMPTIONS REGARDING DISTRIBUTIONS UNDER THE PLAN. THE DEBTOR EXPRESSLY CAUTIONS READERS NOT TO PLACE UNDUE RELIANCE ON ANY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS AS OF THE FILING DATE OF THIS DISCLOSURE STATEMENT AND THE DEBTOR IS UNDER NO OBLIGATION, AND EXPRESSLY DISCLAIMS ANY OBLIGATION, TO PUBLICLY UPDATE ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS, OR OTHERWISE.

INTRODUCTION

On July 3, 2013 (the "Petition Date"),[1] Life Care St. Johns, Inc., a Florida not-for-profit corporation, doing business as Glenmoor ("Glenmoor" or the "Debtor") filed a voluntary petition for reorganization under Chapter 11 of the Bankruptcy Code. The Debtor continues in possession of its properties and is managing its business as debtor in possession, pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code.

This disclosure statement (as may be amended, the "Disclosure Statement") is being disseminated to creditors and parties in interest pursuant to § 1125 of the Bankruptcy Code in connection with the solicitation of votes on the Plan, a copy which is attached hereto as **Exhibit 1**. This Disclosure Statement sets forth certain information regarding the Debtor's prepetition operating and financial history, its reasons for seeking protection under Chapter 11, and the significant events that have occurred during the Chapter 11 case. This Disclosure Statement also describes certain terms and provisions of the Plan, certain effects of confirmation of the Plan, certain risk factors associated with the Plan, and the manner in which distributions will be made under the Plan. In addition,

[1] All capitalized terms in this Disclosure Statement not otherwise defined herein have the meanings given to them in the Plan or the Bankruptcy Code.

this Disclosure Statement discusses the confirmation process and the voting procedures that Holders of Claims entitled to vote on the Plan must follow for their votes to be counted.

The Debtor has prepared this Disclosure Statement pursuant to § 1125 of the Bankruptcy Code and Bankruptcy Rule 3016(c). The Disclosure Statement is being disseminated to Holders of Claims and Interests against the Debtor to assist in evaluating the feasibility of the Plan, the manner in which their Claims and Interests will be treated, and in determining that the Plan satisfies the requirements for Confirmation pursuant to § 1129 of the Bankruptcy Code.

The Disclosure Statement is subject to the Court's determination that is contains adequate information to allow a hypothetical reasonable investor to make an informed judgment, given their relevant Class, as to whether to accept the Plan.

THE COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE A DETERMINATION OF THE MERITS OF THE PLAN. ALL CREDITORS ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT, ITS EXHIBITS, AND THE PLAN IN THEIR ENTIRETY BEFORE DECIDING TO VOTE TO ACCEPT OR REJECT THE PLAN.

The confirmation of a plan of reorganization, which is the vehicle for satisfying the rights of Holders of Claims against and interests in a debtor, is the overriding purpose of a Chapter 11 case.

FREQUENTLY ASKED QUESTIONS

The information presented in the answers to the questions set forth below is qualified in its entirety by reference to the full text of this Disclosure Statement and the Plan.

What is this document and why am I receiving it?

On July 3, 2013, the Debtor filed a voluntary petition for reorganization under Chapter 11 of the Bankruptcy Code. To complete the reorganization, the Debtor has developed the Plan, which sets forth in detail the proposed treatment of the Claims of the Debtor's creditors, including those persons holding refund Claims under Residence and Care Contracts entered into with Glenmoor. This Disclosure Statement is being delivered to you because you either are or may be the holder of, or have otherwise asserted, either a Claim or Claims against the Debtor. This Disclosure Statement is intended to provide you with information sufficient to make an informed decision as to whether to vote to accept or reject the Plan.

I am a current resident of Glenmoor, and am not presently owed a refund. Am I eligible to vote to accept or reject the Plan?

No. The Plan provides for the assumption of your Residence and Care Contract and the cure of any defaults thereunder. Under the Plan, your rights remain the same as they were prior to the Debtor's bankruptcy case, and are otherwise unaltered. Accordingly, you are considered to be an unimpaired creditor, and ineligible to vote either for or against the Plan. This does not mean, however, that you are precluded from challenging the assumption of your Residence and Care Contract or confirmation of the Plan itself.

I am a former resident of Glenmoor or I am a beneficiary of such former resident, and I am owed a refund under a Residence and Care Contract that accrued before the Debtor's bankruptcy case. Am I eligible to vote to accept or reject the Plan?

Yes. Former residents, their estates or successors in interest, who are owed a refund under a Residence and Care Contract are impaired and eligible to vote on the Plan. Your claims are classified under Class 2. The proposed treatment of your Claim is described on pages 36-38 of this Disclosure Statement and Article III of the Plan.

If I am eligible to vote, why should I vote to accept the Plan?

The Debtor is of the belief that this Plan provides the best means for achieving the maximum distribution on account of your prepetition Claim. The Plan, as presently drafted, is the product of months of difficult negotiations, and is believed to have the support of the major constituencies who have had the financial resources to investigate and pursue alternative courses for achieving a distribution on account of the prepetition Claims. As you will see, Holders of Claims in each Class will receive a better return under the Plan than they would in a potential liquidation (a general description of which is provided below).

How do I vote to accept or reject the Plan?

If you are entitled to vote on the Plan because you are the holder of a Claim in Class 1, Class 2, Class 3 or Class 4 that is allowed or has been temporarily allowed for voting purposes, as the case may be, you must complete, sign and return the ballot or ballots (each a "Ballot") you receive in accordance with the ballot instructions being delivered to you simultaneously herewith. A summary of the procedures is set forth on page 56 of this Disclosure Statement.

What if I'm entitled to vote to accept or reject the Plan and don't?

In general, within any particular class of Claims, only those Holders of Claims who actually vote to accept or to reject the Plan will determine whether the Plan is accepted by the requisite Holders of Claims in such Class. A Class of creditors is deemed to have accepted the Plan if the Holders representing at least two-thirds in dollar amount and more than fifty percent of those voting vote to accept the Plan.

What happens if the Plan is not accepted by each Class entitled to vote on the Plan?

If no Class of Claims vote to reject the Plan, the Plan will not be confirmed or consummated in its present form. Conversely, as long as the requisite Holders of Claims in at least one Class vote to accept the Plan, the Debtor may seek confirmation pursuant to the "cramdown" provisions of the Bankruptcy Code (which will require a determination by the Bankruptcy Court pursuant to § 1129 of the Bankruptcy Code that that the Plan is "fair and equitable" and "does not discriminate unfairly" as to each impaired Class that does not accept the Plan or is deemed to have rejected it). The Debtor believes that the Plan satisfies the "cramdown" provisions of the Bankruptcy Code and, in any case, has reserved the right to modify the Plan to achieve confirmation.

When will the Plan be confirmed?

After the Bankruptcy Court has approved the form and adequacy of information in this Disclosure Statement, the Bankruptcy Court will schedule and conduct a hearing concerning confirmation of the Plan. The Plan confirmation hearing may be continued or adjourned, however, and even if it is held, there is no guaranty that the Bankruptcy Court will find that the requirements of the Bankruptcy Code with respect to confirmation have been met. In addition, there are additional conditions set forth in the Plan that must be satisfied or waived in accordance with the Plan before the Plan will become effective.

OVERVIEW OF THE PLAN

Rules of Interpretation and Construction

For purposes of this Disclosure Statement, unless otherwise provided herein: (i) whenever from the context it is appropriate, each term, whether stated in the singular or the plural, will include both the singular and the plural; (ii) unless otherwise provided in the Disclosure Statement, any reference in the Disclosure Statement to a contract, instrument, release or other agreement or document being in a particular form or on particular terms and conditions means that such document will be substantially in such form or substantially on such terms and conditions; (iii) any reference in the Disclosure Statement to an existing document or Exhibit filed or to be filed means such document or Exhibit, as it may have been or may be amended, modified or supplemented pursuant to the Plan or Confirmation Order; (iv) any reference to an entity as a holder of a Claim or Interest includes that entity's successors and assigns; (v) all references in the Disclosure Statement to Sections, Articles and Exhibits are references to Sections, Articles and Exhibits of or to the Disclosure Statement; (vi) the words "herein," "hereunder" and "hereto" refer to the Disclosure Statement in its entirety rather than to a particular portion of the Disclosure Statement; (vii) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Disclosure Statement; (viii) all capitalized terms used but not otherwise defined shall have the meanings set forth in the Plan and any term that is not otherwise defined herein but that is used in the Bankruptcy Code or Bankruptcy Rules will have the meaning given to the term in the Bankruptcy Code or Bankruptcy Rules as

applicable; and (ix) the rules of construction set forth in § 102 of the Bankruptcy Code will apply.

Computation of Time

In computing any period of time prescribed or allowed by the Disclosure Statement, the provisions of Bankruptcy Rule 9006(a) will apply.

Summary of Treatment of Claims and Interests Under the Plan

The Plan designates 5 Classes and Interests. These Classes take into account the differing nature and priority of the various Claims and Interests under the Bankruptcy Code. Estimated Claim amounts for each Class set forth below are based upon the Debtor's review of its books and records and of certain Proofs of Claim, and include estimates of a number of Claims that are contingent, disputed or unliquidated. For certain Classes of Claims, the actual amounts of Allowed Claims could materially exceed or could be materially less than the estimated amounts shown below as the Debtor has not yet reviewed and fully analyzed all Proofs of Claim filed in the Chapter 11 case.

The table below summarizes the classification and treatment of the prepetition Claims against and Interests in the Debtor under the Plan.

Type of Claim or Interests	**Treatment**
Unclassified - Administrative Claims Estimated Aggregate Claims Amount: $900,037.18	An Administrative Claim means Claims that have been timely filed before the Administrative Claim Bar Date (except as otherwise provided by a separate order of the Bankruptcy Court), for costs and expenses of administration under §§ 503(b), 507(b) or 1114(e)(2) of the Bankruptcy Code, including, without limitation: (i) the actual and necessary costs and expenses incurred after the Petition Date of preserving the Estate and operating the business of the Debtor (such as wages, salaries or commissions for services and payments for goods and other services); (ii) all fees and charges assessed against the Estate under chapter 123 of title 28 United States Code, 28 U.S.C. §§ 1911-1930,; and (iii) any Claims granted administrative priority pursuant to the Order Granting Administrative Priority to Certain Postpetition Entrance Fee Refunds [Docket No. 194]. Under the Plan, Administrative Claims are Unimpaired. Unless otherwise provided for therein, each holder of an Allowed Administrative Claim shall receive the full

	unpaid amount of such Allowed Administrative Claim in Cash: (i) on the Effective Date or as soon as practicable thereafter (or, if not then due, when such Allowed Administrative Claim is due or as soon as practicable thereafter); (ii) if such Claim is Allowed after the Effective Date, on the date such Claim is Allowed or as soon as practicable thereafter; (iii) at such later time as may be agreed upon by such Holder and the Reorganized Debtor; or (iv) at such time and upon such terms as are set forth in a Final Order. Administrative Claims are not classified and are treated as required by the Bankruptcy Code. The Holders of such Claims are not entitled to vote on the Plan.
Unclassified - Unsecured Priority Claims: Estimated Aggregate Claims Amount: $54,606[2]	Priority Claims includes tax Claims of governmental units for taxes owed by the Debtor that are entitled to a certain priority in payment pursuant to § 507(a)(8) of the Bankruptcy Code. The taxes entitled to priority are (a) taxes on income or gross receipts that meet the requirements set forth in § 507(a)(8)(A) of the Bankruptcy Code, (b) property taxes meeting the requirements of § 507(a)(8)(B) of the Bankruptcy Code, (c) taxes that were required to be collected or withheld by the Debtor and for which the Debtor is liable in any capacity as described in § 507(a)(8)(C) of the Bankruptcy Code, (d) employment taxes on wages, salaries or commissions that are entitled to priority pursuant to § 507(a)(4) of the Bankruptcy Code, to the extent that such taxes also meet the requirements of § 507(a)(8)(D), (e) excise taxes of the kind specified in § 507(a)(8)(E) of the Bankruptcy Code, and (f) prepetition penalties relating to any of the foregoing taxes to the extent such penalties are in compensation for actual pecuniary loss as provided in § 507(a)(8)(G) of the Bankruptcy Code. Under the Plan, Priority Claims are Unimpaired

[2] On August 29, 2013, the Internal Revenue Service filed Claim No. 2-1 in the amount of $54,606 for unpaid payroll taxes. Those taxes have been paid. Claim No. 2-1 is therefore disputed.

	and are not therefore eligible to vote on the Plan. Unless otherwise agreed by the holder of an Allowed Priority Claim, any Person holding an Allowed Priority Claim shall will receive, as determined by the Reorganized Debtor, and in full satisfaction of such Claim: (i) payment in Cash in full on the later of the Effective Date or the date such Claim becomes an Allowed Claim; or (ii) Cash over a period not exceeding five (5) years after the Petition Date, with interest at a rate equal to three and one quarter percent (3.25%) per year, payable monthly, in periodic payments, having the value of such Claim as of the Effective Date.
Class 1 - Secured Claims of the Holders of the Series 2006 Bonds: Estimated Aggregate Claims Amount: $57,145,893.75	Class 1 consists of the Secured Claims of the Holders of the Series 2006 Bonds issued by the St. Johns County Industrial Development Authority. As of the Effective Date, the Holders of the Series 2006 Bonds shall exchange their existing Series 2006 Bonds for a ratable share of newly issued bonds delineated as Series 2014A Bonds and the Series 2014B Bonds. The Series 2014A Bonds shall be in the principal amount of $41,711,250 and shall mature in 2048 (the "Maturity Date"). Interest after the Effective Date shall accrue at the following rates, (i) from the Effective Date through December 31, 2015, interest shall accrue at a rate of 1.344%, and (ii) starting January 1, 2016, and continuing through the Maturity Date, interest shall accrue at a rate of 5.375% per annum. From the Effective Date and continuing through December 31, 2019, Glenmoor shall pay debt service equal to the amount of interest accruing on the Series 2014A Bonds for such period. Commencing on January 1, 2020, and continuing through the Maturity Date, Glenmoor shall pay interest accruing in each year on the Series 2014A Bonds as well as principal sinking fund payments. All scheduled interest payments shall be made semi-annually to the Holders of

	the Series 2014A Bonds, and all scheduled principal payments shall be made annually to the Holders of the Series 2014A Bonds. The Series 2014B Bonds shall be in the original principal amount of $15,434,643.75. The Series 2014B Bonds shall mature on the Maturity Date and shall accrue interest at a rate of 2.5% compounded semi-annually, beginning on the Effective Date. The Series 2014B Bonds will be secured by a lien on all the assets of Glenmoor, junior to the lien securing the Series 2014A Bonds, junior to the liens securing the Refund Queue Holder A Note and *pari passu* with the Refund Queue Holder B Note. Principal and interest on the Series 2014B Bonds to the Holders of the Series 2014B Bonds shall be payable semi-annually from Excess Cash, if any, in accordance with the Distribution Waterfall; provided however, that if no funds are available for payment from the Distribution Waterfall, this shall not be an event of default under the Series 2014 Bond Documents. Any amounts paid on the Series 2014B Bonds shall be applied first to accrued and unpaid interest, and second to any principal that may be owing. Any balance outstanding on the Series 2014B Bonds as of the Maturity Date shall be due and payable in full. Estimated Percentage Recovery: 100%
Class 2 - Prepetition Refund Claim Holders: Estimated Aggregate Claims Amount: $7,787,000	Class 2 consists of refund claims arising under Residence and Care Contracts (as hereinafter defined) that were owed before the Petition Date. The Refund Queue Holder A Note shall be issued in the principal amount of approximately $4,672,200 million (i.e. 60% of the amount outstanding as of the Petition Date), and shall be payable to the Refund Queue Claim Holders' Distribution Trust. Principal shall be paid on account of the Refund Queue Holder A Note as follows: (i) a payment on the Effective Date equal to the amount held in the pre-petition

	entrance fee escrow which funds are in the amount of approximately $809,000, provided that a portion of such initial Distribution in the amount of $25,000 shall be paid over to Refund Queue Trustee as a retainer for future services; (ii) payments of $42,333 on the day that is six months following the Effective Date, nine months following the Effective Date, and twelve months following the Effective Date; and (iii) sixteen quarterly payments of $236,158.38 with the first such payment made on the date that is fifteen months after the Effective Date. In addition, interest shall accrue on the Refund Queue Holder A Note at the following rates: (i) from the Effective Date through December 31, 2015, interest shall accrue at a rate of 1.344%; and (ii) from January 1, 2016 and continuing until the Refund Queue Holder A Note is paid in full, interest shall accrue at a rate of 5.375% per annum. As set forth more fully in the Restructuring Term Sheet, under certain circumstances the Debtor may elect to add accrued interest to the principal amount owed on the Refund Queue Holder A Note in lieu of cash payment. Interest shall be paid on a quarterly basis, along with such scheduled principal payments. Any accrued and unpaid interest and principal on the Refund Queue Holder A Note shall be paid on the fifth anniversary of the Effective Date, which date shall be the maturity date of the Refund Queue Holder A Note. The Refund Queue Holder A Note shall be secured by (i) a first lien on Real Estate; and (ii) a second lien on all of Glenmoor's other assets, junior to the lien securing the Series 2014A Bonds, and senior to each of the lien securing the Series 2014B Bonds and the Refund Queue Holder B Note. The Refund Queue Claim Holders B Note will be secured by a lien on all the assets of Glenmoor, junior to the lien securing the Series 2014A Bonds, junior to the liens securing the Refund Queue Claim Holders A Note and *pari passu* with the Series 2014B Bonds.

	The Refund Queue Holder B Note shall be issued in the principal amount of approximately $3,114,800 (i.e. 40% of the amount outstanding as of the Petition Date), shall be payable to the Refund Queue Claim Holders' Distribution Trust, shall mature in 2048, and accrue interest at a rate of 2.5% compounded semi-annually, beginning on the Effective Date. Payment of principal and interest on account of the Refund Queue Holders B Note shall be payable semi-annually from Excess Cash in accordance with the Distribution Waterfall; provided however, that if no funds are available for payment from the Distribution Waterfall, it shall not be an event of default under the Refund Queue Holder B Note. Any amounts paid on the Refund Queue Holder B Note shall be applied first to accrued and unpaid interest, and second to any principal that may be owing. Any balance outstanding on the Refund Queue Holders B Note as of the Maturity Date shall be waived. The Refund Queue Holder B Note will be secured by a lien on all the assets of Glenmoor, junior to the lien securing the Series 2014A Bonds, junior to the liens securing the Refund Queue Holder A Note and *pari passu* with the Series 2014B Bonds. Estimated Recovery: 60%-100%
Class 3 - General Unsecured Claims: Estimated Aggregate Claims Amount: $284,366	Class 3 consists of General Unsecured Claims, which are all Allowed Claims that are not that are not Secured Claims, Administrative Claims, Priority Claims, Professional Fee Claims, or Claims held by Refund Queue Holders. Under the Plan, Class 3 General Unsecured Claims are Impaired. Each holder of an Allowed General Unsecured Claim shall receive in full satisfaction of such Claim the lesser of (i) 50% of the Allowed Amount of its Claim, or (ii) its Pro Rata Share of $150,000 to be distributed on the Effective Date. Estimated Percentage Recovery: 50%

Class 4 - Intercompany Claims: Estimated Aggregate Amount: $8,800,000	The Holders of Class 4 Claims shall not receive or retain payments from the Debtor with respect to their Class 4 Claims unless and until all Allowed Class 1, Class 2 and Class 3 Claims are paid in full. In the event the Debtor pays all Allowed Class 1, Class 2 and Class 3 Claims in full, the Debtor may pay Allowed Class 4 Claims consistent with its business judgment and applicable law. Estimated Recovery: Unknown
Class 5 - All Interests in the Debtor:	Under the Plan, Class 5 Interests are Unimpaired. All Holders of Class 5 Interests will retain their rights as a member of the Debtor. There will be no distributions to Class 5 Interest Holders under the Plan. Estimated Recovery: N/A

EVENTS PRECEDING THE DEBTOR'S CHAPTER 11 FILING

Company Overview

The Debtor is a not-for-profit organization, exempt from federal income taxation pursuant to § 501(c)(3) of the Internal Revenue Code (the "IRC"), that owns and operates Glenmoor — a continuing care retirement community ("CCRC"). Glenmoor provides "lifecare" to its residents, each of whom reside in a Residential Unit. The lifecare concept recognizes that the needs of elderly residents vary along a continuum from independent living to increasing healthcare needs, and makes provision for the resident's care along that spectrum. Glenmoor received a certificate of occupancy on November 23, 1999, and opened in October of 2001. Since its opening, Glenmoor residents comprise middle to upper income seniors generally age 70 and older who desire an upscale living community.

Located on a 40-acre landscaped campus and situated between a heavily-wooded forest preserve and a picturesque lake, Glenmoor takes advantage of the natural space with its beautiful lake, lush sub-tropical landscaping and open forested areas teeming with abundant wildlife.

Independent Living Units and the Care Facilities

The Glenmoor community includes independent Residential Units, the Assisted Living Facility, and the Health Center. The community incorporates many "senior

friendly" features, including lever hardware, emergency alert systems, special bathing facilities and front control appliances, and was designed to comply with all applicable building codes, the Fair Housing Act, and the Americans with Disabilities Act.

The Residential Units consist of 157 units including 70 apartment homes, 11 one bedroom cottages, 32 patio homes, and 31 estate homes, ranging in size from 875 to 1,935 square feet. Each Residential Unit is furnished with window treatments; wall-to-wall carpeting, except in the kitchen and bath; a full kitchen with refrigerator/freezer, range with oven, microwave oven and dishwasher; utility room with full size washer/dryer; fire and smoke alarms; fire sprinkler system; individually controlled heating and air conditioning; and a balcony or patio. Common areas include a restaurant-style main dining, room; private dining rooms; a lounge; a beauty salon and barber shop; a library; a business center; a creative arts center; a card and game room; an auditorium/multi-purpose room; outdoor recreation areas; a non-denominational chapel; and a fitness center, which includes an outdoor swimming pool, bocce and shuffle board courts, and a putting green.

The Assisted Living Center consists of 36 total assisted living suites, 15 one-bedroom apartments which are 460-square feet each, 15 studio apartments which are 380 square feet each and 6 units contained in a "small house" model of assisted living. The assisted living units have been designed to foster the continued independence of residents who require varying amounts of assistance with activities of daily living. The assisted living suites are private apartments with kitchenettes and full baths, and are furnished with amenities similar to the Residential Units, but do not include the kitchen range, washer and dryer or balcony/patio. The Assisted Living Center's common areas include a lobby, lounge, arts and crafts area, multipurpose room, dining room and administrative and support areas.

The Health Care Center contains a total of 30 nursing beds, all in private rooms of approximately 305 square feet. The Health Care Center includes a Wellness Clinic which provides outpatient services under the direction of a registered nurse. Physical, occupational, and speech therapies are offered, as are wellness consultations, educational programs and emergency responses. In addition, home health care services for residents living independently are offered for various activities of daily living. The Health Care Center's common areas include administrative, service and support areas, resident dining, and activity, lounge, and therapy areas.

Residence and Care Contracts

In accordance with Chapter 651, Florida Statues, residency at Glenmoor is established by entry into residency and care agreements ("Residence and Care Contracts"). In conjunction with entry into a Residence and Care Contract and occupancy at Glenmoor, each resident of Glenmoor agrees to pay a one-time entrance fee ("Entrance Fee") and a monthly service fee ("Monthly Service Fee").

Each Entrance Fee is a lump sum, one-time payment based on the type of residential unit to be occupied by the resident. Glenmoor's Entrance Fees vary in amount from approximately $194,000 to $629,000. A prospective resident must make a 10%

deposit prior to or upon the execution of a Residence and Care Contract and pay the remaining 90% of the Entrance Fee on or before the date of occupancy. The Entrance Fee Deposit is refundable if the prospective resident rescinds the Residence and Care Contract before occupancy or is ultimately ineligible for residency. Additionally, residents are entitled to a refund of paid Entrance Fees in an amount that varies from 50% to 90% of the paid Entrance Fee depending on the length of residence and type of Residence and Care Contracts at issue (an "Entrance Fee Refund"). The Debtor is currently a counter-party to the following types of Residence and Care Contracts:

- Type A, non-refundable, full service lifecare contract, which requires a single resident to pay the Monthly Service Fee of a two-bedroom classic apartment home, currently approximately $3,900, upon a permanent transfer to assisted living or health center. In the case of double occupancy, the Monthly Service Fee remains the same if one resident transfers. If both residents transfer, there is a "second person" Monthly Fee of approximately $1,000. The refund for termination declines 4% at initial occupancy, plus 1% per month for 96 months. There is no refund after 96 months. This contract is no longer offered. Twenty-two residents are parties to this type of contract.

- Type A, non-refundable, full service lifecare contract, which requires a single resident to pay the Monthly Service Fee of a two-bedroom den apartment home, currently approximately $4,300, upon a permanent transfer to assisted living or health center. In the case of double occupancy, the Monthly Service Fee remains the same if one resident transfers. If both residents transfer, there is a "second person" Monthly Fee of approximately $1,000. The refund for death declines 6% at initial occupancy, plus 2% per month for 3 months, and no refund thereafter. The refund for withdrawal declines 6% at initial occupancy, plus 2% per month for 47 months, and no refund thereafter. This contract is no longer offered. Eleven residents are parties to this type of contract.

- Type A, 90% refundable, full service lifecare contract, which requires a single resident to pay the Monthly Service Fee of a two-bedroom classic apartment home, currently approximately $3,900, upon a permanent transfer to assisted living or health center. In the case of double occupancy, the Monthly Service Fee remains the same if one resident transfers. If both residents transfer, there is a "second person" Monthly Fee of approximately $1,000. The refund upon termination declines 4% at initial occupancy, plus 1% per month for 6 months and remains at 90% of the Entrance Fee thereafter. This contract is no longer offered. Ninety-six residents are parties to this type of contract.

- Type A, 75% refundable, full service lifecare contract, which requires a single resident to pay the Monthly Service Fee of a two-bedroom classic apartment home, currently approximately $3,900, upon a permanent transfer to assisted living or health center. In the case of double occupancy, the Monthly Service Fee remains the same if one resident transfers. If both residents transfer, there is a "second person" Monthly Fee of approximately $1,000. The refund upon termination declines 4% at initial occupancy, plus 2% per month for 10 months,

plus 1% for one month, and remains at 75% of the Entrance Fee thereafter. This contract is no longer offered. Nine residents are parties to this type of contract.

- Type A, 75% refundable, lifecare contract, which requires a single resident to pay the Monthly Service Fee of a two-bedroom den apartment home, currently approximately $4,300, upon a permanent transfer to assisted living or health center. In the case of double occupancy, the Monthly Service Fee remains the same if one resident transfers. If both residents transfer, there is a "second person" Monthly Fee of approximately $1,000. The refund for death declines 25% in month 1, and remains at 75% of the Entrance Fee thereafter. The refund for withdrawal declines 5% at initial occupancy, plus 1% per month for 20 months, remains at 75% of the Entrance Fee thereafter. Sixty residents are parties to this type of contract.

- Type B, non-refundable contract, which provides residents a 15% discount off the current prevailing per diem rate upon a temporary or permanent transfer to assisted living or nursing care. The refund upon termination declines 4% at initial occupancy, plus 2% per month for 48 months. There is no refund after 48 months. This contract is no longer offered. Sixteen residents are parties to this type of contract.

- Type C, non-refundable, fee for service contract, which requires residents who temporarily or permanently transfer to assisted living or nursing care to pay the current prevailing per diem rate. The refund upon termination declines 4% at initial occupancy, plus 2% per month for 48 months. There is no refund after 48 months. This contract is no longer offered. Sixteen residents are parties to this type of contract.

- Type C, 50%-refundable, fee for service contract, which requires residents who temporarily or permanently transfer to assisted living or nursing care to pay the current prevailing per diem rate. The refund upon termination declines 4% at initial occupancy, plus 1% per month for 45 months, and remains at 50% of the Entrance Fee thereafter. One resident is a party to this type of contract.

Glenmoor has predominately utilized 90% and 75% refundable entrance fee programs. As of August 31, 2013, 68 (40%) of Glenmoor's resident contracts are 90% refundable, 46 (27%) are 75% refundable, 57 (33%) are non-refundable and 1 is 50% refundable.

Resident Contracts Summary as of 8/31/2013					
Contract Type	Number of Contracts	% of Total	Entry Fee Range Low	Entry Fee Range High	Average Refund
Refundable Portion - 90%	68	40%	$176,692	$580,240	$327,845
Refundable Portion - 75%	46	27%	$197,100	$570,900	$290,875
Refundable Portion - 50%	1	1%	$188,000	$188,000	$94,000
Refundable Portion - 0%	57	33%	$122,950	$415,900	$0
Total	**172**	**100%**			

Monthly Service Fees are similarly based on the residential unit selected. Currently, Monthly Service Fees are based on the following schedule:

Independent Living Unit Configuration and Pricing				
Independent Living	Number	Square	Monthly Service Fee by Contract Type	
Unit Type	of Units	Footage	Type A	Type C
Apartments:				
One Bedroom Deluxe	12	875	$2,781	$1,455
Two Bedroom Traditional	22	1,260	$3,400	$1,868
Two Bedroom Classic	12	1,350	$3,750	$2,101
Two Bedroom Classic with Den	12	1,400	$3,850	$2,168
Three Bedroom Grande	12	1,575	$4,300	$2,368
Total / Weighted Average	**70**	**1,287**	**$3,585**	**$1,974**
Cottages / Homes:				
One Bedroom Balmora	11	1,295	$3,700	$2,068
Two Bedroom Berkshire	15	1,398	$3,900	$2,201
Two Bedroom Patio	20	1,575	$4,400	$2,435
Three Bedroom Patio	10	1,775	$4,500	$2,502
Three Bedroom Classic Estate	8	1,900	$4,600	$2,568
Three Bedroom Grande Estate	23	2,000	$4,700	$2,635
Total / Weighted Average	**87**	**1,674**	**$4,334**	**$2,421**
Grand Total / Weighted Average	**157**	**1,502**	**$4,000**	**$2,222**

Management of the Facility

The Debtor was formed by Life Care Pastoral Services ("LCPS"), which is the Debtor's sole member. LCPS also formed Life Care Ponte Vedra ("LCPV") and LCPS Management, Inc. ("LCPS Management"). LCPV owns and operates Vicar's Landing, a CCRC located in Ponte Vedra, Florida. LCPS Management manages both Glenmoor and Vicar's Landing. The Internal Revenue Service has determined that each of LCPS, LCPV, and LCPS Management is exempt from federal income taxation pursuant to § 501(c)(3) of the IRC.

Regulatory Agencies

The continuing care retirement community industry nation-wide is heavily regulated by various state and federal agencies. Each state has a different regulatory regime in this area, particularly with respect to disclosure of financial statements, solvency of the facility, maintenance of a certain amount of reserves, and the refunding of fees and deposits. As a CCRC operating in the state of Florida, the Debtor receives regulatory oversight jointly from the Florida Office of Insurance Regulation ("OIR") and the Florida Agency for Health Care Administration ("AHCA"). Glenmoor currently holds a Certificate of Authority issued by the OIR and an Assisted Facility License issued by the AHCA.

Required Reserves

In accordance with the requirements of Chapter 651, the Debtor is required to maintain the following reserves:

- a debt service reserve escrow (the "Debt Service Reserve"), in an amount equal to the principal and interest payments becoming due during the current fiscal year (12 months' interest on the financing if no principal payments are currently due) on any mortgage loan or other long term financing, including lease payments, taxes, and insurance;

- an Operating Reserve escrow (the "Operating Reserve"), in an amount equal to 15% of the total operating expenses as set forth in the Debtor's annual report filed pursuant to Chapter 651; and

- a renewal and replacement reserve escrow (the "Renewal and Replacement Reserve"), in an amount equal to 15% of the total accumulated depreciation based on the Debtor's audited financial statement filed pursuant to Chapter 651, not to exceed 15% of the Debtor's average operating expenses for the prior three fiscal years based on the audited financial statements for each of such years.

The Renewal and Replacement Reserve is a restricted reserve that may be used only with OIR approval. Chapter 651 provides that a continuing care provider may, with written permission of the OIR, withdraw each fiscal year up to 33% of the total Renewal and Replacement Reserve available, which is equal to the market value of the invested reserve at the end of the provider's prior fiscal year. Such withdrawal may only be used for capital items or major repairs and must be replaced in the renewal and replacement reserve within 36 months.

As of May 31, 2013, the Debtor's Debt Service Reserve was approximately $3,866,000, the Operating Reserve was approximately $1,714,000, and the Renewal and Replacement Reserve was approximately $1,719,000. Prior to the Petition Date, and as required by Florida Statute, the reserves were held in segregated escrow accounts, with the Operating Reserve being held in a separate, unencumbered account, for the benefit of Glenmoor's residents.

EVENTS LEADING TO THE DEBTOR'S CHAPTER 11 FILING

Effects of Economic Downturn

Glenmoor was designed to consist of 245 independent living units, plus a 30-bed Assisted Living Center and 30-bed Health Care Center. The number of Residential Units has gradually increased from 133 units in March 2005, to 144 Residential Units from April 2005 to 2008, and to 159 Residential Units until a patio home comprised of 2

Residential Units was converted into an Assisted Living "small house" in 2013 to create a total of 36 assisted living beds and 157 residential units.

In June 2005, Glenmoor reached 90% occupancy, and in November 2005, the occupancy rate was 95%. Through 2006, the occupancy rate continued at 95% and Glenmoor had a debt-service coverage ratio ("DSCR") of 1.20. At the end of July 2006, Residential and Health Center revenue was less than 1% below budget and total operating expenses were about 5% under budget resulting in earnings before interest, taxes, depreciation and amortization of $387,976 which was $253,460 better than budget.

By 2006, Glenmoor had achieved 99% occupancy in the then existing 144 independent living units. The Debtor then added 15 Berkshire Terrace cottages financed through the issuance of the Series 2006 Bonds. Upon the completion of the Berkshire Terrace cottages in 2008 Glenmoor had a 94% occupancy rate, achieved by continuing to promote the growth of the World Gold Village and surrounding developments just as the housing market began its steep decline.

Historically, Glenmoor used new Entrance Fees to pay Entrance Fee Refunds on a first in, first out basis. Thus, each Entrance Fee Refund was paid from the proceeds of the next Entrance Fee received by the Debtor. If more than one resident was due an Entrance Fee Refund at a given time, each resident was paid in order of which their claim arose. In accordance with § 651.055, Florida Statutes, any refund due a resident who terminates a Type A Contract (traditional amortizing entrance fee contract) is to be paid within 120 days of notice of termination. For residents with refundable Entrance Fee contracts, the refund is to be paid from the proceeds of the next Entrance Fees received by the Debtor for which there are no prior claims by another individual until paid in full.

From the successful opening of the Berkshire Terrace cottages through the second quarter of 2010, Glenmoor ran at a stable occupancy of 95%. In 2010, Glenmoor's occupancy declined precipitously to 88% from a historical average of 95%. The drop in occupancy is directly attributable to the economic recession which began in 2008 as many prospective residents found it difficult to sell their houses or liquidate their investment portfolios in order to raise the funds needed to pay the Entrance Fees. Conversely, the number of residents leaving the facility as a result of deaths, hospitalizations or relocations remained constant. The dichotomy led to the depletion of Glenmoor's working capital and an accumulation of Entrance Fee refund obligations that have grown to a current unpaid amount of approximately $7,787,000 (the "Refund Queue").

Glenmoor has remained approximately 88% occupied for 2011, 2012, and year-to-date 2013, all while experiencing lack of capacity in the Health Center, a depressed economic environment, significant contraction in the development of World Golf Village and a corresponding reduction in the pool of potential residents. The inability of Glenmoor to resolve the Refund Queue was a precipitating cause of this Chapter 11 case, as was a threatened enforcement action by the OIR as described below.

Notice of Deficiency and Corrective Action Plans

In August 2012, the OIR issued a notice of deficiency with respect to the Refund Queue. In response, the Debtor submitted a Corrective Action Plan (the "CAP") to the OIR on April 1, 2013. By letter dated May 15, 2013, the OIR rejected the CAP because, among other things, it did not include sufficient financial projections to show how the Refund Queue and other liabilities would be addressed.

In an effort to stem the growing Refund Queue, on or about April 17, 2013, the Debtor and the OIR entered into an Entrance Fee Escrow Agreement, pursuant to which the Entrance Fees of new residents were placed in a restricted account (the "OIR Escrow Account"). The OIR, the Financial Examiner/Analyst Supervisor of the CCRC Section, the Financial Administrator of the CCRC Section, and/or their designees, are the sole signatories and have sole authority to authorize withdrawals from the OIR Escrow Account. In accordance with the escrow agreement, Entrance Fees paid into the OIR Escrow Account could only be released to pay processing fees and the earned amortized portion of the Entrance Fees upon written request of the Debtor and approval of the OIR. The Entrance Fee Escrow Agreement provides only a limited resolution of the Refund Queue, as a comprehensive restructuring plan was necessary to ensure Glenmoor's long-term financial viability.

Recognizing that any viable plan for reduction of the Refund Queue required an agreement with its secured lenders, the Debtor began negotiating an agreement to restructure the Series 2006 Bonds. To that end, the Debtor engaged Navigant Capital Advisors. LLC ("Navigant") as financial advisor, and employed the actuarial services of A.V. Powell to forecast the Debtor's future refund liability. Following lengthy negotiations, which included detailed and extensive analysis of Glenmoor's operations and finances, Glenmoor submitted an amended and revised CAP to the OIR on June 27, 2013.

The amended and revised CAP had the support of certain institutional bond Holders, and provided for, among other things, a two-year forbearance from debt service on the Series 2006 Bonds and two options for the repayment of the Entrance Fee refund claims: (i) an immediate 50% cash payment in full satisfaction of a claimant's refund claim, or (ii) deferred payments in full over a 12-year period. On July 1, 2013, the OIR notified Glenmoor of its rejection of the amended and revised CAP, and further indicated that it would initiate receivership proceedings to take control of and liquidate Glenmoor. The Chapter 11 case was initiated to avoid the anticipated loss in value and control typically associated with receivership proceedings, and to provide the Debtor and other stakeholders with an opportunity to resolve the Debtor's Refund Queue liabilities and restructure Glenmoor's heavy debt burden in an orderly fashion.

CAPITAL STRUCTURE

Secured Claims

The Series 1999 Bonds

Initial construction of Glenmoor began in early 2000 and was financed through the issuance of (a) $44,355,000 of Series 1999A Fixed Rate Health Care Revenue Bonds; (b) $4,000,000 of Series 1999B Adjustable Rate Health Care Revenue Bonds; and (c) $27,000,000 of Series 1999C Variable Rate Demand Health Care Revenue Bonds (collectively, the "1999 Bonds"). The 1999 Bonds were issued pursuant to Parts II and III of the Act and a Trust Indenture dated as of December 1, 1999 (as supplemented, the "Trust Indenture"), and issued by the St. Johns County Industrial Development Authority (the "Authority"), which is a public agency formed pursuant to Parts II and III of Chapter 159, Florida Statutes, as amended (the "Act"). The Authority is authorized pursuant to the provisions of the Act to issue revenue bonds for the purpose of financing and funding industrial development for profit and not-for-profit entities, including health care facilities.

The Series 2006 Bonds

The 1999 Bonds were redeemed with proceeds from the issuance of (a) $55,555,000 of Series 2006A Fixed Rate Health Care Revenue Bonds and (b) $4,000,000 of Series 2006B Adjustable Rate Health Care Revenue Bonds (collectively "the Series 2006 Bonds"). The Series 2006 Bonds were issued by the Authority as "additional bonds" under the Trust Indenture, and the proceeds lent to the Debtor by the Authority pursuant to the Amended and Restated Loan Agreement, Mortgage, and Security Agreement dated September 15, 2006, as amended by the First Amendment dated August 1, 2009 (the "Loan Agreement"). In addition to refunding $48,355,000 of outstanding 1999 Bonds, the proceeds of the Series 2006 Bonds were used to: (i) finance a portion of the cost of constructing and equipping 15 two-bedroom cottages; (ii) finance the costs of expanding and equipping Glenmoor's dining room; (iii) fund interest on a portion of the Series 2006 Bonds; (iv) fund the Debt Service Reserve Fund for the Series 2006 Bonds; and (v) pay certain costs incurred in connection with the issuance of the Series 2006 Bonds.

The Series 2006 Bonds are secured by substantially all of the Debtor's real and personal property, with the exception of the Debtor's Operating Reserve, which is held in an unencumbered account for the benefit of residents in accordance with Chapter 651. Additionally, the Renewal and Replacement Reserve is restricted and can be used only with OIR authorization.

Series of Bonds	CUSIP	Maturity	Amount Outstanding
Series 2006A	79039NAQ1	2016	$2,870,000

Series 2006A	79039NAR9	2026	$13,405,000
Series 2006A	79039NAS7	2040	$35,340,000
Series 2006B	79039NAT5	2041	$4,000,000
Totals			**$55,615,000**

Glenmoor was not in compliance with certain covenants starting with the quarter ending December 31, 2010. Glenmoor failed to make the required debt service payments on account of the Series 2006 Bonds starting in January of 2013.

Ad Valorem Taxes

The Debtor's assets are subject to *ad valorem* taxes assessed by the St. Johns County Tax Collector. For the 2013 tax year, the St. Johns County Property Appraiser's Office valued the Debtor's real property at $20,005,229. That valuation resulted in tax bills issued to the Debtor in 2012 in the combined amount of $216,955.78. As of the Petition Date, the Debtor was current with its tax obligations.

Priority Claims

On the Petition Date, the Debtor owed the following sums to priority claimants:

Accrued Payroll	$70,865
Accrued Time Off	$170,683
Payroll Tax	$8,801
403B Liability	$13,123
Flex Spending Account	$(86)
Sales Tax Payable	$847

Refund Queue Claims

The Debtor is obligated in the amount of $7,780,000 with respect to Claims relating to the Refund Queue.

Unsecured Claims

The Debtor's obligations to trade and other unsecured creditors, determined as of the Petition Date, was as follows:

Trade Payables	$252,268
Accrued Expenses	$29,701
Accrued Audit	$15,000
Scholarship Fund	$3,648
Employee Emergency Fund	$17,319

Affiliated Debt

Since 2001, LCPS has advanced $8,800,000 to Glenmoor to service debt, pay refund obligations and maintain operations. Interest was accruing on the advances at the "Wall Street" prime rate until March 26, 2012, at which time the accrued interest balance was written off and interest stopped accruing. In addition, Vicar's Landing has supported LCPS Management by contributing approximately $300,000 per year to subsidize the management fees paid by Glenmoor.

Historical Operating Results

The following table reflects the prior four years of operations as reported by the Certified Public Accounting firm, Harbeson, Fletcher & Bateh, LLP:

INCOME STATEMENT

$ in 000s	2009 Audited	2010 Audited	2011 Audited	2012 Audited	Common Size 2009	2010	2011	2012
REVENUE								
Residential Revenue	$7,775	$7,568	$7,542	$7,502	73.9%	72.0%	71.4%	71.3%
Health Center Revenue	2,498	2,679	2,817	2,858	23.8%	25.5%	26.7%	27.2%
Assisted Living Revenue	-	-	-	-	0.0%	0.0%	0.0%	0.0%
Home Health Revenue	-	-	-	-	0.0%	0.0%	0.0%	0.0%
Investment Income	242	258	202	164	2.3%	2.5%	1.9%	1.6%
Total Revenue	**10,515**	**10,505**	**10,561**	**10,523**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
YOY % Increase	*0.1%*	*(0.0%)*	*0.5%*	*(0.4%)*				
EXPENSES								
General & Administrative	2,150	2,266	2,105	2,199	20.4%	21.6%	19.9%	20.9%
Marketing	474	519	719	447	4.5%	4.9%	6.8%	4.3%
Plant Operations	2,416	2,390	2,453	2,454	23.0%	22.8%	23.2%	23.3%
Dining Services	1,974	1,974	2,088	2,010	18.8%	18.8%	19.8%	19.1%
Health Center	2,156	1,887	1,980	1,846	20.5%	18.0%	18.7%	17.5%
Assisted Living	172	415	384	397	1.6%	4.0%	3.6%	3.8%
Total Operating Expenses	**9,342**	**9,451**	**9,729**	**9,354**	**88.8%**	**90.0%**	**92.1%**	**88.9%**
EBIDA	**$1,174**	**$1,054**	**$832**	**$1,169**	**11.2%**	**10.0%**	**7.9%**	**11.1%**
Restructuring Expenses (non-recurring)	-	-	-	-	0.0%	0.0%	0.0%	0.0%
Interest Expense	(3,281)	(3,259)	(3,214)	(3,107)	-31.2%	-31.0%	-30.4%	-29.5%
Amortization	(602)	(602)	(602)	(602)	-5.7%	-5.7%	-5.7%	-5.7%
Depreciation	(1,968)	(2,015)	(2,113)	(4,670)	-18.7%	-19.2%	-20.0%	-44.4%
Earned Entrance Fees	2,547	2,565	3,073	2,660	24.2%	24.4%	29.1%	25.3%
Operating Income / (Loss)	**(2,130)**	**(2,257)**	**(2,025)**	**(4,551)**	**-20.3%**	**-21.5%**	**-19.2%**	**-43.2%**
OTHER CHANGES IN NET ASSETS								
Contribution from Life Care Ponte Vedra	-	-	650	-	0.0%	0.0%	6.2%	0.0%
Member unit contributions	95	20	108	98	0.9%	0.2%	1.0%	0.9%
Realized Gain / Loss on disposal of assets	-	(16)	3	(1)	0.0%	-0.1%	0.0%	0.0%
Realized Gain / Loss on Investments	100	620	177	192	1.0%	5.9%	1.7%	1.8%
Unrealized Gain / Loss on Investments	921	2	(328)	273	8.8%	0.0%	-3.1%	2.6%
Loss on project abandonment	-	-	-	(1,303)	0.0%	0.0%	0.0%	-12.4%
Extraord. Item - Gain on Early Exting. of Sub. Debt	108	-	29	-	1.0%	0.0%	0.3%	0.0%
Other Changes in Net Assets	1,224	627	640	(741)	11.6%	6.0%	6.1%	-7.0%
Change in Unrestricted Net Assets	**($906)**	**($1,630)**	**($1,385)**	**($5,292)**	**-8.6%**	**-15.5%**	**-13.1%**	**-50.3%**
NET ASSETS (DEFICIT):								
Beginning of the Period	(41,260)	(42,166)	(43,796)	(45,181)				
End of the Period	**($42,166)**	**($43,796)**	**($45,181)**	**($50,473)**				
Occupancy (Avg.)								
Residential	92.7%	90.6%	87.4%	88.7%				
Assisted Living	98.4%	98.2%	98.2%	98.4%				
Health Center	92.3%	97.4%	97.0%	98.4%				
Overall	93.4%	92.6%	90.2%	91.4%				

OPERATIONS DURING THE REORGANIZATION CASE

Continuation of Business; Automatic Stay

Since the Petition Date, the Debtor has continued to operate as a debtor in possession subject to the supervision of the Bankruptcy Court and in accordance with the Bankruptcy Code, and has been authorized to operate its business and manage its property in the ordinary course, with transactions outside of business requiring Bankruptcy Court approval.

The filing of the bankruptcy petition resulted in the imposition of the automatic stay of § 362(a) of the Bankruptcy Code which, with limited exceptions, enjoined the commencement or continuation of any collection efforts by creditors against the Debtor, and the commencement of any litigation against the Debtor – including the OIR's commencement of receivership proceedings against the Debtor.

The automatic stay remains in effect, unless modified by the Bankruptcy Court, until consummation of a Plan.

Retention of Professionals

The following professionals have been employed by the Debtor during the pendency of this reorganization:

Stutsman Thames & Markey, P.A., a Jacksonville, Florida based law firm, has been employed as Glenmoor's bankruptcy counsel. The primary lawyers involved in the reorganization are Richard R. Thames and Bradley R. Markey. The Bankruptcy Court approved the retention of Stutsman Thames & Markey, P.A. by court order dated July 29, 2013 [Docket No. 71].

To serve as financial consultant, Glenmoor retained Navigant, a Chicago based financial consultant with substantial experience in the retirement and healthcare industry. The retention of Navigant was approved by court order entered August 30, 2013 [Docket No. 153].

To serve as regulatory compliance counsel, Glenmoor retained Eddie Williams, III and Beth A. Vecchioli, both of Holland & Knight, LLC. The Bankruptcy Court approved the retention of Eddie Williams, III, of Holland & Knight, LLC by court order entered August 30, 2013 [Docket No. 154].

To serve as marketing consultant, Glenmoor retained Hamlyn Senior Marketing, LLC. The Bankruptcy Court approved the retention of Hamlyn Senior Marketing, LLC by court order dated August 23, 2013 [Docket No. 135], as amended on September 13, 2013 [Docket No. 186].

To serve as operational review consultant, Glenmoor retained Continuum Development Services. The Bankruptcy Court approved the retention of Continuum Development Services by court order dated August 23, 2013 [Docket No. 134].

In accordance with Chapter 651, Florida Statutes, the Debtor is required to prepare audited financial statements. An application to employ Robert Matschner, CPA of Moore Stephens Lovelace, P.A. as accountant was filed on October 7, 2013 [Docket No. 209]. The Bankruptcy Court approved the retention of Moore Stephens Lovelace, P.A. by court order entered October 28, 2013 [Docket No. 232].

Debtor anticipates having to employ the Jacksonville law firm of Bryant Miller Olive as bond counsel to assist with the proposed restructuring of the bond indebtedness as contemplated by the Plan. An application to employ the firm has not yet been filed.

Appointment of the Committee

On July 29, 2013, the U.S. Trustee appointed the Committee of Creditors Holding Unsecured Claims, pursuant to § 1102 of the Bankruptcy Code (the "Committee") [Docket No. 69]. The current members of the Committee are:

Estate of Eliza S. Rigg
c/o William K. Rigg, Personal Representative
4409 North Alatamaha Street
St. Augustine, Florida 32092

Mary Taylor
c/o James Taylor, Trustee
100 Park Drive
Cranford, New Jersey 07016

Frank and Tish Upchurch
c/o Kramer Upchurch
545 Carcaba Road
St. Augustine, Florida 32084

Joe Bellington
c/o Janice Hellington
4 Fletcher Court
Savoy, Illinois 61874

Ruth Thomas
c/o Carol-Anne Hallam
120 Bay Street, Suite 201
Green Cove Springs, Florida 32043

As members of the Committee, the above individuals are charged with the task of monitoring the Debtor's performance during the pendency of the case, investigating insider or affiliated party transactions, ensuring that all assets and claims of the debtor are

being properly administered, judging the feasibility of the Plan, negotiating the proposed treatment of unsecured claims pursuant to the Plan and making recommendations concerning the confirmation of any plan of reorganization.

The Committee hired Akerman, LLP to represent it in this case and to assist the Committee with the performance of its statutory duties. David E. Otero and Christian P. George have been the attorneys primarily involved in representation of the Committee. Akerman, LLP's retention was approved by court order entered August 14, 2013 [Docket No. 116]

The Committee is entitled to request payment or reimbursement of fees and costs from the Debtor for its selected counsel, which fees and costs are subject to bankruptcy court approval and payment as an administrative expense.

Use of Cash Collateral

As previously indicated, the Debtor is indebted to the Bond Trustee for the benefit of the beneficial Holders of the Series 2006 Bonds authorized and issued by Authority (the "Issuer").

Proceeds from the sale of the Series 2006 Bonds were loaned to the Debtor pursuant to the Loan Agreement, which granted to the Bondholders first priority liens on substantially all of its assets, including, without limitation, (i) the land and buildings which comprise the Facility; (ii) the personal property, equipment and fixtures included in the Facility; (iii) the Gross Revenues (as defined in the Loan Agreement) of the Facility, including revenues derived from operation of the Glenmoor Facility, entrance fees and accounts receivable; and an assignment of the residence and care contracts. The Issuer's lien does not extend, however, to the Operating Reserve, the Renewal and Replacement Reserve, or entrance fees presently escrowed with the OIR (the "OIR Escrow"). Under the Trust Indenture, the Issuer has assigned all of its rights, remedies and benefits under the Bond Documents to the Bond Trustee. The Bond Trustee has the sole right to exercise the rights and benefits granted to the Issuer under the Bond Documents. As such, the Bond Trustee holds first priority liens and security interests in substantially all of the Debtor's real and personal property (subject to Permitted Encumbrances, as defined in the Loan Agreement, and the exclusions described above) as security for its obligations associated with the Bonds (as more particularly described in the Loan Agreement, the "Pre-Petition Bond Collateral").

The Trust Indenture also established various funds to be held by the Bond Trustee including a "Debt Service Reserve Fund" and "Bond Fund" (as each term is defined in the Indenture) (collectively, the "Bond Trustee Funds"). As of August 21, 2013, the balance of the Bond Trustee Funds held by the Bond Trustee was approximately $3.746 million.

As of the Petition Date, the amounts due and owing by the Debtor with respect to the Series 2006 Bonds, including the following:

(i) Unpaid principal on the Bonds in the amount of $55,615,000; and

(ii) Accrued but unpaid interest on the Bonds in the amount of $1,530,893.75 as of July 1, 2013, which interest continues to accrue at a per diem rate of $8,504.97.

By virtue of the security interests granted by the Bond Document, and pursuant to § 363(a) of the Bankruptcy Code, the cash on hand and the revenues derived from operations, excluding the Operating Reserve and the Renewal and Replacement Reserve, constitute the Bondholder's cash collateral. Pursuant to § 363(c)(2) of the Bankruptcy Code, Glenmoor was prohibited from utilizing the Bondholder's cash collateral absent the Bond Trustee's consent or order of the Bankruptcy Court.

On July 12, 2013, the Bankruptcy Court entered a consent order authorizing the use of cash collateral on an interim basis through July 25, 2013 (the "Interim Cash Collateral Order") [Docket No. 37]. Pursuant to the Interim Cash Collateral Order, the Debtor was permitted to utilize the Bondholders' cash collateral in accordance with a prescribed budget pending final hearing. A second interim cash collateral order was entered July 29, 2013 [Docket No. 70] extending the use of cash collateral on essentially the same terms as the Interim Cash Collateral Order through August 29, 2013.

A Final Order Authorizing Use of Cash Collateral and Providing Adequate Protection was entered on September 3, 2013 [Docket No. 162] (the "Final Cash Collateral Order"). Under the terms of the Final Cash Collateral Order, the Debtor was authorized to utilize its cash to fund operations and administrative expenses in accordance with an agreed budget on the condition it undertake the following actions:

- To hire marketing and sales consultants to assess the Debtor's marketing efforts and pricing;
- To hire a consultant to perform an assessment of the Debtor's overall operations;
- To implement the reasonable recommendations of such consultants;
- To prepare financial projections of the Debtor's future operations and debt service capacity;
- To prepare materials for use in soliciting affiliation/sale transaction materials; and
- To continue working with the Holders of the Series 2006 Bonds on development of a consensual path for exiting the Chapter 11 case.

Pursuant to the Interim Cash Collateral Order and the Final Cash Collateral Order, the Bond Trustee was granted a "rollover lien" on all of the Debtor's postpetition assets, excluding the Renewal and Replacement Reserve, the Operating Reserve and the OIR Escrow, to protect from any diminution in value of its prepetition collateral.

Wells Fargo Bank, National Association, as escrow agent and not in its capacity as Indenture Trustee, was authorized and directed to release the excess funds in the Operating Reserve and Renewal and Replacement Reserve to help sustain the Debtor's operations. As of November 20, 2013, the Debtor held $89.71 in the Operating Reserve, $1,529,714 in the segregated TD Bank reserve account (described below) and $1,442,276.69 in the Renewal and Replacement Reserve.

The Bond Trustee was also authorized to use the funds held in the Debt Reserve pursuant to the terms of the Trust Indenture without further order of the Bankruptcy Court.

Motion for Authority to Pay Prepetition Wages

On the Petition Date, Debtor owed its 217 employees approximately $170,000 in prepetition wages and benefits, which amount includes applicable employment taxes, § 403(b) retirement contributions and, as applicable, checks to garnishees under garnishment orders.

In recognition of the fact that a successful reorganization is heavily dependent on the retention of its skilled workforce, Debtor filed its Emergency Motion for Authority to Pay Prepetition Wages, Payroll Taxes and Other Benefits to Non-Officer Employees on July 8, 2013 [Docket No. 6].

The Debtor's emergency motion was granted by order entered July 12, 2013 [Docket No. 36], and as a result thereof, Debtor's prepetition unsecured debt was reduced by approximately $161,210.68.

Motion to Escrow Entrance Fees for Protection of New Residents and to Honor Refund Obligations

Prior to the Petition Date, and in accordance with the April 17, 2013 Entrance Fee Escrow Agreement with the OIR, the Debtor had been depositing new Entrance Fees into the OIR Escrow Account. Following the Petition Date, on August 2, 2013, the Debtor filed a Motion for an Order Authorizing the Debtor to Escrow Postpetition Entrance Fees and Deposits of New Residents [Docket No. 84], in a newly established escrow account at TD Bank (the "Postpetition Escrow Account"). The Bankruptcy Court entered an Order Approving the Motion on August 27, 2013 [Docket No. 140]. All funds held in the Postpetition Escrow Account are held solely for the benefit of the new resident making the payment, reduced only by the permitted contractual and statutory charges earned by the Debtor during the new resident's stay at Glenmoor. The funds in the Postpetition Escrow Account are not considered property of the estate, nor are they subject to any liens or security interests until earned or withdrawn by the Debtor.[3] Thus, during the pendency of the bankruptcy case, postpetition Entrance Fees are used solely for the respective benefit of each new resident, and each new resident is assured of receiving a

[3] The Debtor's right to receive Entrance Fees is subject to the liens of the Bond Trustee.

refund of the unused portion of his or her postpetition Entrance Fee in accordance with the terms of the applicable Residence and Care Contract, in the event such new resident leaves Glenmoor, either voluntarily or involuntarily prior to certain events as set forth in the postpetition Entrance Fee Escrow Agreement. Following confirmation, and following expiration of the applicable recession periods, the funds held in the Postpetition Escrow Account will be released to the Debtor for distribution in accordance with the Plan.

Under this approach, new residents did not bear the risks or costs of the bankruptcy proceeding and essentially received a "free look" period to satisfy themselves that Glenmoor continues to provide high levels of service and care. The establishment of the Postpetition Escrow Account was a necessary step in the restructuring process to protect the interests of new residents as well as Glenmoor's reputation.

Debtor is presently holding $1,440,042 in postpetition Entrance Fees.

Motion for Turnover of Funds Held in Operating Reserve

Pursuant to § 651.035, Florida Statutes, Debtor was required to maintain an Operating Reserve Fund (as previously defined, the "Operating Reserve") for the benefit of its residents in the event of an insolvency. Access to the Operating Reserve is permitted by "order of a court of competent jurisdiction." To ensure timely access to the funds, and to help defray costs of administering this Chapter 11 case, the Debtor filed a motion requesting that the approximate $1,477,890 held in the Operating Reserve be released directly to the Debtor. The motion was granted by Order dated September 11, 2013 [Docket No. 179]. The funds are presently held in a segregated account with TD Bank, and will be utilized as permitted by the Bankruptcy Court's order, to fund the administration of this Chapter 11 case. As of November 20, 2013, the Debtor held $1,529,714 in the TD Bank Operating Reserve.

Motion for Order Granting Administrative Expense Priority to Certain Postpetition Entrance Fee Refunds

From a marketing perspective, it was imperative that the reputational taint attendant the accumulation of the Refund Queue not increase postpetition by the Debtor's failure to honor its postpetition refund obligations. Though such Claims may be treated under the Bankruptcy Code as prepetition obligations because they arise out of prepetition contracts, the Debtor sought and obtained an order providing that certain claims be afforded administrative expense priority on September 18, 2013 [Docket No. 194].

The Order approving the Debtor's motion provides that any Entrance Fee Refunds arising postpetition from the involuntary termination of Residence and Care Contracts shall be entitled to administrative priority pursuant to § 503(b)(1) of the Bankruptcy Code without the necessity of the claimant filing a request for payment of an administrative expense. The Order further provides that administrative priority refund Claims shall be paid in accordance with the priorities established by the Bankruptcy Code, but shall not be paid by the Debtor prior to confirmation of any Chapter 11 plan providing for the

reorganization of the Debtor or the sale of the Debtor's facility. Debtor presently owes $900,037.18 in "involuntary" postpetition refund Claims.

Assumption of Certain Executory Contracts and Unexpired Leases

As a debtor in possession, the Debtor has the right under § 365 of the Bankruptcy Code, subject to the approval of the Bankruptcy Court, to assume, assume and assign or reject executory contracts and unexpired leases. During the pendency of the Chapter 11 case, Glenmoor moved to assume three contracts:

(a) Hill's Home Care, Inc. ("HHC") and Jax Home Health, Inc. ("JHH")

Many of Glenmoor's independent living residents require non-medical companionship, homecare and personal care services which are not provided by Glenmoor itself. Glenmoor arranged for such services through HHC and JHH pursuant to a Provider Agreement dated September 1, 2005.

Under the Provider Agreement, HHC agreed to provide subscribing Glenmoor residents with companionship, shopping assistance and light housework at set prices, and JHH agreed to provide Glenmoor residents with "personal assistance," which includes bathing, grooming and eating assistance.[4] The residents, or "participants," choose the actual services which HHC and JHH as a "providers" provides. Scheduling, billing and other administrative actions are provided by Glenmoor, thereby taking that burden off of its residents, many of whom, while living independently, still need assistance with coordination of the service and arrangements with regard to payment.

Though residents at Glenmoor are not required to utilize HHC and JHH for home health care, Glenmoor has designated the company as its preferred home health care due to its proven track record for employee reliability and ability to fill unexpected employee absences in a timely fashion – a critical concern of both Glenmoor and its residents.

Approximately 55 of Glenmoor's current residents take advantage of the services offered by HHC and JHH, the logistics and scheduling of such being coordinated by Glenmoor.

Under the Provider Agreement, Glenmoor essentially collects funds for HHC and JHH on a pass-through basis. Twice a month, HHC and JHH send a statement to Glenmoor detailing the services provided to the residents during the preceding half of the month. Glenmoor adds the HHC and JHH charge to the monthly statement sent to the individual residents and monitors collection. Glenmoor then deducts a $1 per hour surcharge for the administrative functions it performs in coordinating the interplay between its residents and the employees of HHC and JHH.

As of the Petition Date, Glenmoor was holding $6,236.11 collected on behalf of HHC for prepetition services provided to Glenmoor residents, and another $65,315.39

[4] State law requires different licensure for any type of care involving physical contact with a patient, hence the demarcation of the tasks performed by HHC and JHH

collected on behalf of JHH. Another $6,207.68 was owed to HHC and another $29,599.86 to JHH for prepetition services provided to Glenmoor residents which had not yet been billed or collected by Glenmoor.

Debtor filed its motion to assume the executory contracts with HHC and JHH by motion dated August 7, 2013 [Docket No. 94]. An Order approving the assumption of the HHC and JHH contract was entered on September 12, 2013 [Docket No. 182]. As a result of the assumption of the Provider Agreement with HHC and JHH, Debtor's prepetition unsecured debt was reduced to $95,000.

(b) Salon Operations, Inc. ("Salon Operations")

Pursuant to a Service Agreement dated April 29, 2011, Glenmoor contracted with Salon Operations to provide on-site hair salon and related services to Glenmoor's residents.

In the normal course, Salon Operations' schedules appointments and provides salon services to Glenmoor's residents. Salon Operations keeps track of the charges and provides a list of the charges incurred to Glenmoor to pass through and include on the resident's monthly billing statement. Glenmoor collects the amounts due from the residents and passes the payments through to Salon Operations. For its part, Glenmoor receives 10% of Salon Operations' gross sales revenes, payable by the 10th of each month. This arrangement provides a seamless procedure by which its residents can obtain needed services without having to travel or have cash available to pay at the time of service.

Debtor moved to assume the Service Agreement on August 7, 2013 [Docket No. 95]. An Order approving the assumption of the Salon Operations contract was entered on September 3, 2013 [Docket No. 159].

(c) Abacus Contracting, LLC ("Abacus")

Prior to the Petition Date, Glenmoor was party to two construction construction contracts with Abacus relating to the repair, renovation or refurbishment of its facilities. The first contract, referred to herein as the "Barrington Cottage Contract," relates to the conversion of two 3 bedroom independent living residences to 6 assisted living suites. The second contract, referred to as the "621 Forest Park Contract," concerns the refurbishment of a model home utilized for the sales solicitation process.

(i) The Barrington Cottage Contract

Of late, demand for Glenmoor's assisted living suites has exceeded availability, requiring Glenmoor to have to transfer resident to other skilled nursing facilities for care. The outsourcing more often than not comes at a higher cost of care than anticipated at the time Glenmoor originally contracted with the resident. Due to the fixed fee nature of the Residence Care Agreements, Glenmoor alone bears the added expense of outsourcing patient care.

To meet the excess demand, and to eliminate this cash drain, Glenmoor elected to convert two of its 3 bedroom independent living suites in the Barrington wing to assisted living suites, and in March of 2013, contracted with Abacus to perform the conversion. The project included demolition of existing walls, replacement of tile and carpeting, renovations to bathrooms and construction of showers compliant with the Americans with Disabilities Act ("ADA"), construction of closets and storage areas, painting, relocation of electrical and plumbing outlets, and construction of a retaining wall.

The total amount of the Barrington Cottage Contract, including change orders, is $101,441. Abacus was owed approximately $48,000 under the Barrington Cottage Contract on the Petition Date.

(ii) The 621 Forest Park Contract

In 2012, Glenmoor hired a marketing consultant to suggest ways of improving sales at the facility. Among other things, the consultant recommended that Glenmoor renovate its now 10 year old model home to add modern flooring, cabinetry, appliances and countertops.

Acting on those recommendations, Glenmoor contracted with Abacus in May of 2013 to renovate the independent living unit located at 621 Forest Park. The project included painting, installation of cabinets, installation of tile and countertops, construction of a guest bath, renovation of the master bathroom, and electrical work relating to installation of light fixtures and ceiling fans.

The total amount of the 621 Forest Park Contract is $48,199. Abacus was owed approximately $15,000 under the Forest Park Contract on the Petition Date.

The Debtor's motion to assume the Abacus Contracts was filed September 4, 2013 [Docket No. 163]. An Order approving the assumption of the Abacus Contracts was entered on October 28, 2013 [Docket No. 231], which Order was amended on November 7, 2013 [Docket No. 246]. The assumption of the Abacus Contracts and payment of the associates "cure" payment reduced Debtor's prepetition unsecured debt by $53,059.67.

Continuum Development Services Report

As part of the consensual path followed during the Chapter 11 case, and in accordance with the Cash Collateral Order, the Debtor committed to an independent review of its operations by Continuum Development Services ("CDS"). CDS is a Tennessee based company which provides consulting services to retirement communities across the country.

The operational review conducted by CDS included, among other things:

- Examination of the current organizational structure and staffing in each operating department;

- Analysis of historical and projected financial statements;
- Review of December 31, 2012 financial statements and December 31, 2013 budget and financial projections;
- Evaluation of key operating metrics and development of best practice benchmarks;
- Review of marketing practices, marketing studies conducted by outside professionals, contract language and pricing structure; and
- Preparation of a written report with recommendations for staffing, cost containment and revenue enhancement consistent with best practices for senior living operations and issue a management consultant report to satisfy bond covenant requirements.

CDS' Report was furnished to the Debtor on or about October 14, 2013. The report identified approximately $796,000 to $817,700 in potential annual cost savings in connection with the provision of food services and staffing. Debtor believes that $360,000 of the recommended savings can realistically be achieved on an annual basis, but will pursue further opportunities to the extent feasible.

Hamlyn Senior Marketing, LLC Report

As part of the consensual path followed during these proceedings, and consistent with the Final Cash Collateral Order, the Debtor committed to a review of its sales and marketing practices in order to ensure that it is maximizing its ability to attract new residents. The Debtor retained Hamlyn Senior Marketing, LLC ("Hamlyn") to conduct this review as Hamlyn is one of the most experienced senior living sales and marketing consulting firms in operation today, having more than 35 years of extensive expertise and experience in conducting marketing reviews of CCRCs and senior living organizations throughout the country.

Hamlyn's report was issued on November 8, 2013. The report concluded that Glenmoor's current occupancy (87.9% for independent living, 88.9% for assisted living and 70% for skilled nursing) is comparable to its competitors and that its attrition rate of 10.69% is presently below the national average for CCRCs in operation for over 10 years. The average age at move-in for Glenmoor residents of 77 years is slightly younger than the CCRC national average of 79.7 years.

With respect to pricing, the Hamlyn report concluded that, Glenmoor's pricing was market appropriate.

The assessment recommended limited improvements in direct marketing, promoting the affiliation with Vicar's Landing, and adoption of additional incentive plans for the marketing department. The Debtor is currently reviewing such recommendations and will implement those to the extent feasible.

Claims Process and Bar Dates

By order entered September 3, 2013 [Docket No. 161], current residents were excused from having to file proofs of claim in connection with the case.

Pursuant to notice dated July 9, 2013 [Docket No. 14], November 12, 2013 was established as the deadline for general unsecured creditors to file Claims against the estate. Governmental units were given until December 30, 2013 within which to file their Claims. A supplemental notice of the Claims bar dates was provided on September 17, 2013 [Docket No. 192].

It is anticipated that the Confirmation Order will establish an Administrative Claim Bar Date, thereby serving as the Administrative Claim Bar Date Order. Unless otherwise ordered by the Bankruptcy Court, it is expected that the Administrative Claim Bar Date will be 30 days after the Effective Date.

Period of Exclusivity to file a Plan of Reorganization

Under § 1121 of the Bankruptcy Code, a debtor has the exclusive right to (a) file a plan of reorganization during the first 120 days of its Chapter 11 case and (b) solicit acceptances of such a plan during the first 180 days of the case. These periods may be extended for "cause." The Debtor sought, and on October 28, 2013 the Bankruptcy Court granted an extension of the exclusivity period [Docket No. 233], subject to the Bond Trustee's right to request termination of the exclusivity period upon a proper motion before the Bankruptcy Court. As a result of that order, the Debtor currently has the exclusive right to file a Plan of reorganization through February 14, 2014 and has the exclusive right to solicit acceptances of such a Plan through April 15, 2014 The Debtor has reserved the right to request further extensions of the periods of exclusivity.

GENERAL INFORMATION CONCERNING THE PLAN

Overview of the Chapter 11 Plan

Though this Chapter 11 case was filed in direct response to a threatened enforcement action by the OIR, a Chapter 11 reorganization was also viewed as a means of ensuring a meaningful distribution to the Refund Queue Claim Holders, restructuring the Debtor's secured indebtedness, and protecting the current residents from a loss of the services and quality of healthcare they have come to expect. Chapter 11 was preferred to a liquidation or sale because, in a liquidation scenario, there is no assurance that a meaningful distribution to the Refund Queue Claimants could be achieved as the Bondholders hold a blanket lien on virtually all assets owned by Glenmoor, and would be entitled to payment in full before any sales proceeds were distributed to subordinate unsecured creditors. In addition, to the event if such liquidation, it is anticipated that Holders of Series 2006 Bonds would receive substantially less than they will under the Plan. Moreover, there can be no assurance that a purchaser would honor the Residence

and Care Contracts between Glenmoor and its existing residents. After months of negotiations, the Debtor appears to have achieved its goals through submission of the Plan. The terms of the Debtor's Plan reflect months of extensive negotiations between and among the Debtor, the Committee, the majority Holders of the principal amount of the Series 2006 Bonds, and the Bond Trustee to balance the distribution risk, ensure assumption of the current Residence and Care Contracts, and allow Glenmoor to remain in business as a going concern.

The Plan contemplates, among other things, an exchange of the outstanding obligations under the Series 2006 Bonds for new Series 2014A Bonds and Series 2014B Bonds (collectively, the "Series 2014 Bonds"). The Plan also contemplates the resolution of the past-due entrance fee refunds owed by the Borrower Refund Queue Claim Holders in the approximate amount of $7.8 million.

The terms of the restructuring embodied in the Plan are summarized below:

A. Terms of Restructuring	
Application of 2006 Trustee-Held Funds	Upon the Effective Date of the Restructuring Plan (the "Effective Date"), any funds held by the Bond Trustee with respect to the Series 2006 Bonds shall be applied in the following order of priority: ➢ First, to any outstanding fees and expenses of the Bond Trustee, including the reasonable fees of its professionals; and ➢ Second, the balance to partially fund the Series 2014 Bond DSRF (the "Series 2014A DSRF") in the approximate amount of $3.031 million such amount representing the maximum amount required to be held in such fund in any given year under the Series 2014 Bonds (the "Required Debt Service Reserve Fund Amount").
Application of Glenmoor Cash on Hand	Glenmoor shall apply all available cash on hand on the Effective Date to pay (i) all allowed administrative expense claims, (ii) maintenance of minimum operating account cash balance of $1,100,000 and (iii) to partially replenish the amounts required to be held under the Operating Reserve Fund as contemplated under the Projections (as hereinafter defined) attached hereto as **Exhibit 3**.
Exchange of Series 2006 Bonds	As of the Effective Date, the Holders of the Series 2006 Bonds shall exchange their existing Series 2006 Bonds for a ratable share of the Series 2014A Bonds and the Series 2014B Bonds.
Issue of Series 2014A Bonds	The Series 2014A Bonds shall be in the original principal amount of $41,711,250 (the "A Bonds Principal Amount") (i.e. 75% of the current principal amount outstanding under the Series 2006 Bonds)

	as of the Effective Date. The Series 2014A Bonds shall be paid as set forth on Schedule 1 attached to the Restructuring Term Sheet. Pursuant to such Schedule 1, the Series 2014A Bonds shall mature in 2048 (as further defined in the Bond Documents, the "Maturity Date"). Interest after the Effective Date shall accrue at the following rates, (i) from the Effective Date through December 31, 2015, interest shall accrue at a rate of 1.344%; and (ii) starting on January 1, 2016, and continuing through the Maturity Date, interest shall accrue at a rate of 5.375% per annum. From the Effective Date and continuing through December 31, 2019, Glenmoor shall pay debt service equal to the amount of interest accruing on the Series 2014A Bonds for such period. Commencing on January 1, 2020, and continuing through the Maturity Date, Glenmoor shall pay interest accruing in each year on the Series 2014A Bonds as well as principal sinking fund payments, in accordance with Schedule 1 of the Restructuring Term Sheet. All scheduled interest payments shall be made semi-annually to the Holders of the Series 2014A Bonds, and all scheduled principal payments shall be made annually to the Holders of the Series 2014A Bonds. The Series 2014A Bonds will be secured by a first priority lien on all assets of Glenmoor (except that the Series 2014A Bonds will be secured by a second priority lien on the Real Estate until such time as the Refund Queue Holder A Note is paid in full, at which time the Series 2014A Bonds shall have a first priority lien on the Real Estate) until such time as the Series 2014A Bonds are discharged. The Series 2014A Bonds shall have the call protections embodied within the Restructuring Term Sheet.
Issue of Series 2014B Bonds	The Series 2014B Bonds shall be in the original principal amount of $15,434,643.75 (i.e. the difference between all principal and interest owed on account of the Bonds as of the Petition Date minus the A Bonds Principal Amount). The Series 2014B Bonds shall mature on the Maturity Date and shall accrue interest at a rate of 2.5% compounded semi-annually, beginning on the Effective Date. The Series 2014B Bonds will be secured by a lien on all the assets of Glenmoor, junior to the lien securing the Series 2014A Bonds, junior to the liens securing the Refund Queue Holder A Note and *pari passu* with the Refund Queue Holder B Note. Principal and interest on the Series 2014B Bonds to the Holders of the Series 2014B Bonds shall be payable semi-annually from Excess Cash, if any, (defined below) in accordance with the Distribution Waterfall (as defined below); provided however, that if no funds are available for payment from the Distribution Waterfall, this shall not

	be an Event of Default under the Series 2014 Bond Documents. Any amounts paid on the Series 2014B Bonds shall be applied first to accrued and unpaid interest, and second to any principal that may be owing. Any balance outstanding on the Series 2014B Bonds as of the Maturity Date shall be due and payable in full. Among other provisions, the Series 2014 Bond Documents will provide that Glenmoor may refinance/refund the Series 2014A Bonds and the Refund Queue Holder A Note so long as economic value of the Series 2014B Bonds is not impaired (i.e. there shall not be an increase in the principal amount or interest rate, among other factors, associated with such refinanced bonds and notes).
Refund Queue Holder A Note	The Refund Queue Holder A Note shall be issued in the principal amount of approximately $4.68 million (i.e. 60% of the amount outstanding as of the Petition Date) and shall be payable to the Refund Queue Trustee on behalf of the Refund Queue Claim Holders' Distribution Trust (as defined below). Principal shall be paid on account of the Refund Queue Holder A Note as follows: (i) a payment on the Effective Date equal to the amount held in the OIR Escrow Account which funds are in the amount of approximately $809,000, provided that a portion of such initial distribution in the amount of $25,000 shall be retained by the Refund Queue Claim Holders' Distribution Trustee to establish a refundable retainer for future legal or professional services; (ii) payments of $42,333 on the day that is six months following the Effective Date, nine months following the Effective Date, and twelve months following the Effective Date; and (iii) sixteen quarterly payments of $233,512.56 with the first such payment made on the date that is fifteen months after the Effective Date, as further set forth in Schedule 1 of the Restructuring Term Sheet. In addition, interest shall accrue on the Refund Queue Holder A Note at the following rates: (i) from the Effective Date through December 31, 2015, interest shall accrue at a rate of 1.344%; and (ii) from January 1, 2016 and continuing until the Refund Queue Holder A Note is paid in full, interest shall accrue at a rate of 5.375% per annum. Under certain circumstances the Debtor may elect to add accrued interest to the principal amount owed on the Refund Queue Holder A Note in lieu of cash payment. Interest shall be paid on a quarterly basis, along with such scheduled principal payments. Any accrued and unpaid interest and principal on the Refund Queue Holder A Note shall be paid on the fifth anniversary of the Effective Date, which date shall be the maturity date of the Refund Claim Holder A Note.

	The Refund Queue Holder A Note shall be secured by (i) a first lien on the Real Estate; and (ii) a second lien on all of Glenmoor's other assets, junior to the lien securing the Series 2014A Bonds, and senior to each of the lien securing the Series 2014B Bonds and the Refund Queue Claim Holders B Note.
Refund Queue Holder B Note	The Refund Queue Claim Holders B Note shall be issued in the principal amount of approximately $3.1 million (i.e. 40% of the amount outstanding as of the Petition Date), shall be payable to the Refund Queue Trust, shall mature in 2048, and accrue interest at a rate of 2.5% compounded semi-annually, beginning on the Effective Date. Payment of principal and interest on account of the Refund Queue Holder B Note shall be payable semi-annually from Excess Cash in accordance with the Distribution Waterfall; provided however, that if no funds are available for payment from the Distribution Waterfall, it shall not be an Event of Default under the Refund Queue Holder B Note. Any amounts paid on the Refund Queue Holder B Note shall be applied first to accrued and unpaid interest, and second to any principal that may be owing. Any balance outstanding on the Refund Queue Holder B Note as of the Maturity Date shall be waived. The Refund Queue Holder B Note will be secured by a lien on all the assets of Glenmoor, junior to the lien securing the Series 2014A Bonds, junior to the liens securing the Refund Queue Holder A Note and *pari passu* with the Series 2014B Bonds. Glenmoor may refinance/refund the Series 2014A Bonds and the Refund Queue Holder A Note so long as economic value of the Refund Queue Holder B Note is not impaired (i.e. there shall not be an increase in the principal amount or interest rate, among other factors, associated with such refinanced bonds and notes).
Refund Queue Claim Holders' Distribution Trust	As part of the Restructuring Plan, a liquidating, grantor trust shall be established (the "Refund Queue Claim Holders' Distribution Trust") governing the receipt and disbursement of the proceeds from the Refund Queue Holder Notes to the Refund Queue Claim Holders, as beneficiaries. The Refund Queue Claim Holders' Distribution Trust will provide for, among other things, the appointment of a Trustee or Trustee(s) to supervise the Trust, the distribution of funds received under the Refund Queue Holder Notes, the exercise of rights and remedies by the Refund Queue Trustee and the Refund Queue Claim Holders, and the retention of professionals and a disbursing agent to assist with the administration of the Refund Queue Claim Holders' Distribution Trust. Until such time as the Refund Queue Holder Notes are satisfied, Glenmoor shall pay $5,000 per annum to the

<table>
<tr><td></td><td>Refund Queue Trustee to help defray administrative expenses.</td></tr>
<tr><td>Intercreditor Agreement</td><td>The Bond Trustee and the Refund Queue Trustee shall enter into an Intercreditor Agreement (the “Intercreditor Agreement”) that is consistent with the Distribution Waterfall and establishes the following order of priority with respect to both payment and remedies:

➢ Payments on account of the Series 2014A Bonds;

➢ Payments on account of the Refund Queue Holder A Note; and

➢ Payments on account of the Series 2014B Bonds and the Refund Queue Holder B Note, which shall be pari passu.

The Intercreditor Agreement will further provide that (i) to the extent of default relating to the Refund Queue Holder A Note, with the exception of the Real Estate upon which the Refund Queue Claim Holders’ Distribution Trust will have a first-priority lien securing the Refund Queue Holder A Note, the Refund Queue Trustee cannot take any action against Glenmoor or its assets until expiration of six months from the date of the event of default; and (ii) to the extent of a default relating to the Series 2014 Bond Documents, the Bond Trustee shall not take any action against the Real Estate until expiration of six months from the date of the event of default. Such other rights and remedies (including the lien priority set forth herein) will be set forth in the Intercreditor Agreement.</td></tr>
<tr><td>Sponsor Contribution</td><td>On the Effective Date, LCPS Management, Inc. (the “Manager”) shall transfer to Glenmoor the approximate 11.01 acres of unimproved real property adjacent to Glenmoor’s Facility (the “Real Estate”). Such Real Estate shall be subject to the liens granted to the Bond Trustee and the Refund Queue Claim Holders’ Distribution Trust, the relative priority of which is described above.

Life Care Pastoral Services, Inc. (“LCPS” or the “Sponsor”) (and to the extent applicable, Vicar’s Landing) shall subordinate any claim it is owed by the Borrower to payment of the Series 2014A Bonds, the Series 2014B Bonds, the Refund Queue Holder Notes.</td></tr>
<tr><td>Management Contract</td><td>The current management contract (and any renewals thereof) with the Manager shall be amended to be consistent with the terms and conditions set forth herein including, but not limited to, (i) payments to the Manager and any affiliates shall be capped at $100,000 (such $100,000 amount, the “Base Management Fee”) on an annual basis during the first five years; and (ii) such contract shall be terminable upon 60 days prior written notice to the extent of a default under the Bond Documents and to the extent such termination is consented to</td></tr>
</table>

	by the Bond Trustee. Upon the expiration of the Management Contract, such contract will be subject to further negotiation with any such new and/or amended management agreement being approved by the Bond Trustee.
Entrance Fees Fund	Upon the Effective Date, Glenmoor shall establish an Entrance Fees Fund under the Bond Documents. All Entrance Fees of Glenmoor shall be deposited in the Entrance Fees Fund, held by the Bond Trustee, subject to and in accordance with the laws of the State of Florida as now or hereafter in effect. Subject to all applicable laws and regulations in effect at such time, Entrance Fees will only flow from the Entrance Fees Fund to the Revenue Fund (as defined below) after the later of (i) occupancy by the resident(s) of the contracted unit or (ii) expiration of any applicable rescission rights under the Residence and Care Contracts. The lien of the Bond Trustee against the Entrance Fees Fund shall at all times be subject to applicable laws and regulations and in no event shall Glenmoor be obligated to use, pledge, distribute or pay over any Entrance Fees in a manner that is contrary to any applicable law or regulation in effect at the time. Subject to applicable law and regulations, following the passage of the later of (i) occupancy by the resident(s) or (ii) the rescission rights of a resident, Entrance Fees will be transferred from the Entrance Fee Fund to the Revenue Fund and shall be available to flow through the Distribution Waterfall.
Revenue Fund	The Bond Documents shall establish a Revenue Fund (the “Revenue Fund”) to be held by the Bond Trustee, subject to the lien under the Indenture, pursuant to which all revenues or other income of Glenmoor, including Entrance Fees released pursuant to the above conditions relating to the Entrance Fees Fund (the “Revenues”) and cash on hand as of the Effective Date shall be deposited. Funds from the Revenue Fund shall be withdrawn pursuant to the Distribution Waterfall. Funds in the Revenue Fund shall be included in any calculation of Days Cash on Hand.
Bond Fund	There shall be established a Bond Fund (the “Bond Fund”) under the Bond Documents, subject to the lien under the Indenture. The Bond Fund will receive (i) the monthly payments of principal (if any) and interest due and payable under the Series 2014A Bonds, and (ii) all Excess Cash payable to the Bond Trustee in accordance with the Distribution Waterfall, with such amounts then being distributed to the Holders of the Series 2014B Bonds in accordance with the terms hereof.

<table>
<tr>
<td>Distribution Waterfall</td>
<td>
The Series 2014 Bond Documents shall establish a revenue fund (the “Revenue Fund”) into which all revenues (including any post-Effective Date Entrance Fees, subject to all applicable laws and regulations) shall be deposited.
Subject to the next sentence, amounts on deposit in the Revenue Fund shall be made available to Glenmoor as set forth below to satisfy ongoing operations and costs and expenses of Glenmoor including the management fee under the Management Agreement allocated on a monthly basis (collectively, the “Operating Expense”). If an event of default shall have occurred under the Series 2014 Bond Documents, and is continuing, then the monthly amounts on deposit in the Revenue Fund available for withdrawal to satisfy Operating Expenses shall be made available to Glenmoor in an amount not to exceed the amounts set forth in an operating budget established in a manner set out in the Bond Documents.
On the first day of each calendar month, monies in the Revenue Fund shall be distributed in the following order of priority (the “Distribution Waterfall”):

First, a transfer to Glenmoor’s operating account (subject to a deposit account control agreement with Glenmoor’s depository bank reasonably acceptable to the Bond Trustee) in an amount equal to 150% of the amount certified by Glenmoor (in a certificate setting forth in reasonable detail the projected application of the amount so certified) as necessary to pay anticipated Operating Expenses (including, as set forth in Schedule 1 to the Restructuring Term Sheet, the scheduled replenishment obligations relating to each of the Operating Reserve Fund and the Repair and Replacement Fund required to be maintained under Chapter 651, Florida Statutes, and the Series 2014 Required Debt Service Reserve Fund for the upcoming month (taking into account any unapplied amount withdrawn for such purpose in a prior month), and set forth in a budget (the “Operating Budget”) approved on an annual basis by the Bond Trustee;
Second, to the bond fund established under the Series 2014 Bond Documents in an amount equal to one sixth of the scheduled semi-annual interest payment and one twelfth of any scheduled principal payment in respect of the Series 2014A Bonds, as provided for in the Series 2014 Bond Documents;
Third, to the Refund Queue Claim Holders’ Distribution Trust in an amount equal to one third of the next-scheduled quarterly payment (principal and interest) owed under the

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</table>

	Refund Queue Holder A Note; • Fourth, to Glenmoor's operating account in such amount that Glenmoor has not less than $2.2 million in such account, adjusted upward on each anniversary of the Effective Date by the Consumer Price Index for the preceding calendar year; and • Fifth, any available cash remaining after the payments described in the four bullet points above (the "Excess Cash"), shall be distributed on a pro-rata basis by and between the Holders of Series 2014B Bonds (and applied first to interest and then to the principal amount outstanding of the Series 2014B Bonds) and the Refund Queue Holder B Note, provided, however, that Excess Cash may be utilized to replenish the statutory reserve accounts (the Operating Reserve Fund, the Repair and Replacement Fund and Series 2014 DSRF) prior to the replenishment schedule established by the Plan, if necessary to preserve Glenmoor's operating licenses. The foregoing requirement to remit all funds into a Revenue Fund to be held by the Bond Trustee and to pay amounts set forth in the Operating Budget shall terminate to the extent (i) Glenmoor's DSCR is greater than 1.30x; (ii) Glenmoor has DCOH greater than 200; (iii) the Refund Queue Holder A Note has been paid in full; and (iv) there is not otherwise a default or Event of Default under the 2014 Bond Documents. Under such circumstances, all funds shall be transferred into Glenmoor's operating account.
Fees Related to Exchange	Upon the Effective Date, Glenmoor shall pay all outstanding adequate protection payment amounts (i.e., the $50K/month) toward costs and all other fees associated with the Restructuring Transaction including but not limited to: Bond Counsel, Issuer, regulatory filings and any other fees for negotiating, drafting and effectuating the Restructuring Transaction (exclusive of the Bond Trustee and its professionals).
Additional Documentary Matters	The 2014 Bond Documents and the Note Documents shall be drafted in a manner necessary to effectuate the Restructuring Transaction. The modified Bond Documents and other agreements governing the Restructuring Transaction shall provide, inter alia, that Glenmoor shall not, absent consent of the Bond Trustee and the Refund Queue Trustee, (i) make any material modification to the residency agreements, (ii) enter into any transaction that has a material adverse effect upon Glenmoor's business or assets, or (iii) except as otherwise provided herein, incur any additional indebtedness for borrowed funds, all with the written consent of a simple majority of the Holders of the principal amount held by the

	Holders of the Series 2014A Bonds and the consent of the Refund Queue Trustee. The 2014 Bond Documents and Note Documents shall contain a provision that shall allow for future subordination of the Series 2014B Bonds and Refund Queue Holder B Note obligations to development financing associated with the Real Estate to the extent that an independent feasibility study demonstrates that such development would be economically accretive to the Glenmoor, and the consent of a simple majority of the Holders of the principal amount held by the Holders of the Series 2014A Bonds and the consent of the Refund Queue Trustee.
Covenants; General	The Bond Documents shall be drafted to reflect current, anticipated performance expectations. Except as provided below, non-payment covenant compliance shall be measured quarterly from and after the Effective Date. In addition to the covenants referenced herein, the Bond Documents shall also include obligations on the part of the Borrower to use such commercially reasonable efforts to take actions necessary to (i) implement the achievable recommendations and findings of Hamlyn Senior Marketing, LLC and Continuum Development Services made during the Borrower's bankruptcy case; and (ii) implement market-based increases in pricing to meet the required payments.
Days Cash on Hand Covenant	The Bond Documents shall include a covenant of an average Days Cash on Hand, excluding all statutory reserve accounts ("DCOH") on the terms set forth on Schedule 2 to the Restructuring Term Sheet. In the event the Debtor fails to meet the DCOH targets set forth on Schedule 2 for any two consecutive quarters, Glenmoor shall be required to replace LCPS Management, Inc. with a new management team within sixty (60) days of delivery of the compliance certificate to the Trustee, with such new management team reasonably acceptable to the Holders of a majority of the principal amount of the Series 2014A Bonds. In the event DCOH falls below 15 days, it shall be an event of default under the Bond Documents.
Unit Occupancy Levels Covenant	Glenmoor shall achieve and maintain those Independent Living occupancy levels set forth on Schedule 3 to the Restructuring Term Sheet. If Glenmoor fails to meet any of the Independent Living occupancy

	levels set forth on Schedule 3, Glenmoor shall be required to retain a consultant within thirty (30) days of delivery of the compliance certificate to the Bond Trustee, with such consultant reasonably acceptable to the Holders of a majority of the principal amount of the Series 2014A Bonds, which consultant shall provide a report to the Holders. Glenmoor shall be required to follow the recommendations in such report. Additionally if Glenmoor fails to meet any of the Independent Living occupancy levels set forth on Schedule 3 for any two consecutive quarters after such consultant report is delivered, then Glenmoor shall be required to replace the Manager with a new management team within sixty (60) days of delivery of the compliance certificate to the Bond Trustee, with such new management team reasonably acceptable to the Holders of a majority of the principal amount of the Series 2014A Bonds.
Operation Ratio Covenant	Glenmoor shall achieve and maintain an operating ratio of not more than 110% for any measuring period. The Operating Ratio is defined as Glenmoor's Total Operating Expenses (excluding amortization and depreciation expense, but including interest expense and only post-Effective Date non-recurring professional fees) divided by Glenmoor's Total Operating Revenue (including gifts, foundation grants, interest income, gain or loss on the sale of assets, and unrealized gain or losses on investments) as historically reported in Glenmoor's financial statements. (i) If the actual operating ratio is greater than 110% for any quarter, then Glenmoor shall be required to retain a management consultant reasonably acceptable to the Holders of a majority of the principal amount of the Series 2014A Bonds within thirty (30) days of delivery of the compliance certificate to the Bond Trustee and provide a report to the Holders; and (ii) If the actual operating ratio is greater than 110% for any two consecutive quarters, then Glenmoor will replace the Manager with a new management team within thirty (30) days of delivery of the compliance certificate to the Trustee, with such new management team reasonably acceptable to the Holders of the majority of the principal amount of the Series 2014A Bonds.
Debt Service Coverage Ratio Covenant	The following covenant will not take effect until the second quarter of 2015: Glenmoor shall have a debt service coverage ratio ("DSCR") of not less than 1.15x, which shall be measured on a rolling 4 quarter basis.

	This ratio will include net Entrance Fees in the numerator and will include the maximum annual debt service of the Series 2014A Bonds in the denominator. The ratio will not include capital expenses in either the numerator or denominator. If the DSCR falls below 1.00x for any two consecutive quarters, it shall be an event of default under the Bond Documents. In addition, if the DSCR falls below 1.15x for any two quarters during any single fiscal year, Glenmoor shall be required to retain a consultant within thirty (30) days of delivery of the compliance certificate to the Bond Trustee, with such consultant being reasonably acceptable to the Holders of a majority of the principal amount of the Series 2014A Bonds and provide a report to the Holders. Glenmoor shall be required to follow the recommendations in such report. If the DSCR falls below 1.15x for any two consecutive quarters after the findings of the aforementioned consultant's report are delivered, Glenmoor will replace the Manager with a new management team within thirty (30) days of delivery of the compliance certificate to the Bond Trustee, with such new management team reasonably acceptable to the Holders of the majority of the principal amount of the Series 2014A Bonds.
Quarterly Financials	During the first six years from the Effective Date, the Borrower shall provide the Bond Trustee and the Refund Queue Trustee with quarterly financial statements (including a balance sheet, an income statement, a rent roll (which shall include the Entrance Fee deposits most recently received with each applicable unit) and a cash flow statement and an aging report setting forth the amount of any Entrance Fee refunds outstanding) which shall be delivered within 30 days following the end of each quarter and shall compare actual results to Budget and include an explanation of variances of more than 10% from Budget. On and after the third anniversary of the Effective Date, such financial statements shall be delivered on a semi-annual basis. In addition, during the first five years following the Effective Date, Glenmoor, with representatives of management, shall conduct quarterly calls with the Bond Trustee and the Holders of the Series 2014 Bonds to address the financials for such period and thereafter shall conduct semi-annual calls. At such time, Glenmoor shall address the financial results, discuss any operating issues and answer any questions by the Holders of the Series 2014 Bonds, the Bond Trustee and their respective representatives.
Quarterly	From and after the Effective Date, Glenmoor shall deliver, within 30

Compliance Certificates	days following the prior quarter end, a compliance certificate to the Bond Trustee and the Refund Queue Trustee, which compliance certificate shall set forth Glenmoor's calculation of the covenants based upon that respective quarter's results.
Actuarial Analysis	Glenmoor shall provide the Bond Trustee with an actuarial analysis with respect to the obligations owed to residents of the Facility no less frequently than once every three years.
Releases, Injunction and Exculpation	The Restructuring Transaction contemplated by this Term Sheet shall contain customary release, injunction and exculpation provisions, including but not limited to releases for the benefit of the officers and directors of Glenmoor, the Bond Trustee, the Directing Bondholders, the members of the Committee, and all of their respective counsel, advisors, and professionals.

MEANS OF IMPLEMENTATION

Continued Existence and Vesting of Assets in the Reorganized Debtor

The Plan will be funded primarily from the continued operations of the Debtor and the release of Entrance Fees currently held in escrow with TD Bank and the OIR. Accordingly, the Debtor shall continue to exist as the Reorganized Debtor after the Effective Date in accordance with the applicable law for the State of Florida and pursuant to its Articles of Incorporation and Bylaws.

On and after the Effective Date, all property of the bankruptcy estate, all litigation claims, and any property acquired by the Debtor under or in connection with the Plan, shall vest in the reorganized debtor free and clear of all claims, liens, charges and other encumbrances except as otherwise expressly stated in the Plan. On and after the Effective Date, the Debtor may operate its business and may use, acquire and dispose of property and compromise and settle and Claims without supervision or approval of the Bankruptcy Court, subject to the provisions of the Series 2014 Bond Documents and the Refund Queue Claim Holder Documents. The Board of Directors shall continue in its present form and composition.

Entrance Fees

On the Effective Date, all Entrance Fees presently held in escrow with TD Bank or the OIR shall be released to the Debtor for distribution in accordance with the Plan. After the Effective Date, any refund obligation that becomes due on account of a Residence and Care Contract will continue to be as an obligation of the Debtor and paid in the ordinary course of business. Debtor shall not be required to segregate or escrow future Entrance Fees as a result of prepetition conduct or this bankruptcy case.

Executory Contracts and Unexpired Leases

Except as otherwise provided in the Plan or in any contract, instrument, release or other agreement or document entered into in connection with the Plan, on the Effective Date, pursuant to § 365 of the Bankruptcy Code, the Debtor will assume the Residence and Care Contracts of each of its current residents. The Confirmation Order will constitute an order of the Bankruptcy Court approving the assumptions of such contracts of the Plan, pursuant to §§ 365 and 1123 of the Bankruptcy Code, as of the Effective Date.

On the Effective Date, except for an executory contract or unexpired lease that was previously assumed, assumed and assigned or rejected by an order of the Bankruptcy Court, or that is assumed pursuant to the Plan, each executory contract or unexpired lease that has not previously expired or terminated pursuant to its own terms will be rejected pursuant to § 365 of the Bankruptcy Code. The Confirmation Order will constitute an order of the Bankruptcy Court approving such rejections, pursuant to § 365 of the Bankruptcy Code, as of the Effective Date.

Notwithstanding anything to the contrary in the Confirmation Order, if the rejection of an executory contract or unexpired lease pursuant to the Plan gives rise to a Claim, such Claim will be forever barred and will not be enforceable against the Debtor, its successors or its property unless a proof of Claim or request for payment of Administrative Claim is filed and served on the Debtor pursuant to the procedures specified in the Confirmation Order, the notice of the entry of the Confirmation Order or another order of the Bankruptcy Court no later than 30 days after the Effective Date.

Insurance Policies and Agreements

The Debtor does not believe that the insurance policies issued to, or insurance agreements entered into prior to the Petition Date, constitute executory contracts. To the extent that such insurance policies or agreements are considered to be executory contracts, then, notwithstanding anything contained in the Plan to the contrary, the Plan will constitute a motion to assume such insurance policies and agreements, and, subject to the occurrence of the Effective Date, the entry of the Confirmation Order will constitute approval of such assumption, pursuant to § 365(a) of the Bankruptcy Code. Unless otherwise determined by the Bankruptcy Court pursuant to a Final Order or agreed to by the parties thereto prior to the Effective Date, no payments are required to cure any defaults of the Debtor existing as of the Confirmation Date with respect to each such insurance policy or agreement.

Indemnification of Directors and Officers

The Debtor's indemnification obligations in favor of its officers and directors shall be treated as executory contracts under the Plan and deemed assumed as of the Effective Date.

Compensation and Benefit Plans; Treatment of Retirement Plans

The Debtor offers a Section 403(b) benefit plan through LCPS. Participation is open to any employee who works 20 hours a week. Employees may enroll at any time and contribute up to 100% of wages or salary, with a 2013 maximum salary deferral of $17,500. The plan also allows for ROTH contributions on a post-tax basis, with the Debtor making matching contributions of up to 4% beginning after 6 full months of employment. The Debtor has approximately 42 employees contributing to the benefit plan.

Except as expressly provided in the Plan or any contract, instrument, release, indenture or other agreement, all of the Debtor's programs, plans, agreements and arrangements subject to §§ 1114 and 1129(a)(13) of the Bankruptcy Code, including, without limitation, all savings plans, retirement plans, healthcare plans, disability plans, severance plan, incentive plans, life, accidental death and dismembership insurance plans, and employment, severance, salary continuation and retention agreements entered into before the Petition Date and not since terminated, will be deemed to be and will be treated as though they are executory contracts assumed under the Plan, and the Debtor's obligations under such programs, plans, agreements and arrangements will survive confirmation of the Plan. In addition, pursuant to the requirements of § 1129(a)(13) of the Bankruptcy Code, the Plan provides for the continuation of payment by the Debtor of all "retiree benefits" as defined in § 1114(a) of the Bankruptcy Code at previously established levels.

Post-confirmation Management

Post-confirmation, the Debtor will continue to be managed by LCPS Management, Inc. The members of LCPS Management, Inc.'s senior management team are:

D. Bruce Jones

Mr. Jones is the Chief Executive Officer of LCPS Management, Inc. and has served in that capacity since November of 2012. As Chief Executive Officer, Mr. Jones is responsible for all aspects of Glenmoor's operations. Prior to becoming Chief Executive Officer, Mr. Jones served as Director of Health Services for Glenmoor's sister facility, Vicar's Landing, and was instrumental in that facility receiving the Governor's Gold Seal Award of Excellence from 2008 to 2012. Mr. Jones holds a Bachelors of Science degree from the University of Central Florida, and a Masters of Business Administration from Rollins College in Winter Park, Florida.

Candy M. Bowling

Mrs. Bowling is the Director of Financial Services for LCPS Management, Inc., and has served in that capacity since 2012. As Director of Financial Services, Mrs. Bowling supervises Glenmoor's accounting staff budget preparation and audit functions. Mrs. Bowling served as the Controller for the company from April 2010 to December 2012, where she was responsible for preparing and maintaining the company's financial

statements. Mrs. Bowling holds a Bachelor of Science Degree in Business Administration from the University of Alabama, with Majors in Accounting, Management and Marketing.

Dale F. Pirkle

Mr. Pirkle is the Chief Operating Officer for LCPS Management, Inc., and has served in that capacity since 2012. As Chief Operating Officer, Mr. Pirkle oversees Glenmoor's sales force and daily operations. Mr. Pirkle is a 1971 graduate if the U.S. Military Academy West Point.

William "Fritz" Scholze

Mr. Scholze is the Director of Marketing for LCPS Management, Inc. and has served in that position since 2005. As Directors of Marketing, Mr. Scholze is responsible for the marketing and sale of independent living residences at Glenmoor, as well a development of the long term marketing strategy for the facility. Mr. Scholze holds a Bachelor of Arts degree from the University of Tampa, which he received in 1991.

Compensation payable to LCPS Management, Inc.'s for its management services will be limited to $100,000 per annum for 5 years following the Effective Date, though Mr. Scholze and his sales team will be entitled to a sales commission on unit sales in accordance with past practices. In accordance with prepetition practices, the Debtor will continue to reimburse LCPS Management, Inc. for advances made on its behalf, including insurance premiums.

Restructuring Transactions

On the Effective Date or as soon as reasonably practicable thereafter, the Debtor may take all actions as may be necessary or appropriate to effect any transaction described in, approved by, contemplated by or necessary to effectuate the Plan, including: (1) the execution and delivery of all such agreements, indentures, and instruments as maybe necessary to effectuate the issuance of the Series 2014 Bonds; (2) the execution and delivery of appropriate instruments of transfer, assignment, assumption or delegation of any property, right, liability, duty or obligation on terms consistent with the terms of the Plan; (3) the filing of appropriate corporate governance documents with the appropriate governmental authorities pursuant to applicable law; and (4) all other actions that the Reorganized Debtor determines are necessary or appropriate.

Establishment of the Refund Queue Claim Holders' Distribution Trust

Formation of Trust

The Confirmation Order shall authorize and create the Refund Queue Claim Holders' Distribution Trust, a liquidating trust within the meaning of Treasury Regulation Section 301.7701-4(d) treated as a grantor trust for tax purposes which is being established to hold and enforce the Refund Queue Claim Holder Documents and receiving all distributions to the Refund Queue Claim Holders, and anything incident to

all the foregoing, and for no other business purpose. Each Refund Queue Claim Holder will be deemed a beneficial interest holder of the Refund Queue Claim Holders' Distribution Trust in proportion to his or her Class 2 Claim. On the Effective Date, Class 2 Refund Queue Claim Holders shall be deemed to have ratified and become bound by the terms of the Refund Queue Claim Holders' Distribution Trust. The Refund Queue Trustee is empowered to execute the Refund Queue Claim Holders' Distribution Trust on behalf of each holder of a Class 2 Claim.

Oversight Committee

The Committee shall appoint a new committee comprised of at least two and up to three individuals who are Refund Queue Claim Holders (the "Oversight Committee"). The initial members of the Oversight Committee shall be:

William K. Rigg, as Personal Representative
Estate of Eliza S. Rigg
4409 N. Altamaha Street
St. Augustine, Florida 32092

James Taylor, as Trustee
for Mary Taylor
100 Park Drive
Cranford, New Jersey 07016

Kramer Upchurch, as representative
for Frank and Tish Upchurch
545 Carcaba Road
St. Augustine, Florida 32084

The Oversight Committee shall have the ability to bind the Refund Queue Claim Holders.

The Oversight Committee shall hire an accounting firm to file a 1041 Federal Income Tax Return for the Refund Queue Claim Holders' Distribution Trust each year. The accountants will be paid from Distributions made to Class 2 Refund Queue Claim Holders with such payments being a credit against the amounts owed to Class 2 Refund Queue Claim Holders.

The Oversight Committee shall terminate at such time as the Refund Queue Claim Holders have been paid in accordance with the Plan. The existence of the Oversight Committee shall not provide justification to prevent the Chapter 11 Case from being closed upon proper motion of the Debtor.

Refund Queue Trustee

The Committee shall have the right to enter into the Refund Queue Claim Holders' Distribution Trust Agreement with a corporate trustee (the "Refund Queue Trustee"). The Refund Queue Claim Holders' Distribution Trust Agreement shall govern

the powers and duties the Refund Queue Trustee. The initial Refund Queue Trustee shall be U.S. Bank. After the Refund Queue Holder A Note is paid in full, the Oversight Committee may decide to become the Refund Queue Trustee and thereby take the place of the Refund Queue Trustee. In the event it becomes the Refund Queue Trustee, the Oversight Committee shall have the right to enter into a disbursing agreement with a disbursing agent and pay the disbursing agent a fee to make distributions. In the event there is a change in the Refund Queue Trustee, the Oversight Committee shall promptly notify the Reorganized Debtor. The Reorganized Debtor shall make all distributions under this Plan for the benefit of the Refund Queue Holder Claims to the Refund Queue Trustee. The Refund Queue Trustee shall be paid an annual trustee fee from Distributions made to Class 2 Refund Queue Claim Holders with such payments being a credit against the amounts owed to Class 2 Refund Queue Claim Holders. The initial annual fee will be $3,500. From the initial payment of $809,000 due to the Refund Queue Claim Holders, the Refund Queue Trustee shall retain $25,000 to establish a refundable retainer for the employment of legal counsel, to be held in trust and utilized solely for the administration of the Trust at the direction of the Queue Holder Trustee, with any remaining balance to be released to the Holders of Allowed Refund Queue Holder Claims after the Refund Queue Holder A Note is paid in full, and the Refund Queue Holder B Note is paid in full or matures in 2048. Additional amounts shall be paid from Distributions made to Class 2 Refund Queue Claim Holders with such payments being a credit against the amounts owed to Class 2 Refund Queue Claim Holders. The initial legal counsel to the Refund Queue Trustee shall be Akerman LLP.

Trust Related Documents

In addition, the Oversight Committee shall have the right to adopt and be governed by customary by-laws of the Oversight Committee (including provisions relating to the replacement of members of the Oversight Committee; provided, however, that to the extent no such documents are finalized, in the event there is a vacancy of a member(s) of the Oversight Committee, the remaining members of the Oversight Committee shall have the ability to appoint replacement members). To the extent practicable, any by-laws, the Refund Queue Claim Holders' Distribution Trust Agreement, and any other agreements relating to the Refund Queue Trustee shall be included as an exhibit to the Plan Supplement. The Overnight Committee may amend those documents post Effective Date in accordance with their terms.

Payment of Expenses

In order to help defer the costs associated with administering the duties of the Oversight Committee and the Refund Queue Trustee, the Reorganized Debtor shall pay $5,000 per year to the Queue Holder Trustee, for the benefit of the Queue Refund Claim Holders, with the first payment being due on the Effective Date, and with each subsequent payment being due one year thereafter, until such time as its obligations to Class 2 Refund Queue Claim Holders shall have been satisfied. Such $5,000 payments will not reduce or otherwise be a credit against the amounts owed to Class 2 Refund Queue Claim Holders.

Right to be Heard

From and after the Effective Date, the Refund Queue Trustee shall possess the rights of a party in interest pursuant to §§ 1109(b) and 1123(b)(3)(B) of the Bankruptcy Code for all matters arising in, arising under, or related to the Bankruptcy Case, and in connection therewith shall:

(i) have the right to appear, and be heard on matters brought before the Bankruptcy Court or other courts;

(ii) be entitled to notice and opportunity for hearing on all such issues; and

(iii) receive notice of all applications, motions and other papers and pleadings filed in the Bankruptcy Court.

Indemnification

The Refund Queue Trustee and its employees and agents and the Oversight Committee will be indemnified by the Refund Queue Claim Holders' Distribution Trust against claims arising from the good faith performance of duties under the Bankruptcy Code or this Plan.

Dissolution of Committee

Subject to any applicable Bankruptcy Court Order, on the Effective Date the Committee will dissolve, and the members of the Committee will be released and discharged from all duties and obligations arising from or related to the reorganization case. The Professionals retained by the Committee will not be entitled to assert any Professional Fee Claims for any services rendered or expenses incurred after the Effective Date, except for services rendered and expenses incurred in connection with any applications for allowance of compensation and reimbursement of expenses pending on the Effective Date or filed and served after the Effective Date pursuant to the Plan and in connection with any appeal of the Confirmation Order.

Plan Injunction

As of the Effective Date, all entities that have held, currently hold or may hold a Claim or other debt or liability of the Debtor, or an Interest or other right of an equity security holder with respect to the Debtor, that is discharged, waived, settled or deemed satisfied in accordance with the terms of the Plan will be permanently enjoined from taking any of the following actions on account of any such Claims, debts, liabilities, Interests or rights: (a) commencing or continuing in any manner any action or other proceeding against the Debtor or its property, other than to enforce any right pursuant to the Plan to a distribution; (b) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order against the Debtor or its property, other than as permitted by the Plan as described in (a) above; (c) creating, perfecting or enforcing any

lien or encumbrance of any kind against the Debtor or its property; (d) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to the Debtor; and (e) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the Plan. The injunction will extend to enforcement or licensure revocation actions by the OIR or other regulatory agencies predicated on the Debtor's insolvency or failure to maintain the reserves required by Chapter 651, Florida Statutes, so long as Debtor is compliant with the funding obligations contemplated by the Plan.

Exculpation

Separate and apart from the releases noted below, the Plan contemplates that certain non-debtor third parties will be exculpated and released from liability for any claims asserted against them arising out of the Chapter 11 case. The exculpated parties include the Debtor, the Committee, the Bond Trustee, the Directing Bondholders, LCPS and LCPS Management, Inc., and any of their current or former officers, directors, members, attorneys and financial advisors (the "Exculpated Parties").

Specifically, the Plan provides that Exculpated Parties shall neither have nor incur any liability to any Entity for any and all claims and causes of action arising on or after the Petition Date, including any act taken or omitted to be taken in connection with, or related to, formulating, negotiating, preparing, disseminating, implementing, administering, confirming or consummating the Plan, the Disclosure Statement, or any other contract, instrument, release or other agreement or document created or entered into in connection with the Plan or any other act taken after the Petition Date or omitted to be taken in connection with or in contemplation of the transactions occurring in the Chapter 11 case; provided, however, that the foregoing provisions shall have no effect on the liability of any exculpated party that results from any act or omission that is determined in a final order to be solely due to such exculpated party's own gross negligence or willful misconduct.

Preservation of Rights of Action Held by the Debtor and the Debtor

Except as provided in the Plan or in any contract, instrument, release or other agreement entered into or delivered in connection with the Plan, in accordance with § 1123(b) of the Bankruptcy Code, the Debtor or its successors, will retain and may enforce any claims, demands, rights and causes of action that the Debtor or its Estate may hold, to the extent not expressly released under the Plan. The Debtor or its successors, may pursue such retained claims, demands, rights or causes of action, as appropriate, in accordance with the best interests of the Debtor. Further, the Debtor retains its rights to file and pursue any adversary proceedings against any trade creditor or vendor related to debit balances or deposits owed to the Debtor.

Releases

The Plan, and the Confirmation Order, will contain the following releases:

NOTWITHSTANDING ANYTHING CONTAINED IN THE PLAN TO THE CONTRARY, ON THE EFFECTIVE DATE AND EFFECTIVE AS OF THE EFFECTIVE DATE, THE DEBTOR ON BEHALF OF ITSELF AND THE ESTATE, FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY EACH OF THE RELEASEES, HEREBY PROVIDES A FULL RELEASE TO THE RELEASEES (AND EACH SUCH RELEASEE SO RELEASED SHALL BE DEEMED RELEASED BY THE DEBTOR) AND THEIR RESPECTIVE PROPERTIES FROM ANY AND ALL CAUSES OF ACTION AND ANY OTHER DEBTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, ACTIONS, DERIVATIVE CLAIMS, REMEDIES AND LIABILITIES WHATSOEVER, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, EXISTING AS OF THE EFFECTIVE DATE, IN LAW, AT EQUITY, WHETHER FOR TORT, CONTRACT, VIOLATIONS OF FEDERAL OR STATE SECURITIES LAWS, OR OTHERWISE, BASED IN WHOLE OR IN PART UPON ANY ACT OR OMISSION, TRANSACTION, OR OTHER OCCURRENCE OR CIRCUMSTANCES EXISTING OR TAKING PLACE PRIOR TO OR ON THE EFFECTIVE DATE ARISING FROM OR RELATED IN ANY WAY TO THE DEBTOR, INCLUDING, WITHOUT LIMITATION, THOSE THAT THE DEBTOR OR REORGANIZED DEBTOR WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT OR THAT ANY HOLDER OF A CLAIM AGAINST OR INTEREST IN THE DEBTOR OR OTHER ENTITY WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT FOR OR ON BEHALF OF THE DEBTOR, THE REORGANIZED DEBTOR OR THE ESTATE AND FURTHER INCLUDING THOSE IN ANY WAY RELATED TO THE CHAPTER 11 CASE OR THE PLAN.[5]

NOTWITHSTANDING ANYTHING CONTAINED IN THE PLAN TO THE CONTRARY, ON THE EFFECTIVE DATE AND EFFECTIVE AS OF THE EFFECTIVE DATE, EACH HOLDER OF A CLAIM AGAINST OR INTEREST IN THE DEBTOR, IN CONSIDERATION OF THE OBLIGATIONS PROVIDED UNDER THE PLAN AND FOR OTHER GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE DEBTOR AND THE RELEASEES, HEREBY PROVIDES A FULL RELEASE TO THE RELEASEES (AND EACH SUCH PERSON OR PARTY SO RELEASED SHALL BE DEEMED RELEASED BY EACH SUCH HOLDER) AND THEIR RESPECTIVE PROPERTIES FROM ANY AND ALL CAUSES OF ACTION AND ANY OTHER DEBTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, ACTIONS, DERIVATIVE CLAIMS, REMEDIES AND LIABILITIES

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[5] "Releasees" are defined in the Plan as "collectively, (i) the Committee and the individual members thereof acting in their capacity as Committee members, (ii) the Bond Trustee, (iii) the Directing Bondholders and the individual members thereof acting in their capacity as Directing Bondholders, (iv) the Debtor, (v) the Sponsor, (vi) the Manager, and (vii) each of their respective present or former Representatives." Plan, Article I.87

"Representatives", in turn, means "with regard to an Entity or the Committee, officers, directors, members, employees, advisors, attorneys, professionals, accountants (including certified public accountants), investment bankers, financial advisors, consultants, agents, shareholders and other representatives (including their respective officers, directors, employees, members and professionals)." Plan, Article I.89.

WHATSOEVER, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, EXISTING AS OF THE EFFECTIVE DATE, IN LAW, AT EQUITY, WHETHER FOR TORT, CONTRACT, VIOLATIONS OF FEDERAL OR STATE SECURITIES LAWS, OR OTHERWISE, BASED IN WHOLE OR IN PART UPON ANY ACT OR OMISSION, TRANSACTION OR OTHER OCCURRENCE OR CIRCUMSTANCES EXISTING OR TAKING PLACE PRIOR TO OR ON THE EFFECTIVE DATE ARISING FROM OR RELATED IN ANY WAY TO THE RELEASEES, THE CHAPTER 11 CASE OR THE PLAN.

Protections Against Discriminating Treatment

Consistent with § 525 of the Bankruptcy Code and the Supremacy Clause of the U.S. Constitution, all Entities, including governmental units, shall not discriminate against the Reorganized Debtor or deny, revoke, suspend or refuse to renew a license, permit, charter, franchise or other similar grant, or to condition such a grant to, discriminate against the Reorganized Debtor or another Entity with whom the Reorganized Debtor has been associated, because the Debtor had been a debtor under Chapter 11, was insolvent before the commencement of the Chapter 11 case (or during the Chapter 11 case, but before the Debtor is granted or denied a discharge) or has not paid a debt that is dischargeable in the Chapter 11 case.

Modification or Revocation of the Plan

Subject to the restrictions on modifications set forth in § 1127 of the Bankruptcy Code, the Debtor reserves the right to alter, amend or modify the Plan before its substantial consummation, subject to the consent to the Bond Trustee and the Committee.

DISTRIBUTIONS UNDER THE PLAN

This section is applicable only to Class 3 Claim.

Method of Distributions to Holders of Claims

The Debtor will make all distributions required under the Plan. The Debtor will serve without bond and may employ or contract with other entities to assist in or make the distributions required by the Plan.

Distribution Record Date

The Debtor will have no obligation to recognize the transfer of, or the sale of any participation in, any Allowed Claim that occurs after the Distribution Record Date and will be entitled for all purposes herein to recognize and make distributions only to those Holders of Allowed Claims that are Holders of such Claims, or participants therein, as of the Distribution Record Date.

Except as otherwise provided in a Final Order of the Bankruptcy Court, the transferees of Claims that are transferred pursuant to Bankruptcy Rule 3001 prior to the Distribution Record Date will be treated as the Holders of such Claims for all purposes, notwithstanding that any period provided by Bankruptcy Rule 3001 for objecting to such transfer has not expired by the Distribution Record Date.

Setoffs

Except with respect to claims of the Debtor released pursuant to the Plan or any contract, instrument, release or other agreement or document entered into or delivered in connection with the Plan, may, pursuant to § 553 of the Bankruptcy Code or applicable non-bankruptcy law, setoff against any Allowed Claim and the distributions to be made pursuant to the Plan on account of such Claim (before any distribution is made on account of such Claim) the claims, rights and causes of action of any nature that the Debtor may hold against the holder of such Allowed Claim; provided, however, that neither the failure to effect a setoff nor the allowance of any Claim hereunder will constitute a waiver or release by the Debtor of any claims, rights and causes of action that the Debtor may possess against such a Claim holder, which are preserved under the Plan.

Prosecution of Objections to Claims

All objections to Claims must be filed and served on the Holders of such Claims by the Claims Objection Bar Date established by the confirmation order. If an objection has not been filed to a proof of Claim or a scheduled Claim by the Claims Objection Bar Date, the Claim to which the proof of Claim or scheduled Claim relates will be treated as an Allowed Claim if such Claim has not been allowed earlier. After the Effective Date, only the Debtor will have the authority to file, settle, compromise, withdraw or litigate to judgment objections to Claims.

VOTING AND CONFIRMATION OF THE PLAN

General

To confirm the Plan, the Bankruptcy Code requires that the Bankruptcy Court make a series of findings concerning the Plan and the Debtor, including that:

- the Plan has classified Claims and Interests in a permissible manner;
- the Plan complies with the applicable provisions of the Bankruptcy Code;
- the Debtor has complied with the applicable provisions of the Bankruptcy Code;
- the Debtor, as proponent of the Plan within the meaning of § 1129 of the Bankruptcy Code, has proposed the Plan in good faith and not by any means forbidden by law;

- the disclosure required by § 1125 of the Bankruptcy Code has been made;

- the Plan has been accepted by the requisite votes of creditors and equity interest Holders, except to the extent that cramdown is available under § 1129(b) of the Bankruptcy Code;

- the Plan is in the "best interests" of all Holders of Claims or Interests in an impaired Class that have not accepted the Plan (that is, that such creditors will receive at least as much pursuant to the Plan as they would receive or retain in a Chapter 7 liquidation);

- the Plan is feasible (that is, there is a reasonable prospect that the Debtor will be able to perform their obligations under the Plan); and

- all fees and expenses payable under 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the Confirmation Hearing, have been paid, or the Plan provides for the payment of such fees on the Effective Date.

Voting Procedures and Requirements

Pursuant to the Bankruptcy Code, only classes of Claims against, or equity interests in, a debtor that are "impaired" under the terms of the Debtor's plan are entitled to vote to accept or reject the plan. A Class is "impaired" if the legal, equitable or contractual rights attaching to the Claims or equity interests of that class are modified, other than by curing defaults and reinstating maturity. Classes of Claims that are not impaired are not entitled to vote on a plan and are conclusively presumed to have accepted that plan. Classes of Claims or equity interests that receive no distributions under a plan are not entitled to vote on that plan and are deemed to have rejected that plan unless such class otherwise indicates acceptance.

Under the Plan, Class 5 is unimpaired and deemed to have accepted the Plan. Classes 1 through 4 may vote on the Plan.

Pursuant to § 502 of the Bankruptcy Code and Bankruptcy Rule 3018, the Bankruptcy Court may estimate and temporarily allow a Claim for voting or other purposes. By order of the Bankruptcy Court, voting procedures have been established, which include certain vote tabulation rules that temporarily allow or disallow certain Claims for voting purposes only. These voting procedures, including the tabulation rules, are described in the solicitation materials provided with your Ballot.

VOTING ON THE PLAN BY EACH HOLDER OF AN IMPAIRED CLAIM ENTITLED TO VOTE ON THE PLAN IS IMPORTANT. IF YOU HOLD CLAIMS IN MORE THAN ONE CLASS OF IMPAIRED CLAIMS ENTITLED TO VOTE OR MULTIPLE CLAIMS IN ANY SUCH CLASS, YOU MAY RECEIVE MORE THAN ONE BALLOT. YOU SHOULD COMPLETE, SIGN AND RETURN EACH BALLOT YOU RECEIVE.

PLEASE CAREFULLY FOLLOW ALL OF THE INSTRUCTIONS CONTAINED ON THE BALLOT OR BALLOTS PROVIDED TO YOU. ALL BALLOTS MUST BE COMPLETED AND RETURNED IN ACCORDANCE WITH THE INSTRUCTIONS PROVIDED.

Confirmation Hearing

The Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing on whether the Debtor has fulfilled the requirements of § 1129 of the Bankruptcy Code relating to the Confirmation of the Plan.

The Confirmation Hearing is presently scheduled for February 21, 2014 at 10:00 a.m., and may be continued or adjourned from time to time by the Bankruptcy Court without further notice, except for an announcement of the continued or adjourned date made at the Confirmation Hearing. Any objection to Confirmation of the Plan must be made in writing, filed at least seven days prior to the Confirmation Hearing, and must specify in detail the name and address of the objector, all grounds for the objection and the amount of the Claim or Interest held by the objector. Any such objections must be filed and served upon the persons designated in the notice of the Confirmation Hearing, in the manner and by the deadline described in such notice.

Confirmation

At the Confirmation Hearing, the Bankruptcy Court will confirm the Plan only if all of the applicable requirements of § 1129 of the Bankruptcy Code are satisfied. These requirements include that the Plan:

- is accepted by the requisite Holders of claims and equity interests in each impaired class of the Debtor or, if not so accepted, has been accepted by the requisite Holders of at least one impaired class and is "fair and equitable" and "does not discriminate unfairly" as to each non-accepting class;

- is either accepted by, or is in the "best interests" of, each holder of a claim or equity interest in each impaired class of the Debtor;

- is feasible; and

- complies with the other applicable provisions of the Bankruptcy Code.

Acceptance or Cramdown

A plan is accepted by an impaired class of claims if Holders of at least two-thirds in dollar amount and a majority in number of claims in such class that are allowed or have been temporarily allowed for voting purposes, as the case may be, and that are held by Holders of such claims who actually vote to accept or reject such plan vote to accept it. Section 1129(b) of the Bankruptcy Code contains so-called "cramdown" provisions

pursuant to which a plan may be confirmed even if it is not accepted by all impaired classes, as long as at least one impaired class of claims has accepted it and the Bankruptcy Court finds that it is "fair and equitable" and "does not discriminate unfairly" as to each impaired class that does not accept the Plan or is deemed to have rejected it. The "fair and equitable" standard, which includes the "absolute priority rule," requires, among other things, that unless a dissenting class of unsecured claims receives full compensation for the aggregate allowed amount of such claims, no holder of an allowed claim in any class junior to such class may receive or retain any property on account of such claim. With respect to a dissenting class of secured claims, the "fair and equitable" standard requires, among other things, that Holders of such claims either retain their liens and receive deferred Cash payments with a value as of the date on which such plan is effective, equal to the value of their interest in property of the applicable estate, or receive the "indubitable equivalent" of their secured claims. The "fair and equitable" standard has also been interpreted to prohibit any class of claims senior to a dissenting class from receiving under a plan more than 100% of the aggregate allowed amount of such Claims. The requirement that a plan not "discriminate unfairly" means, among other things, that a dissenting class of claims must be treated substantially equally with respect to other classes of claims of equal rank.

The Debtor does not believe that the Plan unfairly discriminates against any Class that may not accept or otherwise consent to the Plan. The Debtor believes that the Plan is "fair and equitable" and "does not discriminate unfairly" as to each impaired Class entitled to vote upon the Plan or deemed to have rejected it. If a Class votes to reject the Plan, the Debtor will seek Confirmation of the Plan under the "cramdown'' provisions of the Bankruptcy Code. The Debtor may also seek confirmation of the Plan with respect any other impaired Class that does not accept the Plan and has reserved the right to modify the Plan to the extent that Confirmation of the Plan requires modification.

Best Interests Test; Liquidation Analysis

Notwithstanding acceptance of a plan by each impaired class (or satisfaction of the "cramdown" provisions of the Bankruptcy Code in lieu thereof), for a plan to be confirmed, the Bankruptcy Court must determine that the plan is in the best interest of each holder of a claim who is in an impaired class and has not voted to accept the plan. Accordingly, if an impaired class does not unanimously accept a plan, the best interests test requires the Bankruptcy Court to find that the plan provides to each member of such impaired class a recovery on account of such class member's claim that has a value, as of the date such plan is consummated, at least equal to the value of the distribution that such class member would receive if the debtor was liquidated under Chapter 7 of the Bankruptcy Code.

Attached hereto as **Exhibit 2** is a liquidation analysis prepared by the Debtor's financial consultants reflecting the amounts which the Debtor believes would be available to satisfy Claims in a hypothetical Chapter 7 liquidation in which a trustee would be appointed by the Bankruptcy Court to conduct the liquidation of the Debtor's assets. Though Chapter 7 liquidations typically involve closed businesses, § 721 of the Bankruptcy Code authorizes a trustee to operate a business for limited period of time "if such operation is in the best interest of the estate and consistent with the orderly

liquidation of the estate." Given the nature of Glenmoor's business, the liquidation model attached as **Exhibit 2** assumes that the Chapter 7 trustee would in fact continue to operate the business for a limited period of time pursuant to § 721 of the Bankruptcy Code instead of selling a closed facility.

The liquidation analysis also takes into account the following factors and assumptions:

- Funds presently held in the Operating Reserve and the Renewal and Replacement Reserve, which are unencumbered, would be available to pay administrative, priority and general unsecured Claims.

- Entrance Fees presently held in the OIR Escrow Account would be available for distribution to administrative, priority and general unsecured Claims instead of being paid solely to the residents who posted such fees.

- The debt service reserve established under the Trust Indenture is held by the Bond Trustee and would not be available to pay administrative, priority or other administrative Claims.

- The entrance fees presently held in the Postpetition Escrow Account would be returned to the residents who paid such entrance fees.

- The Bond Trustee holds a superpriority administrative expense for any diminution in value of the bondholders' prepetition collateral, subject to an agreed carve-out for certain administrative expenses.

- The Chapter 7 Trustee would receive the statutory commission on all funds administered in the liquidation, including the proceeds from the sale of the secured lenders' collateral.

- A prospective purchaser would elect to fully fund the Operating Reserve Fund, Renewal and Replacement Reserve and Debt Service Reserve, which in turn would likely reduce the amount it would be willing to pay for Glenmoor accordingly.

- The Residence and Care Contracts would not be assumed, resulting in a substantial increase in Class 2 Claims.

- The Refund Queue Claim Holders will receive payment ahead of other general unsecured creditors in accordance with § 651.071, Florida Statutes. There is an unresolved legal issue as to whether the priorities established by § 651.071, Florida Statutes, preempts the distribution scheme established by § 507 of the Bankruptcy Code.

- The realizable value of the Debtor's accounts receivable will be reduced due to the difficulties in collection following a conversion to Chapter 7.

Notes receivables from current residents comprise approximately 83% of the Debtor's accounts receivable. Residents may assert setoffs and counterclaims against payment of such notes in the event of a Chapter 7 liquidation.

- The affiliated debt owed to LCPS will not be subordinated. The subordination reflected in the Plan is the product of negotiation. In a Chapter 7 liquidation, such Claim may not be subordinated, resulting in further dilution of the distribution of the unsecured creditors class.

- The Real Estate being contributed by LCPS is a negotiated contribution to fund the Plan and would not likely be available in a Chapter 7 liquidation scenario.

The Liquidation Value available to Holders of Unsecured Claims would be further reduced by, among other things: (a) the Claims of the Holders of Series 2006 Bonds to the extent the value of their collateral is less than the amount owed to them; (b) the costs, fees and expenses of the liquidation, as well as other administrative expenses of the Debtor's Chapter 7 case, including the fees and costs of counsel and other professionals retained by the Chapter 7 trustee, asset disposition expenses, applicable taxes, litigation costs and claims arising from the operation of the Debtor during the pendency of the Chapter 7 case; and (c) unpaid Administrative Claims of the Chapter 11 case. The liquidation itself would also trigger certain Priority Claims, such as Claims for severance pay, that would otherwise be payable in the ordinary course of business. These Priority Claims would be paid in full out of the net liquidation proceeds, after payment of Secured Claims, before the balance would be made available to pay Unsecured Claims.

Furthermore, the Debtor believes that a Chapter 7 liquidation could result in substantial litigation that could delay the distribution to creditors beyond the periods assumed in **Exhibit 2**. This delay could materially reduce the amount available for distribution to creditors on a present value basis.

Thus, based on the liquidation analyses set forth in **Exhibit 2**, the Debtor believes that Holders of Claims will receive greater value as of the Effective Date under the Plan than such Holders would receive under a Chapter 7 liquidation.

Feasibility

Pursuant to § 1129(a)(11) of the Bankruptcy Code, the court must find that "[c]onfirmation of the plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the debt or any successor to the debtor under the plan, unless such liquidation or reorganization is proposed in the plan."

To support its belief that the Plan is feasible, the Debtor and its Board of Directors have relied on the financial projections compiled by its financial advisor, Navigant, which are attached hereto as **Exhibit 3** (the "Projections"). The Projections are based in part on an actuarial analysis prepared by A.V. Powell & Associates, Inc. in May of 2013, and are qualified in their entirety by the qualifications contained therein.

The Projections indicate that the reorganized debtor should have sufficient cash flow to pay and service its debt obligations under the Plan and to fund its operations as a going concern. Accordingly, the Debtor believes that the Plan complies with the financial feasibility standard of § 1129(a)(11) of the Bankruptcy Code.

The Projections are based on numerous assumptions, including confirmation and consummation of the Plan in accordance with its terms; realization of the cost savings identified in the CDS report; achievement of the occupancy goals set forth in the Projections; industry performance; no material adverse changes in applicable legislation or regulations, or the administration thereof; no material adverse changes in general business and economic conditions; no material adverse changes in competition; the Debtor's retention of key management and other key employees; the absence of material contingent or unliquidated litigation, indemnity, or other claims; and other matters, many of which will be beyond the control of the Debtor.

To the extent that the assumptions inherent in the Projections are based upon future business decisions and objectives, they are subject to change. In addition, although they are presented with numerical specificity and are based on assumptions considered reasonable by the Debtor, the assumptions and estimates underlying the Projections are subject to significant business, economic, and competitive uncertainties and contingencies, many of which will be beyond the control of the Debtor. Accordingly, the Projections are only estimates and are necessarily speculative in nature. It can be expected that some or all of the assumptions in the Projections will not be realized and that actual results will vary from the Projections, which variations may be material and are likely to increase over time. In light of the foregoing, readers are cautioned not to place undue reliance on the Projections. The Projections were not prepared in accordance with standards for Projections promulgated by the American Institute of Certified Public Accountants or with a view to compliance with published guidelines of the SEC regarding projections or forecasts. The Projections have not been audited, reviewed, or compiled by the Debtor's independent public accountants. The Debtor will be required to adopt a "fresh start" accounting upon its emergence from Chapter 11. The actual adjustments for "fresh start" accounting that the Debtor may be required to adopt upon emergence, may differ substantially from those "fresh start" adjustments in the Projections. The projected financial information contained in this Disclosure Statement should not be regarded as a representation or warranty by the Debtor, its Directors, its advisors, or any other person that the Projections can or will in fact be achieved.

The Debtor does not intend to update or otherwise revise the Projections, including any revisions to reflect events or circumstances existing or arising after the date of this Disclosure Statement or to reflect the occurrence of unanticipated events, even if any or all of the underlying assumptions do not come to fruition. Furthermore, the Debtor does not intend to update or revise the Projections to reflect changes in general economic or industry conditions.

The Debtor will face a number of risks with respect to its continuing business operations upon emergence from Chapter 11, including but not limited to the following: the Debtor's ability to improve profitability and generate positive operating cash flow;

the Debtor's ability to sustain sales increases; the Debtor's ability to increase capital expenditures in the future; the Debtor's ability to implement effective pricing and promotional programs; the Debtor's ability to successfully implement effective business continuity; the Debtor's ability to reserve appropriately for self insurance liabilities; changes in federal, state or local laws or regulations; general economic conditions in the Debtor's operating regions; stability of product costs; increases in labor and employee benefit costs, such as health care and pension expenses; or changes in accounting standards, taxation requirements and bankruptcy laws.

Although the Debtor believes that the assumptions inherent in the Projections are reasonable in light of the circumstances under which they were made, no assurances can be given that the Projections will be realized, or that the Debtors' income or expenditures will actually conform to the Projections.

CONDITIONS TO EFFECTIVE DATE

The following are conditions precedent to the occurrence of the Effective Date, each of which must be satisfied or waived in accordance with the Plan:

1. The Bankruptcy Court shall have entered the Confirmation Order containing findings of fact and conclusions of law satisfactory to the Debtor, the Bond Trustee, and the Committee, which Confirmation Order shall not be subject to any stay or subject to an unresolved request for revocation under § 1144 of the Bankruptcy Code and shall be a Final Order, which Confirmation Order shall include among other things:

(a) a finding by the Bankruptcy Court that the Series 2014 Bonds to be issued on the Effective Date will be authorized and exempt from registration under the applicable securities law pursuant to § 1145 of the Bankruptcy Code;

(b) all provisions, terms and conditions hereof are approved;

(d) all executory contracts or unexpired leases assumed by the Debtor during the Chapter 11 Case including under the Plan shall remain in full force and effect for the benefit of the Reorganized Debtor or its assignee notwithstanding any provision in such contract or lease (including those described in §§ 365(b)(2) and (f) of the Bankruptcy Code) that prohibits such assignment or transfer or that enables, permits or requires termination of such contract or lease; and

(e) except as expressly provided in the Plan or the Confirmation Order, the Debtor is discharged effective upon the Confirmation Date, subject to the occurrence of the Effective Date, from any "debt" (as that term is defined in § 101(12) of the Bankruptcy Code), and the Debtor's liability in respect thereof shall be extinguished completely, whether such debt (i) is reduced to judgment or not, liquidated or unliquidated, contingent or noncontingent, asserted or unasserted, fixed or unfixed, matured or unmatured, disputed or undisputed, legal

or equitable, or known or unknown, or (ii) arose from (a) any agreement of the Debtor that has either been assumed or rejected in the Chapter 11 case or pursuant to the Plan, (b) any obligation the Debtor incurred before the Confirmation Date or (c) any conduct of the Debtor prior to the Confirmation Date, or that otherwise arose before the Confirmation Date, including, without limitation, all interest, if any, on any such debts, whether such interest accrued before or after the Petition Date;

2. The Bankruptcy Court shall have entered a Final Order approving the Disclosure Statement as containing adequate information within the meaning of § 1125 of the Bankruptcy Code;

3. The Series 2014 Bonds shall be issued by the Issuer;

4. In connection with issuance of the Series 2014 Bonds, the Reorganized Debtor shall have obtained an opinion of bond counsel that the interest on the Series 2014 Bonds will be excluded from gross income for federal tax purposes;

5. The Plan and all Plan Supplement documents, including any amendments, modifications, or supplements thereto, shall be in form and substance acceptable to the Bond Trustee and the Committee;

6. All payments and transfers to be made on the Effective Date shall be made or duly provided for, and the Debtor shall have sufficient cash on such date to make such payments;

7. All authorizations, consents and regulatory approvals required, if any, in connection with the consummation of the Plan shall have been obtained; and

8. All other actions, documents and agreements necessary to implement the Plan shall be in form and substance acceptable to each of the Bond Trustee and the Committee and shall have been effected or executed.

Each of the conditions set forth in Article VIII of the Plan may be waived in whole or in part by the Debtor with the consent of the Committee and the Bond Trustee without any notice to other parties in interest or the Bankruptcy Court and without a hearing. The failure to satisfy or waive any condition to the Effective Date may be asserted by the Debtor regardless of the circumstances giving rise to the failure of such condition to be satisfied. The failure of the Debtor to exercise any of the foregoing rights shall not be deemed a waiver of any other rights, and each such right shall be deemed an ongoing right that may be asserted at any time.

Alternatives to Confirmation and Consummation of the Plan

The Debtor has evaluated numerous alternatives to the Plan, including the consummation of an alternative plan of reorganization under Chapter 11 of the Bankruptcy Code, delaying the adoption of any plan of reorganization and the liquidation of the Debtor.

While the Debtor has concluded that the Plan is the best alternative and will maximize recoveries by Holders of Claims, if the Plan is not confirmed, the Debtor could attempt to formulate and propose a different plan. In addition, upon the expiration of the period in which the Debtor has the exclusive right under the Bankruptcy Code to file and solicit acceptances with respect the Plan, any other party in interest in the reorganization case could attempt to formulate and propose a different plan of reorganization or liquidation.

THE DEBTOR BELIEVES THAT THE PLAN AFFORDS GREATER BENEFITS TO CREDITORS THAN EITHER THE CONSUMMATION OF AN ALTERNATIVE PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE OR LIQUIDATION UNDER CHAPTER 7 OF THE BANKRUPTCY CODE.

RISK FACTORS

The following is intended as a summary of certain risks associated with the Plan, but it is not exhaustive and must be supplemented by the analysis and evaluation made by each holder of a Claim under the Plan and this Disclosure Statement as a whole with such holder's own advisors.

Insufficient Acceptances

For the Plan to be confirmed, each impaired Class of Claims is given the opportunity to vote to accept or reject the Plan, except, however, for those Classes which will not receive any distribution under the Plan and which are, therefore, considered to have rejected the Plan. With regard to the impaired Classes which vote on the Plan, the Plan will be deemed accepted by a Class of impaired Claims if the Plan is accepted by Holders of Claims of such Class actually voting on the Plan who hold at least two-thirds in dollar amount and more than one-half in number of the total Allowed Claims of such Class. Only those members of a Class who vote to accept or reject the Plan will be counted for voting purposes.

If any Impaired Class of Claims does not accept the Plan, pursuant to § 1129(b) of the Bankruptcy Code, the Bankruptcy Court may still confirm the Plan at the request of the Debtor if, among other things, as to each Impaired Class which has not accepted the Plan, the Plan "does not discriminate unfairly" and is "fair and equitable." The Debtor believes that the Plan affords fair and equitable treatment for all Allowed Claims.

If one or more of the Impaired Classes of Claims votes to reject the Plan, the Debtors may request that the Bankruptcy Court confirm the Plan by application of the "cramdown" procedures available under § 1129(b) of the Bankruptcy Code. However, there can be no assurance that the Debtor will be able to use the cramdown provisions of the Bankruptcy Code for confirmation of the Plan. Any modification of the Plan necessary to effect a cramdown may result in a different treatment of Claims than those

currently afforded in the Plan, which, as to any Claim, may be less favorable, and distributions to Holders of Claims may be delayed.

Confirmation Risks

Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a Chapter 11 plan, and requires, among other things, a finding by the bankruptcy court that: (a) such plan "does not unfairly discriminate" and is "fair and equitable" with respect to any non-accepting classes; (b) confirmation of such plan is not likely to be followed by a liquidation or a need for further financial restructuring unless such liquidation or reorganization is contemplated by the plan; and (c) the value of distributions to non-accepting Holders of claims and equity Interests within a particular class under such plan will not be less than the value of distributions such Holders would receive if the Debtor was liquidated under Chapter 7 of the Bankruptcy Code.

There can be no assurance that the requisite acceptances to confirm the Plan will be received. Even if the requisite acceptances are received, there can be no assurance that the Bankruptcy Court will confirm the Plan. A non-accepting holder of an Allowed Claim might challenge either the adequacy of this Disclosure Statement or whether the balloting procedures and voting results satisfy the requirements of the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determines that this Disclosure Statement, the balloting procedures, and the voting results are appropriate, the Bankruptcy Court can still decline to confirm the Plan if it finds that any of the statutory requirements for confirmation have not been met, including the requirement that the terms of the Plan do not "unfairly discriminate" and are "fair and equitable" to non-accepting Classes.

Adverse Publicity

Adverse publicity or news coverage relating the Debtor, including publicity or news coverage in connection with the Chapter 11 case may negatively impact the Debtor's efforts to market its facilities and services to prospective residents.

Prolonged Recession

The Debtor was forced to file this Chapter 11 case as a direct result of the collapse of the housing market and recession which occurred in the 2008 time frame. Specifically, the inability of prospective residents to sell their current homes or liquidate their investment portfolios without incurring substantial losses severely impacted the Debtor's ability to attract new residents and maintain desired occupancy levels. Natural mortality in turn is not affected by economic recession. Thus, the Refund Queue grew as more residents left Glenmoor than were able to enter the facilities. Though there has been significant improvement in the real estate markets since 2008, it is still unclear whether the current recession has truly ended. A prolonged extension of the economic recession will impact the Debtor's ability to meet its obligations under the Plan.

Competition

The Debtor will face intense competition which could adversely affect its operations and harm its financial condition. Though Glenmoor is a CCRC offering a full range of services it its residents, the Debtor must nonetheless compete with the large number of assisted living facilities being built in the North Florida region. Increased competition could therefore adversely impact the prices which it can charge for tis services and ultimately the revenues realized by the company.

Uncertainty of Financial Projections

Again, the Projections set forth in **Exhibit 3** are based on numerous assumptions, including confirmation and consummation of the Plan in accordance with its terms; industry performance; the realization of the cost saving initiatives outlined in the CDS report; no material adverse changes in applicable legislation or regulations, or the administration thereof; the Debtor's ability to attract new residents to meet the increases in occupancy required to fund the Plan; no material adverse changes in general business and economic conditions; no material adverse changes in competition; the absence of material contingent or unliquidated litigation, and other matters, many of which will be beyond the control of the Debtor and some or all of which may not materialize. To the extent that the assumptions inherent in the Projections are based upon future business decisions and objectives, they are subject to change. In addition, although they are presented with numerical specificity and are based on assumptions considered reasonable by the Debtor, the assumptions and estimates underlying the Projections are subject to significant business, economic, and competitive uncertainties and contingencies, many of which will be beyond the control of the Debtor. Accordingly, the Projections are only estimates and are necessarily speculative in nature.

APPLICATION OF FEDERAL AND OTHER SECURITIES LAWS

Except as noted above, the Debtor believes that, subject to certain exceptions described below, various provisions of the Securities Act, the Bankruptcy Code and state securities laws exempt from federal and state securities registration requirements (a) the offer and the sale of such securities pursuant to the Plan and (b) subsequent transfers of such securities.

Offer and Sale of New Securities: Bankruptcy Code Exemption

Holders of the Series 2006 Bonds shall receive new bonds pursuant to the Plan. The new bonds will be exempt from registration under Section 3(a)(2) and Section 3(a)(4) of the Securities Act. In addition, § 1145(a)(1) of the Bankruptcy Code exempts the offer or sale of securities under a plan of reorganization from registration under Section 5 of the Securities Act and state laws if three principal requirements are satisfied: (1) the securities must be issued "under a plan" of reorganization by the debtor or its successor under a plan or by an affiliate participating in a joint plan of reorganization with the debtor; (2) the recipients of the securities must hold a pre-petition or

administrative expense claim against the debtor or an interest in the debtor; and (3) the securities must be issued entirely in exchange for the recipient's claim against or interest in the debtor, or "principally" in such exchange and "partly" for cash or property. In reliance upon these exemptions, the Debtor believes that the offer and sale of the Series 2014 Bonds under the Plan will be exempt from registration under the Securities Act and state securities laws, and may be resold without registration under the Securities Act or other federal securities laws. In addition, such securities generally may be resold without registration under state securities or "blue sky" laws pursuant to various exemptions provided by the respective laws of the several states. However, recipients of securities issued under the Plan are advised to consult with their own legal advisors as to the availability of any such exemption from registration under state law in any given instance and as to any applicable requirement or conditions to such availability.

THE FOREGOING SUMMARY DISCUSSION IS GENERAL IN NATURE AND HAS BEEN INCLUDED IN THIS DISCLOSURE STATEMENT SOLELY FOR INFORMATIONAL PURPOSES. THE DEBTOR MAKES NO REPRESENTATIONS CONCERNING, AND DOES NOT PROVIDE, ANY OPINIONS OR ADVICE WITH RESPECT TO THE 2014 BONDS OR THE BANKRUPTCY MATTERS DESCRIBED IN THIS DISCLOSURE STATEMENT. THE DEBTOR ENCOURAGES EACH CREDITOR AND PARTY-IN-INTEREST TO CONSIDER CAREFULLY AND CONSULT WITH ITS OWN LEGAL ADVISORS WITH RESPECT TO ALL SUCH MATTERS.

CERTAIN TAX CONSEQUENCES OF CONSUMMATION OF THE PLAN

A GENERAL DESCRIPTION OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN IS PROVIDED BELOW. NO RULING HAS BEEN REQUESTED FROM THE IRS; NO OPINION HAS BEEN REQUESTED FROM THE DEBTOR'S COUNSEL CONCERNING ANY TAX CONSEQUENCE OF THE PLAN; AND NO TAX OPINION IS GIVEN BY THIS DISCLOSURE STATEMENT.

THE DESCRIPTION THAT FOLLOWS DOES NOT COVER ALL ASPECTS OF FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO THE DEBTOR OR HOLDERS OF CLAIMS OR INTERESTS. FOR EXAMPLE, THE DESCRIPTION DOES NOT ADDRESS ISSUES OF SPECIAL CONCERN TO CERTAIN TYPES OF TAXPAYERS, SUCH AS DEALERS IN SECURITIES, LIFE INSURANCE COMPANIES, FINANCIAL INSTITUTIONS, TAX EXEMPT ORGANIZATIONS AND NON-U.S. TAXPAYERS, NOR DOES IT ADDRESS TAX CONSEQUENCES TO HOLDERS OF INTERESTS IN THE DEBTOR. IN ADDITION, THE DESCRIPTION DOES NOT DISCUSS STATE, LOCAL OR NON-U.S. TAX CONSEQUENCES.

TO ENSURE COMPLIANCE WITH UNITED STATES INTERNAL REVENUE SERVICE CIRCULAR 230, (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR

WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON BY HOLDERS, FOR PURPOSES OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON SUCH HOLDERS UNDER THE CODE; (B) SUCH DISCUSSION IS WRITTEN TO SUPPORT THE PROMOTION OF THE PLAN; AND (C) EACH HOLDER OF A CLAIM SHOULD SEEK ADVICE BASED ON SUCH HOLDER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

OCCURRENCE OF THE EFFECTIVE DATE IS CONTINGENT UPON THE DEBTOR OBTAINING AN OPINION OF BOND COUNSEL THAT THE INTEREST ON THE SERIES 2014 BONDS WILL BE EXCLUDED FROM GROSS INCOME FOR FEDERAL TAX PURPOSES.

Cancellation of Debt Income

Generally, the discharge of a debt obligation by a debtor for an amount less than the adjusted issue price (in most cases, the amount the debtor received on incurring the obligation, with certain adjustments) creates cancellation of indebtedness ("COD") income, which must be included in the debtor's income. COD income, however, is not recognized by a taxpayer that is a debtor in a reorganization case if the discharge is granted by the court or pursuant to a plan of reorganization approved by the court. The Plan, if approved, would enable the Debtor to qualify for this bankruptcy exclusion rule with respect to any COD income triggered by the Plan.

If debt is discharged in a reorganization case, however, certain income tax attributes otherwise available and of value to the debtor are reduced, in most cases by the amount of the indebtedness forgiven. Tax attributes subject to reduction include: (a) net operating losses ("NOLs") and NOL carryforwards; (b) most credit carryforwards, including the general business credit and the minimum tax credit; (c) capital losses and capital loss carryforwards; (d) the tax basis of the debtor's depreciable and nondepreciable assets, but not in an amount greater than the excess of the aggregate tax bases of the property held by the debtor immediately after the discharge over the aggregate of the debtor's liabilities immediately after the discharge; and (e) foreign tax credit carryforwards,

U.S. Federal Income Tax Consequences to Claim Holders

The U.S. federal income tax consequences to a holder receiving, or entitled to receive, a payment in partial or total satisfaction of a Claim may depend on a number of factors, including the nature of the Claim, the holder's method of accounting, and its own particular tax situation. Because the Holders' Claims and tax situations differ, Holders should consult their own tax advisors to determine how the Plan affects them for federal, state and local tax purposes, based on their particular tax situations.

Among other things, the U. S. federal income tax consequences of a payment to a holder may depend initially on the nature of the original transaction pursuant to which the Claim arose. For example, a payment in repayment of the principal amount of a loan is generally not included in the gross income of an original lender.

The U.S. federal income tax consequences of a transfer to a holder may also depend on whether the item to which the payment relates has previously been included in the holder's gross income or has previously been subject to a loss or bad debt deduction. For example, if a payment is made in satisfaction of a receivable acquired in the ordinary course of a holder's trade or business, the holder had previously included the amount of such receivable payment in its gross income under its method of accounting, and had not previously claimed a loss or bad debt deduction for that amount, the receipt of the payment should not result in additional income to the holder but may result in a loss. Conversely, if the holder had previously claimed a loss or bad debt deduction with respect to the item previously included in income, the holder generally would be required to include the amount of the payment in income.

A holder receiving a payment under the Plan in satisfaction of its Claim generally may recognize taxable income or loss measured by the difference between (a) the amount of cash and the fair market value (if any) of any property received and (b) its adjusted tax basis in the Claim. For this purpose, the adjusted tax basis may include amounts previously included in income (less any bad debt or loss deduction) with respect to that item. The character of any income or loss that is recognized will depend upon a number of factors, including the status of the creditor, the nature of the Claim in its hands, whether the Claim was purchased at a discount, whether and to what extent the creditor has previously claimed a bad debt deduction with respect to the Claim, and the creditor's holding period of the Claim. This income or loss may be ordinary income or loss if the distribution is in satisfaction of accounts or notes receivable acquired in the ordinary course of the holder's trade or business for the performance of services or for the sale of goods or merchandise. Generally, the income or loss will be capital gain or loss if the Claim is a capital asset in the holder's hands.

Market discount is the amount by which a holder's tax basis in a debt obligation immediately after its acquisition is exceeded by the adjusted issue price of the debt obligation at such time, subject to a *de minimis* exception. A holder generally is required to include gain on the disposition of a market discount debt instrument as ordinary income to the extent of the accrued market discount on the debt instrument.

Information Reporting and Backup Withholding

Certain payments or distributions pursuant to the Plan may be subject to information reporting to the IRS. Moreover, such reportable payments may be subject to backup withholding (at the then applicable rate (currently 28%)) unless the taxpayer: (a) comes within certain exempt categories (which generally include corporations) and, when required, demonstrates this fact or (b) provides a correct taxpayer identification number and certifies under penalty of perjury that the taxpayer identification number is correct and that the taxpayer is not subject to backup withholding because of a failure to report all dividend and interest income.

Backup withholding is not an additional tax but merely an advance payment, which may be refunded to the extent it results in an overpayment of tax and the appropriate information is supplied to the IRS.

In addition, from an information reporting perspective, Treasury Regulations generally require disclosure by a taxpayer on its federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds.

THE FOREGOING IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND PROFESSIONAL TAX ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER OF A CLAIM OR INTEREST. HOLDERS OF CLAIMS OR INTERESTS ARE URGED TO CONSULT WITH THEIR OWN TAX ADVISORS REGARDING THE FEDERAL, STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES OF THE PLAN.

RECOMMENDATION AND CONCLUSION

For all of the reasons set forth in this Disclosure Statement, the Debtor and the Committee believe that the Confirmation and consummation of the Plan is preferable to all other alternatives. The Debtor urges all Holders of Claims to vote to accept the Plan.

Thank you for your anticipated support.

LIFE CARE ST. JOHNS, INC.

*/s/ D. Bruce Jones**

By__________________________________

D. Bruce Jones
It's Chief Executive Officer

-and-

STUTSMAN THAMES & MARKEY, P.A.

/s/ Richard R. Thames
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* By Consent

Exhibit 1

Plan of Reorganization

UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF FLORIDA
JACKSONVILLE DIVISION

In re	)	
LIFE CARE ST. JOHNS, INC., a Florida not-for-profit corporation, doing business as GLENMOOR,	)	Case No.: 3:13-bk-4158-JAF Chapter 11
Debtor.	)	
______________________________	)	

CHAPTER 11 PLAN OF REORGANIZATION

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Dated: November 27, 2013

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Life Care St. Johns, Inc. ("***Glenmoor***" or the "***Debtor***") proposes this Chapter 11 Plan of Reorganization pursuant to Section 1121 of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the "***Bankruptcy Code***").

All holders of Claims and Interests who are eligible to vote on the Plan are encouraged to read the Plan and the accompanying Disclosure Statement (including all exhibits thereto) in their entireties before voting to accept or reject the Plan. Reference is made to the Disclosure Statement, distributed contemporaneously herewith, for a discussion of the Debtor's history, business, properties and operations, a summary and analysis of the Plan, and certain related matters, including the risk factors related to consummation of the Plan.

ARTICLE I.

DEFINED TERMS AND RULES OF INTERPRETATION

A. *Defined Terms*

Unless context otherwise requires, the following terms shall have the following meanings when used in capitalized form herein:

1. "***Administrative Claim Bar Date***" means the last date established by the Bankruptcy Court for a Holder of an Administrative Claim to file a request with the Bankruptcy Court for payment of such Administrative Expense in the manner indicated in Article II of the Plan.

2. "***Administrative Claims***" means Claims that have been timely filed before the Administrative Claim Bar Date (except as otherwise provided by a separate order of the Bankruptcy Court), for costs and expenses of administration under §§ 503(b), 507(b) or 1114(e)(2) of the Bankruptcy Code, including, without limitation: (a) the actual and necessary costs and expenses incurred after the Petition Date of preserving the Estate and operating the business of the Debtor (such as wages, salaries or commissions for services and payments for goods and other services); (b) all fees and charges assessed against the Estate under chapter 123 of title 28 United States Code, 28 U.S.C. §§ 1911-1930, but excluding Professional Fee Claims; and (c) any Claims granted administrative priority pursuant to the Order Granting Administrative Priority to Certain Postpetition Entrance Fee Refunds [Docket No. 194].

3. "***Allowed***" means, with respect to any Claim, except as otherwise provided herein: (a) a Claim that has been scheduled by the Debtor in its schedules of liabilities as other than disputed, contingent or unliquidated, unless a Proof of Claim has been timely filed, and as to which the Debtor or other parties-in-interest have not Filed an objection by the Claims Objection Bar Date; (b) a Claim that has been allowed by a Final Order; (c) a Claim that is allowed: (i) in any stipulation of the amount and nature of a

Claim executed prior to the Effective Date and approved by the Bankruptcy Court; or (ii) in any stipulation with the Reorganized Debtor of the amount and nature of a Claim executed on or after the Effective Date; (d) a Claim that is Allowed pursuant to the terms hereof; or (e) a Claim as to which a Proof of Claim has been timely Filed and as to which no objection has been Filed by the Claims Objection Bar Date.

4. **"*Allowed Bondholder Claim*"** means the claim of the Bond Trustee against the Debtor relating to the Bonds, which was Allowed in the amount of $57,145,893.75 pursuant to the Cash Collateral Order.

5. **"*Allowed Refund Queue Holder Claim*"** means the claim of the Refund Queue Holders in the aggregate amount of approximately $7,787,000, which claim is Allowed pursuant to Article III.B.2 of the Plan.

6. **"*Assumed Contract*"** means any executory contract or unexpired lease assumed by the Reorganized Debtor in accordance with Article VII of the Plan.

7. **"*Avoidance Actions*"** means any and all avoidance, recovery, subordination or other actions or remedies that may be brought on behalf of the Debtor, the Reorganized Debtor or its Estate under the Bankruptcy Code or applicable non-bankruptcy law, including, without limitation, actions or remedies under §§ 510, 542, 543, 544, 545, 547, 548, 549, 550, 551, 552 and 553 of the Bankruptcy Code.

8. **"*Bankruptcy Code*"** has the meaning given to such term in the preamble of this Plan.

9. **"*Bankruptcy Court*"** means the United States District Court for the Middle District of Florida, having jurisdiction over the Chapter 11 Case and, to the extent of any reference made pursuant to Section 157 of title 28 of the United States Code and/or the General Order of the District Court pursuant to Section 151 of title 28 of the United States Code, the United States Bankruptcy Court for the Middle District of Florida.

10. **"*Bankruptcy Rules*"** means the Federal Rules of Bankruptcy Procedure, promulgated under 28 U.S.C. § 2075, the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the Middle District of Florida, the Local Rules of Civil Practice and Procedure of the United States District Court for the Middle District of Florida, and general orders and chambers procedures of the Bankruptcy Court, each as applicable to the Chapter 11 Case and as amended from time to time.

11. **"*Bar Date Order*"** means the date fixed by court order for filing Proofs of Claim or Proofs of Interests. The Bar Date established by the Court was November 12, 2013 for non-governmental claimants and December 30, 2013 for governmental units.

12. **“*Bond Documents*”** means, collectively, the Trust Indenture between the Issuer and the Bond Trustee; and each and every loan agreement, mortgage, security agreement, document, agreement or instrument executed or delivered in connection therewith.

13. **“*Bond Trustee”*** means Wells Fargo Bank, National Association, as bond trustee under the Trust Indenture, as it may supplemented and amended from time to time.

14. ***“Bondholder Claim”*** has the meaning given to such term in Article III.B.1.(a) of the Plan.

15. **“*Business Day*”** means any day, other than a Saturday, Sunday “legal holiday” (as that term is defined in Bankruptcy Rule 9006(a)) or a day on which banking institutions in the State of Florida are authorized or obligated by law, executive order or governmental decree to be closed.

16. **“*Bylaws*”** means the bylaws of the Debtor, as such may be amended from time to time.

17. **“*Cash*”** means cash and cash equivalents, including but limited to bank deposits, checks, and other similar forms of payment.

18. “***Cash Collateral Order*”** means the Final Order Authorizing Use of Cash Collateral and Providing Adequate Protection [Docket No. 162].

19. **“*Causes of Action*”** means all claims, actions, causes of action, choses in action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, remedies, rights of set off, third-party claims, subrogation claims, contribution claims, reimbursement claims, indemnity claims, counterclaims and crossclaims (including, without limitation, all claims and any avoidance, recovery, subordination or other actions against insiders and/or any other Entities under the Bankruptcy Code, including Avoidance Actions) of the Debtor, the Debtor in Possession, the Reorganized Debtor and/or the Estate (including, without limitation, those actions set forth in the Plan Supplement) that are or may be pending on the Effective Date against any Entity, based in law or equity, including, without limitation, under the Bankruptcy Code, whether direct, indirect, derivative or otherwise and whether asserted or unasserted as of the Effective Date.

20. **“*Chapter 11 Case*”** means the bankruptcy case commenced when the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code on the Petition Date, which is being administered under case number 3:13-bk-4158-JAF in the Bankruptcy Court.

21. “***Claim***” means a “claim” (as that term is defined in § 101(5) of the Bankruptcy Code) against the Debtor.

22. “***Claims Agent***” means American Legal Claims Services, LLC, retained as the Debtor’s notice and claims agent.

23. “***Claims Objection Bar Date***” means the bar date for objecting to Claims against the Debtor, which shall be six (6) months after the Effective Date; *provided, however*, that the Reorganized Debtor may seek extensions of this date from the Bankruptcy Court for cause shown.

24. “***Claims Register***” means the official register of Claims maintained by the Claims Agent.

25. “***Class***” means a category of Holders of Claims as set forth in Article III of the Plan pursuant to § 1122(a) of the Bankruptcy Code.

26. “***Committee***” means the Committee of Creditors Holding Unsecured Claims for the Chapter 11 Case appointed pursuant to § 1102 of the Bankruptcy Code, on July 29, 2013 [Docket No. 69].

27. “***Confirmation Date***” means the date on which the Confirmation Order is entered by the Bankruptcy Court.

28. “***Confirmation Hearing***” means the hearing before the Bankruptcy Court to determine whether the Plan will be confirmed pursuant to sections 1129(a) and 1129(b) of the Bankruptcy Code, as applicable.

29. “***Confirmation Order***” means the order of the Bankruptcy Court in form and substance acceptable to the Debtor, the Bond Trustee, and the Committee confirming the Plan pursuant to § 1129 of the Bankruptcy Code.

30. ***“Consumer Price Index”*** means the Consumer Price Index for all urban consumers as reported by the Bureau of Labor Statistics and available at http://www.bls.gov.

31. “***Cure***” means the payment of Cash by the Debtor, or the distribution of other property (as the Reorganized Debtor and the counterparty to the executory contract or unexpired lease may agree or the Bankruptcy Court may order), as necessary to (a) cure a monetary default under an executory contract or unexpired lease of the Debtor and (b) permit the Debtor to assume such executory contract or unexpired lease under sections 365 and 1123 of the Bankruptcy Code.

32. "***Cure Bar Date***" means the date as established by the Bankruptcy Court.

33. "***Cure Schedule Notice***" shall have the meaning set forth in Article VII.C of the Plan.

34. "***Cure Schedule Objection***" shall have the meaning set forth in Article VII.C of the Plan.

35. "***Debtor***" or "***Debtor in Possession***" means Life Care St. Johns, Inc., a Florida not-for profit corporation doing business as Glenmoor.

36. ***"Directing Bondholders"*** means the following members of an informal steering committee comprised of bondholders with whom the Bond Trustee has been working in connection with the Debtor and the Chapter 11 Case: (i) Invesco, Ltd., (ii) T. Rowe Price, (iii) Nuveen Investments, and (iv) Oppenheimer Funds.

37. "***Disclosure Statement***" means the Disclosure Statement [Docket No. ____], as amended from time to time, prepared and distributed in accordance with the Bankruptcy Code, Bankruptcy Rules and any other applicable law, and approved by the Bankruptcy Court in the Disclosure Statement Order, as it is amended, supplemented or modified from time to time.

38. "***Disclosure Statement Order***" means that certain order entered in the Chapter 11 Case on January ____, 2014 approving the Disclosure Statement [Docket No. ___].

39. "***Disputed Claim***" means any Claim, or any portion thereof, that is not yet an Allowed Claim.

40. "***Disputed Claim Reserve***" means the reserve fund created pursuant to Article V.B.1 of the Plan.

41. "***Distribution Waterfall***" has the meaning given to such term in Article III.B.1.(d) of the Plan

42. "***Distributions***" means the distributions of Cash and securities to be made in accordance with the Plan.

43. "***Distribution Record Date***" means the record date for determining the entitlement of Holders of Claims to receive Distributions under the Plan on account of Allowed Claims. The Distribution Record Date shall be [TBD].

44. "***Effective Date***" means the date that is the first Business Day after the entry of the Confirmation Order on which: (a) no stay of the Confirmation Order is in effect; and (b) all conditions specified in Article VIII.B have been satisfied or waived.

45. "***Entity***" means an "entity" as that term is defined in § 101(15) of the Bankruptcy Code.

46. "***Estate***" means the estate of the Debtor created on the Petition Date by § 541 of the Bankruptcy Code.

47. "***Excess Cash***" has the meaning given to such term in Article III.B.1.(d) of the Plan

48. "***Exculpated Parties***" means, collectively, (i) the Committee and the individual members thereof acting in their capacity as Committee members, (ii) the Bond Trustee, (iii) the Directing Bondholders and the individual members thereof acting in their capacity as Directing Bondholders, (iv) the Debtor, (v) the Sponsor, (vi) the Manager and (vii) each of their respective Representatives.

49. "***File***" or "***Filed***" means, with respect to any pleading, entered on the docket of the Chapter 11 Case and properly served in accordance with the Bankruptcy Rules or with respect to a Claim, a Claim for which a Proof of Claim has been properly and timely filed in accordance with the deadlines established by the Bankruptcy Court for filing Proofs of Claim.

50. "***Final Order***" means an order or judgment of the Bankruptcy Court, or other court of competent jurisdiction with respect to the subject matter, which has not been reversed, stayed, modified or amended, and as to which the time to appeal, petition for a writ of certiorari or move for reargument or rehearing has expired and no such appeal, petition, or motion has been timely Filed, or as to which any appeal, petition, or motion that has been Filed has been resolved by the highest court to which the order or judgment was appealed or from which certiorari was sought or has otherwise been dismissed.

51. "***General Unsecured Claims***" means Claims against the Debtor that are not Secured Claims, Administrative Claims, Priority Claims, Professional Fee Claims, or Claims held by Refund Queue Holders.

52. "***Glenmoor Facility***" means the facility comprised of (i) 159 residential apartments, including 70 apartment homes, 11 one-bedroom cottages, 32 patio homes and 31 estate homes, (ii) an assisted living center with 14 assisted living suites, and (iii) a health center containing 30 nursing beds, and located in World Golf Village, a master planned community located approximately 25 miles south of downtown Jacksonville and 11 miles north of downtown St. Augustine. In addition, the Glenmoor Facility will

include the Real Estate on the Effective Date, and that land and any development thereon shall constitute part of the Glenmoor Facility.

53. "***Holder***" means any Entity holding a Claim against the Debtor.

54. "***Impaired***" means, with respect to a Claim, or Class of Claims, "impaired" within the meaning of §§ 1123(a)(4) and 1124 of the Bankruptcy Code.

55. ***"Initial Distribution Date"*** means the date on which the Reorganized Debtor shall make its initial Distribution on account of Claims in Class 3, which shall be a date selected by the Reorganized Debtor as soon as reasonably practicable after the Claims Objection Bar Date.

56. "***Intercreditor Agreement***" has the meaning given to such term in Article III.B.1.(d) of the Plan.

57. "***Interests***" means with respect to the Debtor, the equity securities (as that term is defined in § 101(16) of the Bankruptcy Code) of the Debtor, including in the case of a Florida not-for-profit corporation, the member or members of the Debtor.

58. "***Insurance Policies***" means, collectively, all of the Debtor's insurance policies.

59. "***Issuer***" means the St. Johns County Industrial Development Authority.

60. "***Lien***" shall have the meaning set forth in § 101(37) of the Bankruptcy Code.

61. "***Management Agreement***" means that certain Management Agreement with the Manager, as amended and included as part of the Plan Supplement.

62. "***Manager***" means LCPS Management, Inc.

63. "***Maturity Date***" has the meaning given to such term in Article III.B.1.(d) of the Plan.

64. "***New Board"*** means the board of directors of the Reorganized Debtor as presently constituted unless otherwise disclosed in the Plan Supplement.

65. "***Operating Expenses***" has the meaning given to such term in Article III.B.1.(d) of the Plan.

66. **"*Oversight Committee*"** has the meaning given to such term in Article IV.L.2 of the Plan.

67. **"*Petition Date*"** means July 3, 2013.

68. **"*Plan*"** means this plan under chapter 11 of the Bankruptcy Code, either in its present form or as it may be altered, amended, modified or supplemented from time to time in accordance with the Bankruptcy Code, the Bankruptcy Rules or herewith, as the case may be.

69. **"*Plan Supplement*"** shall have the meaning set forth in Article I.C. of this Plan.

70. **"*Priority Claims*"** means Claims of a kind specified in § 507(a) of the Bankruptcy Code.

71. **"*Projections*"** means the cash flow projections set forth in **Schedule 1** to the Restructuring Term Sheet.

72. **"*Pro Rata*"** means the ratio of the amount of an individual Claim in any particular Class of Claims to the aggregate amount of all Claims in such Class that have not yet been disallowed.

73. **"*Professional*"** means any person or Entity employed in the Chapter 11 Case pursuant to a Final Order in accordance with §§ 327, 328 or 1103 of the Bankruptcy Code, and to be compensated for services rendered prior to and including the Effective Date pursuant to §§ 327, 328, 329, 330 or 331 of the Bankruptcy Code.

74. **"*Professional Fee Bar Date*"** shall have the meaning set forth in Article II.B.

75. **"*Professional Fee Budget*"** means the budget of anticipated fees and expenses of Estate Professionals to be submitted with the Plan Supplement.

76. **"*Professional Fee Claim*"** means any Claim of a Professional for fees and expenses.

77. **"*Proof of Claim*"** means a proof of Claim Filed against the Debtor in the Chapter 11 Case.

78. **"*Proposed Cure Amount*"** shall have the meaning set forth in Article VII.C of the Plan.

79. **"*Real Estate*"** means the approximately 11.01 acres being transferred by the Manager to the Reorganized Debtor on the Effective Date.

80. **"*Refund Queue Claim Holder*"** means a holder of a Class 2 Allowed Refund Queue Holder Claim.

81. **"*Refund Queue Claim Holders' Distribution Trust*"** has the meaning given to such term in Article IV.K of the Plan.

82. "***Refund Queue Claim Holder Documents*"** means collectively the Queue Claim Holders' Distribution Trust Agreement, the Refund Queue Holder A Note, the Refund Queue Holder B Note, and each and every mortgage, security document, document, agreement or instrument to be executed or delivered in connection therewith.

83. **"*Refund Queue Holder A Note*"** has the meaning given to such term in Article III.B.2 of the Plan.

84. **"*Refund Queue Holder B Note*"** has the meaning given to such term in Article III.B.2 of the Plan.

85. **"*Refund Queue Holder Notes*"** means collective the Refund Queue Holder A Note and the Refund Queue Holder B Note.

86. **"*Refund Queue Trustee*"** means the Trustee appointed to administer the Refund Queue Claim Holders' Distribution Trust pursuant to Article IV.K of the Plan.

87. **"*Releasees*"** means, collectively, (i) the Committee and the individual members thereof acting in their capacity as Committee members, (ii) the Bond Trustee, (iii) the Directing Bondholders and the individual members thereof acting in their capacity as Directing Bondholders, (iv) the Debtor, (v) the Sponsor, (vi) the Manager, and (vii) each of their respective present or former Representatives.

88. **"*Reorganized Debtor*"** means the Debtor or any successor thereto, by merger, affiliation, consolidation or otherwise, on or after the Effective Date.

89. "***Representatives*"** means, with regard to an Entity or the Committee, officers, directors, members, employees, advisors, attorneys, professionals, accountants (including certified public accountants), investment bankers, financial advisors, consultants, agents, shareholders and other representatives (including their respective officers, directors, employees, members and professionals).

90. ***"Residence and Care Contract"*** means those certain Residence and Care Contracts entered into by and between the residents currently residing at Glenmoor and the Debtor and any additional documents relating thereto.

91. ***"Restructuring Term Sheet"*** means that certain document attached as **Exhibit 3** to this Plan.

92. ***"Revenue Fund"*** has the meaning given to such term in Article III.B.1.(d) of the Plan.

93. ***"Schedules"*** mean the schedules of assets and liabilities, schedules of executory contracts and statements of financial affairs, as may be amended from time to time, filed with the Bankruptcy Court by the Debtor pursuant to § 521 of the Bankruptcy Code.

94. ***"Secured"*** means when referring to a Claim: (a) secured by a Lien on property in which the Estate has an interest, which Lien is valid, perfected, and enforceable pursuant to applicable law or by reason of a Bankruptcy Court order, or that is subject to setoff pursuant to § 553 of the Bankruptcy Code, to the extent of the value of the creditor's interest in the Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to § 506(a) of the Bankruptcy Code; or (b) otherwise Allowed pursuant to the Plan as a Secured Claim.

95. ***"Series 2006 Bonds"*** means those bonds consisting of (a) $55,555,000 Fixed Rate Health Care Revenue Bonds (Glenmoor Project), Series 2006A, and (b) $4,000,000 Adjustable Rate Health Care Revenue Bonds (Glenmoor Project), Series 2006B, issued for the benefit of Glenmoor by the Issuer pursuant to the Bond Documents.

96. ***"Series 2014 Bond Documents"*** means, collectively, the Series 2014 Trust Indenture, and each and every loan agreement, mortgage, security agreement, document, agreement or instrument to be executed or delivered in connection therewith.

97. ***"Series 2014 Bonds"*** means collectively, the Series 2014A Bonds, and the Series 2014B Bonds.

98. ***"Series 2014A Bonds"*** has the meaning given to such term in Article III.B.1 of this Plan.

99. ***"Series 2014A Bonds Principal Amount"*** has the meaning given to such term in Article III.B.1.(d) of the Plan.

100. ***"Series 2014B Bonds"*** has the meaning given to such term in Article III.B.1 of this Plan.

101. ***"Series 2014 Required Debt Service Reserve Fund"*** means the debt service reserve fund established under the Series 2014 Bond Document, which amount shall be [$3.031 million].

102. ***"Sponsor"*** means Life Care Pastoral Services.

103. ***"Supplemental Distribution"*** shall have the meaning given to such term in Article V.C of this Plan.

104. ***"Trust Indenture"*** means that Trust Indenture by and between the Issuer, and U.S. Trust Company of Florida Savings Bank, as predecessor to the Bond Trustee, dated December 1, 1999, as amended by the First Supplement to Trust Indenture by and between the Issuer and the Bank of New York Trust Company, N.A., as predecessor to the Bond Trustee, dated September 15, 2006, as further supplemented and amended from time to time.

105. **"*Unimpaired*"** means, with respect to a Claim or Class of Claims, not "impaired" within the meaning of §§ 1123(a)(4) and 1124 of the Bankruptcy Code.

106. **"*Voting Agent*"** means (i) Globic Advisors, Inc., retained as the Debtor's notice, claims and solicitation agent with respect to Class 1, and (ii) American Legal Claims Services, Inc. with respect to all other Classes.

107. **"*Voting Deadline*"** means the date established by the Bankruptcy Court for casting ballots concerning confirmation of the Plan.

B. *Rules of Interpretation*

1. For purposes herein: (a) in the appropriate context, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine or neutral gender shall include the masculine, feminine and the neutral gender; (b) any reference herein to a contract, instrument, release, indenture or other agreement or document being in a particular form or on particular terms and conditions means that the referenced document shall be substantially in that form or substantially on those terms and conditions; (c) any reference herein to an existing document or exhibit having been filed or to be filed shall mean that document or exhibit, as it may thereafter be amended, modified or supplemented; (d) unless otherwise specified, all references herein to "Articles" are references to Articles hereof or hereto; (e)the words "herein," "hereof" and "hereto" refer to the Plan in its entirety rather than to a particular portion of the Plan; (f) captions and headings to Articles are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation hereof; (g) the rules of construction set forth in § 102 of the Bankruptcy Code shall apply; and (h) any term used in capitalized form herein that is not otherwise defined but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the

meaning assigned to that term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be; and (i) capitalized terms that are not otherwise defined herein and not used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to that term in Trust Indenture, and thereafter, the Series 2014 Bond Documents.

2. The provisions of Bankruptcy Rule 9006(a) shall apply in computing any period of time prescribed or allowed hereunder.

3. All exhibits (as amended from time to time following their initial filing with the Bankruptcy Court) are incorporated into and are part of the Plan as if set forth in full herein and, to the extent not attached hereto, such exhibits shall be Filed with the Bankruptcy Court as part of the Plan Supplement described below. To the extent any exhibit contradicts the non-exhibit portion of the Plan, unless otherwise ordered by the Bankruptcy Court, the non-exhibit portion of the Plan shall control.

4. All references herein to monetary figures shall refer to currency of the United States of America.

C. *Plan Supplement*

The Plan Supplement (the "Plan Supplement") shall be Filed by not later than January 3, 2014, and shall include: (i) forms of the Series 2014 Bond Documents, (ii) forms of the Refund Queue Holder Documents, (iii) the disclosures and documents relating to the Refund Queue Claim Holders' Distribution Trust as set forth in Article IV.L. of the Plan, (iv) the names and members of the New Board to the extent there are any changes from the board as presently constituted, and (v) the amended Management Agreement. The Plan Supplement may be inspected in the office of the Clerk of the Bankruptcy Court during normal hours of operation of the Bankruptcy Court. Holders of Claims may also obtain a copy of the Plan Supplement, once filed, by a written request sent to Richard R. Thames, Esq., Stutsman Thames & Markey, P.A., 50 North Laura Street, Suite 1600, Jacksonville, Florida 32202.

ARTICLE II.

ADMINISTRATIVE, PROFESSIONAL FEE AND PRIORITY CLAIMS

A. *Administrative Claims*

Subject to the provisions of §§ 328, 330(a) and 331 of the Bankruptcy Code, unless otherwise agreed by the Holder of an Allowed Administrative Claim, the Reorganized Debtor shall pay each Holder of an Allowed Administrative Claim the full unpaid amount of such Allowed Administrative Claim in Cash: (i) on the Effective Date or as soon as practicable thereafter (or, if not then due, when such Allowed Administrative Claim is due or as soon as practicable thereafter); (ii) if such Claim is

Allowed after the Effective Date, on the date such Claim is Allowed or as soon as practicable thereafter; (iii) at such later time as may be agreed upon by such Holder and the Reorganized Debtor; or (iv) at such time and upon such terms as are set forth in a Final Order.

B. *Professional Fee Claims*

Professionals or other Persons asserting a Professional Fee Claim for services rendered before the Effective Date must file and serve on the Debtor, the Reorganized Debtor, the Bond Trustee, the Committee and such other Persons who are designated by the Bankruptcy Rules, the Confirmation Order or other order of the Bankruptcy Court an application for final allowance of such Professional Fee Claim no later than thirty (30) days after the Effective Date (the "Professional Fee Bar Date"). Professional Fee Claims shall be paid (i) on the date such Professional Fee Claim is Allowed or as soon as practicable thereafter; (ii) at such later time as may be agreed upon by such Holder and the Reorganized Debtor; or (iii) at such time and upon such terms as are set forth in a Final Order.

C. *Priority Claims*

In accordance with Bankruptcy Code § 1123(a)(1), Priority Claims have not been classified and are treated as described in this Article II. Unless otherwise agreed by the holder of an Allowed Priority Claim, any Person holding an Allowed Priority Claim will receive, as determined by the Reorganized Debtor, and in full satisfaction of such Claim: (i) payment in Cash in full on the later of the Effective Date or the date such Claim becomes an Allowed Claim; or (ii) Cash over a period not exceeding five (5) years after the Petition Date, with interest at a rate equal to three and one quarter percent (3.25%) per year, payable monthly, in periodic payments, having the value of such Claim as of the Effective Date.

D. *Payment of Statutory Fees*

All fees payable pursuant to Article 1930 of Title 28 of the United States Code assessed against the Debtor's estate shall be paid in full by the Reorganized Debtor as they become due and owing.

ARTICLE III.

CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

A. *Summary*

1. This Plan constitutes a Chapter 11 plan for the Debtor. Except for Administrative Claims and Priority Claims, all Claims against and Interests in the Debtor

are placed in Classes. In accordance with § 1123(a)(1) of the Bankruptcy Code, the Debtor has not classified Administrative Claims, Professional Fee Claims and Priority Claims, as described in Article II.

2. The table in Article III.A.3 below summarizes the classification of Claims against and Interests in the Debtor for all purposes under this Plan, including voting, confirmation and Distributions. The Plan deems a Claim or Interest to be classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and shall be deemed classified in a different Class to the extent that any remainder of such Claim or Interest qualifies within the description of such different Class. A Claim or Interest is in a particular Class, other than for voting purposes, only to the extent that any such Claim or Interest is Allowed in that Class and has not been paid or otherwise settled prior to the Effective Date.

3. *Summary of Classification and Treatment of Classified Claims and Interests*

Class	Claim	Status	Voting Rights
1	Allowed Bondholder Claim	Impaired	Yes
2	Refund Queue Holder Claim	Impaired	Yes
3	General Unsecured Claims	Impaired	Yes
4	Intercompany Claim	Impaired	Yes
5	Membership Interests	Unimpaired	No (deemed to accept)

B. ***Classification and Treatment of Claims***

1. ***Class 1—Allowed Bondholder Claim***

(a) ***Classification:*** Class 1 consists of the Allowed Bondholder Claim and includes all Claims of the holders of the Series 2006 Bonds, which Claims are Allowed in the aggregate principal amount of $57,145,893.75.

(b) ***Impairment and Voting:*** Class 1 is impaired by the Plan. Each beneficial holder of the Bonds related to the Allowed Bondholder Claim is entitled to vote to accept or reject the Plan.

(c) ***Delivery of Bondholder Distributions:*** Distributions on account of the Class 1 Allowed Bondholder Claim will be made by means of book entry exchange through the facilities of the Depository Trust Company in accordance with the customary practices of the Depository Trust Company, as and to the extent practicable; provided that Distributions of Cash made pursuant to this Plan shall be made to the Bond Trustee.

(d) ***Treatment*:** Upon the terms and subject to the conditions set forth in this Plan, the Plan Supplement, and as set forth in the Series 2014 Bond Documents, on the Effective Date, in full and final satisfaction and discharge of and in exchange for the

Allowed Bondholder Claim, each beneficial holder of an outstanding Series 2006 Bond will receive an allocable share of Series 2014A Bonds and Series 2014B Bonds as set forth on the following chart[1]:

Issue of Series 2014A Bonds	The Series 2014A Bonds shall be in the original principal amount of $41,711,250 (the "***Series 2014A Bonds Principal Amount***") (i.e. 75% of the current principal amount outstanding under the Series 2006 Bonds) as of the Effective Date. The Series 2014A Bonds shall be paid as set forth on the attached Schedule 1 to the Restructuring Term Sheet. Pursuant to such Schedule 1, the Series 2014A Bonds shall mature in 2048 (as further defined in the Bond Documents, the "***Maturity Date***"). Interest after the Effective Date shall accrue at the following rates, (i) from the Effective Date through December 31, 2015, interest shall accrue at a rate of 1.344%, and (ii) starting January 1, 2016, and continuing through the Maturity Date, interest shall accrue at a rate of 5.375% per annum. From the Effective Date and continuing through December 31, 2019, Glenmoor shall pay debt service equal to the amount of interest accruing on the Series 2014A Bonds for such period. Commencing on January 1, 2020, and continuing through the Maturity Date, Glenmoor shall pay interest accruing in each year on the Series 2014A Bonds as well as principal sinking fund payments, in accordance with Schedule 1 of the Restructuring Term Sheet. All scheduled interest payments shall be made semi-annually to the holders of the Series 2014A Bonds, and all scheduled principal payments shall be made annually to the holders of the Series 2014A Bonds. The Series 2014A Bonds will be secured by a first priority lien on all assets of Glenmoor (except that the Series 2014A Bonds will be secured by a second priority lien on the Real Estate until such time as the Refund Queue Holder A Note is paid in full, at which time the Series 2014A Bonds shall have a first priority lien on the Real Estate) until such time as the Series 2014A Bonds are discharged. So long as no payment default has occurred and is continuing, Glenmoor shall have the option to fully redeem the Series 2014A Bonds on the following terms: (i) the Series 2014A Bonds shall be subject to an optional call at 102% of the principal amount of the Series 2014A Bonds redeemed up to the second anniversary of the Effective Date; the Series 2014A Bonds shall be subject to an

[1] Capitalized terms in the chart included in Article III.B.1 and Article III.B.2 that are not otherwise defined herein shall have the meaning ascribed to them in the Restructuring Term Sheet attached as **Exhibit 1** to this Plan.

	optional call at 101% of the principal amount of the Series 2014A Bonds redeemed after the second anniversary of the Effective Date, but before the third anniversary of the Effective Date; and (iii) after the third anniversary of the Effective Date the Series 2014A Bonds are subject to an optional call at 100% of the principal amount of the Series 2014A Bonds redeemed.
Issue of Series 2014B Bonds	The Series 2014B Bonds shall be in the original principal amount of $15,434,643.75 (i.e. the difference between the Allowed Bondholder Claim minus the Series 2014A Bonds Principal Amount). The Series 2014B Bonds shall mature on the Maturity Date and shall accrue interest at a rate of 2.5% compounded semi-annually, beginning on the Effective Date. The Series 2014B Bonds will be secured by a lien on all the assets of Glenmoor, junior to the lien securing the Series 2014A Bonds, junior to the liens securing the Refund Queue Holder A Note and *pari passu* with the Refund Queue Holder B Note. Principal and interest on the Series 2014B Bonds to the holders of the Series 2014B Bonds shall be payable semi-annually from Excess Cash, if any, in accordance with the Distribution Waterfall; provided however, that if no funds are available for payment from the Distribution Waterfall, this shall not be an event of default under the Series 2014 Bond Documents. Any amounts paid on the Series 2014B Bonds shall be applied first to accrued and unpaid interest, and second to any principal that may be owing. Any balance outstanding on the Series 2014B Bonds as of the Maturity Date shall be due and payable in full. Among other provisions, the Series 2014 Bond Documents will provide that Glenmoor may refinance/refund the Series 2014A Bonds so long as economic value of the Series 2014B Bonds is not impaired (i.e. there shall not be an increase in the principal amount or interest rate, among other factors, associated with such refinanced bonds and notes).
Distribution Waterfall	The Series 2014 Bond Documents shall establish a revenue fund (the "***Revenue Fund")*** into which all revenues of Glenmoor (including any post-Effective Date entrance fees, subject to all applicable laws and regulations) shall be deposited. Subject to the next sentence, amounts on deposit in the Revenue Fund shall be made available to Glenmoor as set forth below to satisfy ongoing operations and costs and expenses of Glenmoor including the management fee under the Management Agreement allocated on a monthly basis (collectively, the "***Operating Expenses***"). If an event of default shall have occurred under the Series 2014 Bond

	Documents, and is continuing, then the monthly amounts on deposit in the Revenue Fund available for withdrawal to satisfy Operating Expenses shall be made available to Glenmoor in an amount not to exceed the amounts set forth in an operating budget established in a manner set out in the Bond Documents. The Reorganized Debtor shall supply the Refund Queue Trustee with a copy of the annual operating budget within a reasonable amount of time after its receipt. On the first day of each calendar month, monies in the Revenue Fund shall be distributed in the following order of priority (the "***Distribution Waterfall***"): • First, a transfer to Glenmoor's operating account (subject to a deposit account control agreement with Glenmoor's depository bank reasonably acceptable to the Bond Trustee) in an amount equal to 150% of the amount certified by Glenmoor (in a certificate setting forth in reasonable detail the projected application of the amount so certified) as necessary to pay anticipated Operating Expenses (including, as set forth in Schedule 1 to the Restructuring Term Sheet, the scheduled replenishment obligations relating to each of the Operating Reserve Fund and the Repair and Replacement Fund required to be maintained under Chapter 651, Florida Statutes, and the Series 2014 Required Debt Service Reserve Fund) for the upcoming month (taking into account any unapplied amount withdrawn for such purpose in a prior month), and set forth in a budget (the "***Operating Budget***") approved on an annual basis by the Bond Trustee. • Second, to the bond fund established under the Series 2014 Bond Documents in an amount equal to one sixth of the scheduled semi-annual interest payment and one twelfth of any scheduled principal payment in respect of the Series 2014A Bonds, as provided for in the Series 2014 Bond Documents; • Third, to the Refund Queue Claim Holders' Distribution Trust in an amount equal to one third of the next-scheduled quarterly payment (principal and interest) owed under the Refund Queue Holder A Note; • Fourth, to Glenmoor's operating account in such amount that Glenmoor has not less than $2.2 million in such account, adjusted on each anniversary of the Effective Date by the Consumer Price Index for the preceding calendar year;

	• Fifth, any available cash remaining after the payments described in the four bullet points above (the "Excess Cash"), shall be distributed on a pro rata basis by and between the holders of Series 2014B Bonds (and applied first to interest and then to the principal amount outstanding of the Series 2014B Bonds) and the Refund Queue Holder B Note, provided, however, that such Excess Cash may be utilized to replenish the statutory reserve accounts (the Operating Reserve Fund, the Repair and Replacement Fund and the Series 2014 DSRF) prior to the replenishment schedule established by the Plan, if necessary to preserve Glenmoor's operating licenses. The foregoing requirement to remit all funds into a Revenue Fund to be held by the Bond Trustee and to pay amounts set forth in the Operating Budget shall terminate to the extent (i) Glenmoor's DSCR is greater than 1.30x, (ii) Glenmoor has DCOH greater than 200, (iii) the Refund Queue Holder A Note has been paid in full, and (iv) there is not otherwise a default or Event of Default under the 2014 Bond Documents. Under such circumstances, all funds shall be transferred into Glenmoor's operating account.
Intercreditor Agreement	The Bond Trustee and the Refund Queue Trustee shall enter into an Intercreditor Agreement (the "Intercreditor Agreement") that is consistent with the Distribution Waterfall and establishes the following order of priority with respect to both payment and remedies: ➢ Payments on account of the Series 2014A Bonds; ➢ Payments on account of the Refund Queue Holder A Note; and ➢ Payments on account of the Series 2014B Bonds and the Refund Queue Holder B Note, which shall be *pari passu*. The Intercreditor Agreement will further provide that: (i) to the extent of default relating to the Refund Queue Holder A Note, with the exception of the Real Estate upon which the Refund Queue Holders have a first-priority lien securing the Refund Queue Holder A Note, the Refund Queue Trustee cannot take any action against Glenmoor or its assets until expiration of six months from the date of the event of default; and (ii) to the extent of default relating to the Series 2014 Bond Documents, the Bond Trustee shall not take any action against the Real Estate until expiration of six months from the date of the event of default. Such other rights and remedies (including the lien priority set forth herein) will be set forth in the Intercreditor

	Agreement.

Additional terms and conditions with respect to the treatment of the Allowed Bondholder Claim are set forth in the Restructuring Term Sheet attached to this Plan as **Exhibit 1**, and in the Series 2014 Bond Documents. To the extent the Restructuring Term Sheet and the Series 2014 Bond Documents are inconsistent, the Series 2014 Bond Documents shall govern the rights and obligations between the parties. To the extent the Restructuring Term Sheet and this Plan are inconsistent, the Plan shall control.

In connection with the transactions described in this Plan, the Issuer, as the issuer of the Series 2006 Bonds and the Series 2014 Bonds, shall retain bond counsel for the bond exchange transaction. Pursuant to the Series 2014 Bond Documents, the Reorganized Debtor is required to pay the reasonable fees and expenses of the Issuer (including the fees and expenses of its counsel) at the time of the closing of the issuance of the Series 2014 Bonds. Accordingly, on or prior to the Effective Date, the Debtor will pay the unpaid reasonable fees and expenses of the Issuer due under the Series 2014 Bond Documents and the fees and expenses of bond counsel in Cash.

All fees and expenses owed to the Bond Trustee and its professionals shall be paid from funds held under the Trust Indenture as and when due to such professionals. Any remaining funds held by the Bond Trustee after the payment of such fees and expenses shall be transferred to the Series 2014A Required Debt Service Reserve Fund.

2. *Class 2 Refund Queue Holder Claims*

(a) *Classification:* Class 2 consists of the claims of the Refund Queue Holders, which claims shall be deemed Allowed pursuant to this Plan in the aggregate amount of $7,787,000 (the "Allowed Refund Queue Holder Claims").

(b) *Impairment and Voting:* Class 2 is impaired by the Plan. Each holder of a Refund Queue Holder Claim is entitled to vote to accept or reject the Plan.

(c) *Treatment*: Upon the terms and subject to the conditions set forth in this Plan and the Plan Supplement, the Allowed Refund Queue Holder Claims shall receive the following treatment:

Refund Queue Holder A Note	The Refund Queue Holder A Note shall be issued in the principal amount of approximately $4.68 million (i.e. 60% of the amount outstanding as of the Petition Date), and shall be payable to the Refund Queue Trustee on behalf of the Refund Queue Claim Holders' Distribution Trust. Principal shall be paid on account of the Refund Queue Holder A Note as follows: (i) a payment on the Effective Date equal to the amount held in the prepetition entrance fee escrow which funds are in the amount of approximately $809,000, provided that a

	portion of such initial distribution in the amount of $25,000 shall be retained by the Refund Queue Trustee to establish a refundable retainer for future legal services; (ii) payments of $42,333 on the day that is six months following the Effective Date, nine months following the Effective Date, and twelve months following the Effective Date; and (iii) sixteen quarterly payments of $233,512.56 with the first such payment made on the date that is fifteen months after the Effective Date, as further set forth on Schedule 1 of the Restructuring Term Sheet. In addition, interest shall accrue on the Refund Queue Holder A Note at the following rates: (i) from the Effective Date through December 31, 2015, interest shall accrue at a rate of 1.344%; and (ii) from January 1, 2016 and continuing until the Refund Queue Holder A Note is paid in full, interest shall accrue at a rate of 5.375% per annum. Under certain circumstances the Debtor may elect to add accrued interest to the principal amount owed on the Refund Queue Holder A Note in lieu of cash payment. Interest shall be paid on a quarterly basis, along with such scheduled principal payments. Any accrued and unpaid interest and principal on the Refund Queue Holder A Note shall be paid on the fifth anniversary of the Effective Date, which date shall be the maturity date of the Refund Queue Holder A Note. The Refund Queue Holder A Note shall be secured by (i) a first lien on Real Estate; and (ii) a second lien on all of Glenmoor's other assets, junior to the lien securing the Series 2014A Bonds, and senior to each of the lien securing the Series 2014B Bonds and the Refund Queue Holder B Note.
Refund Queue Holder B Note	The Refund Queue Holder B Note shall be issued in the principal amount of approximately $3.1 million (i.e. 40% of the amount outstanding as of the Petition Date), shall be payable to the Refund Queue Claim Holders' Distribution Trust, shall mature in 2048, and accrue interest at a rate of 2.5% compounded semi-annually, beginning on the Effective Date. Payment of principal and interest on account of the Refund Queue Holder B Note shall be payable semi-annually from Excess Cash in accordance with the Distribution Waterfall; provided however, that if no funds are available for payment from the Distribution Waterfall, it shall not be an event of default under the Refund Queue Holder B Note. Any amounts paid on the Refund Queue Holder B Note shall be applied first to accrued and unpaid interest, and second to any principal that may be owing. Any balance outstanding on the Refund Queue Holder B Note as of

	the Maturity Date shall be waived. The Refund Queue Holder B Note will be secured by a lien on all the assets of Glenmoor, junior to the lien securing the Series 2014A Bonds, junior to the liens securing the Refund Queue Holder A Note and *pari passu* with the Series 2014B Bonds. Glenmoor may, subject to the terms of the Series 2014 Bond Documents and the Refund Queue Claim Holder Documents, refinance/refund the Series 2014A Bonds and the Refund Queue Holder A Note so long as the Refund Queue Holder A Note is paid in full and the economic value of the Series 2014B Bonds and the Refund Queue Holders B Note is not impaired (i.e. there shall not be an increase in the principal amount or interest rate, among other factors, associated with such refinanced bonds and notes).

Additional terms and conditions with respect to the treatment of the Refund Queue Claim Holders are set forth in the Restructuring Term Sheet attached to this Plan as **Exhibit 1**, and in the Refund Queue Claim Holder Documents. To the extent the Restructuring Term Sheet and the Refund Queue Claim Holder Documents are inconsistent, the Refund Queue Claim Holder Documents shall govern the rights and obligations between the parties. To the extent the Restructuring Terms Sheet and this Plan are inconsistent, the Plan shall control.

3. ***Class 3—General Unsecured Claims***

(a) ***Classification*****:** Class 3 consists of all General Unsecured Claims.

(b) ***Impairment and Voting*****:** Class 3 is Impaired by the Plan. Each Holder of a General Unsecured Claim is entitled to vote to accept or reject the Plan

(c) ***Treatment*****:** Except to the extent that a Holder of an Allowed General Unsecured Claim agrees to a less favorable treatment, in full satisfaction, discharge, settlement, release, and compromise of and in exchange for each General Unsecured Claim, each Holder of an Allowed General Unsecured Claim shall receive on the Initial Distribution Date, or as soon as practicable thereafter, (i) 50% of its Allowed Claim, or (ii) its Pro Rata Distribution of $150,000, whichever is less. The Reorganized Debtor reserves its rights to dispute the validity of any General Unsecured Claim, whether or not objected to prior to the Effective Date.

4. ***Class 4—Intercompany Claims***

(a) *Classification*: Class 4 consists of all claims that the Sponsor, or any affiliates of the Sponsor, may have against the Debtor.

(b) *Impairment and Voting*: Class 4 is Impaired by the Plan. Each Holder of a Class 4 Claim entitled to vote to accept or reject the Plan.

(c) *Treatment*: The Holders of Allowed Class 4 Claims shall not receive or retain any property under the Plan or payments from the Reorganized Debtor with respect to their Class 4 Claims unless and until all Allowed Class 1, Class 2, and Class 3 Claims are paid in full. In the event the Reorganized Debtor pays all Allowed Class 1, Class 2, and Class 3 Claims in full (including any interest payments thereon), the Reorganized Debtor may pay Allowed Class 4 Claims consistent with its business judgment and applicable law.

5. ***Class 5—Interests***

(a) *Classification*: Class 5 consists of all Interests in the Debtor.

(b) *Impairment and Voting*: Class 5 is not Impaired by the Plan. Each Holder of an Interest is not entitled to vote to accept or reject the Plan based upon the changes relating to corporate governance as set forth in the Restructuring Term Sheet. Holders of Class 5 Interests are deemed to vote for the Plan.

(c) *Treatment*: All Holders of Interests will retain their rights as a members of the Reorganized Debtor. However, because the Debtor is Florida not-for-profit corporation, there may never be Distributions on account of Interests and thus, none are contemplated by the Plan. The holders of any Interests in the Debtor shall consummate their agreements with the Debtor as set forth in the Plan Supplement, including amendments to all necessary corporate governance documents.

C. *Acceptance or Rejection of the Plan*

1. **Acceptance by an Impaired Class.** In accordance with § 1126(c) of the Bankruptcy Code and except as provided in § 1126(e) of the Bankruptcy Code, an impaired Class of Claims shall have accepted this Plan if this Plan is accepted by the holders of at least two-thirds (⅔) in dollar amount and more than one-half (½) in number of the Allowed Claims of such Class that have timely and properly voted to accept or reject this Plan.

2. **Presumed Acceptance of the Plan.** Class 5 is unimpaired under this Plan and is, therefore, conclusively presumed to have accepted this Plan pursuant to § 1126(f) of the Bankruptcy Code.

3. **Voting Class.** Classes 1, 2, 3 and 4 are impaired under this Plan, and are entitled to vote to accept or reject this Plan.

ARTICLE IV.

MEANS FOR IMPLEMENTATION OF THE PLAN

A. *Funding for the Plan*

The Plan will be partially funded from Cash on hand of the Reorganized Debtor, which shall be applied in the following order of priority: (i) first, to pay any Allowed Administrative Claims; (ii) second, to maintain a minimum operating account cash balance of $1,100,000; and (iii) third, to replenish the amounts required to be held under the Operating Reserve Fund required to be maintained under Chapter 651, Florida Statutes, as set forth on Schedule 1 to the Restructuring Term Sheet. In addition, as set forth more fully in Article X: (i) amounts in the OIR Escrow Account shall be paid to the Refund Queue Claim Holders' Distribution Trust in order to partially fund the Effective Date payments to the Refund Queue Claim Holders; and (ii) amounts in the postpetition escrow account held by TD Bank, NA shall be paid to the Reorganized Debtor on the Effective Date to be deposited in the Revenue Fund and distributed in accordance with the Distribution Waterfall.

In addition, the Reorganized Debtor may use any unpaid adequate protection payments (owed to the Bond Trustee pursuant to the Cash Collateral Order) to pay costs of this reissuance of the Series 2014 Bonds, including costs of bond counsel, the Issuer, regulatory filings and any other fees for negotiating, drafting and effectuating the Series 2014 Bond Documents.

Debtor shall continue to sell Residence and Care Contracts in the ordinary course of business and will provide each prospective resident with appropriate disclosures regarding the unfunded reserve accounts until such time as the statutory reserve accounts are fully funded in compliance with the requirements of Chapter 651, Florida Statutes.

B. *Continued Existence and Vesting of Assets in the Reorganized Debtor*

The Debtor shall continue to exist as a reorganized debtor after the Effective Date in accordance with the applicable law for the State of Florida and pursuant to its Articles of Incorporation and Bylaws.

On and after the Effective Date, all property of the bankruptcy estate, all Causes of Action claims, and any property acquired by the Debtor under or in connection with the Plan, shall vest in the Reorganized Debtor free and clear of all claims, liens, charges and other encumbrances except as otherwise expressly stated in the Plan, including, but not limited to, the Liens granted to the Bond Trustee and the Refund Queue Trustee. On and after the Effective Date, the Debtor may operate its business and may use, acquire and dispose of property and compromise and settle and Claims without supervision or approval of the Bankruptcy Court, subject to the terms and conditions of the Series 2014 Bond Documents and the Refund Queue Claim Holder Documents. The Board of Directors shall continue in its present form and composition.

C. *Amended Management Agreement.*

To the extent not entered into prior thereto, on the Effective Date, the Reorganized Debtor and Manager will enter into the amended Management Agreement in the form set forth in the Plan Supplement, unless already assumed by the Debtor as amended and restated, shall be deemed assumed as amended and restated by this Plan and all Claims, if any, including Claims of the Manager for Cure and for adequate assurance of future performance, or both under the prior contract and/or the Management Agreement, as assumed, shall be discharged and released hereby. The amended Management Agreement will provide, among other things, that the annual management fee during the initial five year term shall be no more than $100,000.

D. *Exchange of Securities*

Subject to the receipt of the consideration provided for in Article III.B.1 above, the Series 2006 Bonds shall be deemed cancelled on the Effective Date. On the Effective Date or as soon as reasonably practicable thereafter, in accordance with the terms of this Plan and pursuant to the Series 2014 Trust Indenture, the Issuer will issue the Series 2014A Bonds and the Series 2014B Bonds, which shall be shall be distributed through the Depository Trust Company to the Holders of the Series 2006 Bonds of record as of the Distribution Release Date based on the allocable share of Series 2006 Bonds held by each such Holders. In connection with the foregoing matters described in this Article IV.D., on the Effective Date, the Issuer, the Reorganized Debtor, and the 2014 Bond Trustee will enter into the Series 2014 Bond Documents, as applicable.

Additional terms and conditions with respect to the issuance of the Series 2014 Bonds are set forth in the Restructuring Term Sheet attached to this Plan as **Exhibit 1**, and as set forth in the Series 2014 Bond Documents.

E. *Section 1145 Exemption*

Pursuant to § 1145 of the Bankruptcy Code, the offering, issuance, and distribution of any securities pursuant to the Plan and any and all settlement agreements incorporated herein shall be exempt from, among other things, the registration requirements of section 5 of the Securities Act of 1933, 15 U.S.C. § 77a – 77aa, to the maximum extent permitted thereunder and any other applicable law requiring registration prior to the offering, issuance, distribution or sale of securities.

F. *Restructuring Transactions*

On the Effective Date or as soon as reasonably practicable thereafter, the Reorganized Debtor may take all actions as may be necessary or appropriate to effect any transaction described in, approved by, contemplated by or necessary to effectuate the Plan, the restructuring transaction more fully described in the Restructuring Term Sheet attached to this Plan as **Exhibit 1**, and the Series 2014 Bond Documents, and the Refund

Queue Holder Documents, including: (1) the execution and delivery of all such agreements, indentures, and instruments as maybe necessary to effectuate the issuance of the Series 2014 Bonds and the Refund Queue Holder Notes; (2) the execution and delivery of appropriate instruments of transfer, assignment, assumption or delegation of any property, right, liability, duty or obligation on terms consistent with the terms of the Plan; (3) the filing of appropriate certificates of incorporation, charter, merger or consolidation with the appropriate governmental authorities pursuant to applicable law; and (4) all other actions that the Reorganized Debtor determines are necessary or appropriate.

G. *Corporate Action*

Each of the matters provided for by the Plan (including the Plan Supplement) involving the corporate structure of the Debtor or corporate, financing or related actions to be taken by or required of the Reorganized Debtor shall, as of the Effective Date, be deemed to have occurred and be effective as provided in the Plan (except to the extent otherwise indicated), and shall be authorized, approved, and, to the extent taken prior to the Effective Date, ratified as of the Effective Date in all respects without any requirement of further action by Holders of Claims or Interests, the directors of the Debtor or any other Entity. Without limiting the foregoing, such actions shall include issuance of the Series 2014 Bonds, the Refund Queue Holder Notes, and execution of all related documents and instruments (as applicable). The Reorganized Debtor shall enter into such agreements and amend its corporate governance documents to the extent necessary to implement the terms and conditions of the Plan.

H. *Effectuating Documents; Further Transactions*

On and after the Effective Date, the Reorganized Debtor, and the officers and members of the New Board thereof, are authorized to and may issue, execute, deliver, file or record such contracts, securities, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the terms and conditions of the Plan and the securities issued pursuant to the Plan in the name of and on behalf of the Reorganized Debtor, without the need for any approvals, authorizations, or consents except for those expressly required pursuant to the Plan.

I. *Exemption from Certain Transfer Taxes and Recording Fees*

Pursuant to § 1146(a) of the Bankruptcy Code, any transfer from the Debtor to the Reorganized Debtor or to any Entity pursuant to, in contemplation of, or in connection with the Plan or pursuant to: (1) the issuance, distribution, transfer, or exchange of any debt, securities, or other interest in the Debtor or the Reorganized Debtor; (2) the creation, modification, consolidation, or recording of any mortgage, deed of trust or other security interest, or the securing of additional indebtedness by such or other means; (3) the making, assignment, or recording of any lease or sublease; or (4) the making,

delivery, or recording of any deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan, including any deeds, bills of sale, assignments, or other instrument of transfer executed in connection with any transaction arising out of, contemplated by, or in any way related to the Plan, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, regulatory filing or recording fee, or other similar tax or governmental assessment, and the appropriate state or local governmental officials or agents shall forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

J. ***Dissolution of Committee***

As of the Effective Date, the Committee shall dissolve, its members shall be released and discharged from all further authority, duties, responsibilities and obligations relating to and arising from the Chapter 11 Case, and the retention and employment of any professionals retained by the Committee shall terminate as of the Effective Date, *provided*, *however*, that the Committee shall exist, and its professionals shall be retained, after such date solely with respect to applications Filed pursuant to §§ 330 and 331 of the Bankruptcy Code.

K. ***Establishment of the Refund Queue Claim Holders' Distribution Trust.***

Formation of Trust

The Confirmation Order shall authorize and create the Refund Queue Claim Holders' Distribution Trust, a liquidating trust within the meaning of Treasury Regulation Section 301.7701-4(d) treated as a grantor trust for income tax purposes which is being established to hold and enforce the Refund Queue Claim Holder Documents and receive all distributions to the Refund Queue Claim Holders, and anything incident to all the foregoing, and for no other business purpose. Each Refund Queue Claim Holder will be deemed a beneficial interest holder of the Refund Queue Claim Holders' Distribution Trust in proportion to his or her Class 2 Claim. On the Effective Date, Class 2 Refund Queue Claim Holders shall be deemed to have ratified and become bound by the terms of the Refund Queue Claim Holders' Distribution Trust. The proposed Refund Queue Claim Holders' Distribution Trust Agreement shall be filed as an exhibit to the Plan Supplement. The Refund Queue Trustee is empowered to execute the Refund Queue Claim Holders' Distribution Trust Agreement on behalf of each holder of a Class 2 Claim.

Oversight Committee

The Committee shall appoint a new committee comprised of at least two and up to three individuals who are Refund Queue Claim Holders (the "Oversight Committee"). The initial members of the Oversight Committee shall be:

William K. Rigg, as Personal Representative
Estate of Eliza S. Rigg
4409 N. Altamaha Street
St. Augustine, Florida 32092

James Taylor, as Trustee
for Mary Taylor
100 Park Drive
Cranford, New Jersey 07016

Kramer Upchurch, as representative
for Frank and Tish Upchurch
545 Carcaba Road
St. Augustine, Florida 32084

The Oversight Committee shall have the ability to bind the Refund Queue Claim Holders.

The Oversight Committee shall hire an accounting firm to file a 1041 Federal Income Tax Return for the Refund Queue Claim Holders' Distribution Trust each year. The accountants will be paid from Distributions made to Class 2 Refund Queue Claim Holders with such payments being a credit against the amounts owed to Class 2 Refund Queue Claim Holders.

The Oversight Committee shall terminate at such time as the Refund Queue Claim Holders have been paid in accordance with the Plan. The existence of the Oversight Committee shall not provide justification to prevent the Chapter 11 Case from being closed upon proper motion of the Debtor.

Refund Queue Trustee

The Committee shall have the right to enter into the Refund Queue Claim Holders' Distribution Trust Agreement with a corporate trustee (the "Refund Queue Trustee"). The Refund Queue Claim Holders' Distribution Trust Agreement shall govern the powers and duties the Refund Queue Trustee. The initial Refund Queue Trustee shall be U.S. Bank. After the Refund Queue Holder A Note is paid in full, the Oversight Committee may decide to become the Refund Queue Trustee and thereby take the place of the Refund Queue Trustee. In the event it becomes the Refund Queue Trustee, the Oversight Committee shall have the right to enter into a disbursing agreement with a disbursing agent and pay the disbursing agent a fee to make distributions. In the event there is a change in the Refund Queue Trustee, the Oversight Committee shall promptly notify the Reorganized Debtor. The Reorganized Debtor shall make all distributions under this Plan for the benefit of the Refund Queue Holder Claims to the Refund Queue Trustee. The Refund Queue Trustee shall be paid an annual trustee fee from Distributions made to Class 2 Refund Queue Claim Holders with such payments being a

credit against the amounts owed to Class 2 Refund Queue Claim Holders. The initial annual fee will be $3,500. From the initial payment of $809,000 due to the Refund Queue Claim Holders, the Refund Queue Trustee shall retain $25,000 to establish a refundable retainer for the employment of legal counsel, to be held in trust and utilized solely for the administration of the Trust at the direction of the Queue Holder Trustee, with any remaining balance to be released to the Holders of Allowed Refund Queue Holder Claims after the Refund Queue Holder A Note is paid in full, and the Refund Queue Holder B Note is paid in full or matures in 2048. Additional amounts shall be paid from Distributions made to Class 2 Refund Queue Claim Holders with such payments being a credit against the amounts owed to Class 2 Refund Queue Claim Holders. The initial legal counsel to the Refund Queue Trustee shall be Akerman LLP.

Trust Related Documents

In addition, the Oversight Committee shall have the right to adopt and be governed by customary by-laws of the Oversight Committee (including provisions relating to the replacement of members of the Oversight Committee; provided, however, that to the extent no such documents are finalized, in the event there is a vacancy of a member(s) of the Oversight Committee, the remaining members of the Oversight Committee shall have the ability to appoint replacement members). To the extent practicable, any by-laws, the Refund Queue Claim Holders' Distribution Trust Agreement, and any other agreements relating to the Refund Queue Trustee shall be included as an exhibit to the Plan Supplement. The Overnight Committee may amend those documents post Effective Date in accordance with their terms.

Payment of Expenses

In order to help defer the costs associated with administering the duties of the Oversight Committee and the Refund Queue Trustee, the Reorganized Debtor shall pay $5,000 per year to the Queue Holder Trustee, for the benefit of the Queue Refund Claim Holders, with the first payment being due on the Effective Date, and with each subsequent payment being due one year thereafter, until such time as its obligations to Class 2 Refund Queue Claim Holders shall have been satisfied. Such $5,000 payments will not reduce or otherwise be a credit against the amounts owed to Class 2 Refund Queue Claim Holders.

Right to be Heard

From and after the Effective Date, the Refund Queue Trustee shall possess the rights of a party in interest pursuant to §§ 1109(b) and 1123(b)(3)(B) of the Bankruptcy Code for all matters arising in, arising under, or related to the Bankruptcy Case, and in connection therewith shall:

(i) have the right to appear, and be heard on matters brought before the Bankruptcy Court or other courts;

(ii) be entitled to notice and opportunity for hearing on all such issues; and

(iii) receive notice of all applications, motions and other papers and pleadings filed in the Bankruptcy Court.

Indemnification

The Refund Queue Trustee and its employees and agents and the Oversight Committee will be indemnified by the Refund Queue Claim Holders' Distribution Trust against claims arising from the good faith performance of duties under the Bankruptcy Code or this Plan.

L. ***Vesting of Assets in the Reorganized Debtor***

Except as otherwise provided in this Plan or in any agreement, instrument or other document relating thereto (including all Liens securing the Allowed Bondholder Claim or the Allowed Refund Queue Holder Claim), on and after the Effective Date pursuant to § 1141 of the Bankruptcy Code, all property of the Estate (including Avoidance Actions) and any property acquired by the Debtor pursuant hereto shall vest in the Reorganized Debtor, free and clear of all Liens, Claims, charges or other encumbrances. Except as may be provided in this Plan or the Confirmation Order, on and after the Effective Date, the Reorganized Debtor may use, acquire or dispose of property and compromise or settle any Claims without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules.

ARTICLE V.

PROVISIONS GOVERNING DISTRIBUTIONS

The following Article V shall apply only to Class 3 Claims:

A. ***Initial Distribution Date***

To the extent not already paid, on the Initial Distribution Date or as soon thereafter as is reasonably practicable, the Reorganized Debtor shall make any Distributions that have become due and owing as of such date under the Plan.

B. ***Disputed Claim Reserve***

1. ***Establishment of Disputed Claim Reserve***

On the Initial Distribution Date, and after making all Distributions required to be made on such date under the Plan, the Reorganized Debtor shall establish a separate

Disputed Claim Reserve for Disputed Claims, which Disputed Claim Reserve shall be administered by the Reorganized Debtor. The Reorganized Debtor shall reserve Distributions sufficient to provide Holders of Disputed Claims the treatment such Holders would be entitled to receive under the Plan if all such Disputed Claims were to become Allowed Claims (or such lesser amount as may be estimated by the Bankruptcy Court in accordance with hereof).

2. *Maintenance of Disputed Claim Reserve*

The Reorganized Debtor shall hold Distributions in the Disputed Claim Reserve in trust for the benefit of the Holders of Claims ultimately determined to be Allowed. The Reorganized Debtor shall make such Distributions (net of any expenses, including any taxes relating thereto), as provided herein, as such Disputed Claims are resolved by a Final Order, and such Distributions will be distributable in respect of such Disputed Claims as such Distributions would have been distributable had the Disputed Claims been Allowed Claims as of the Effective Date.

C. *Supplemental Distributions*

To the extent a Claim is Allowed after the Initial Distribution Date, the Reorganized Debtor shall make the Distributions required to be made on account of such Claim under the Plan no later than ninety (90) days after such Claim is Allowed (each such Distribution, a "Supplemental Distribution"). No interest shall accrue or be paid on the unpaid amount of any Distribution paid pursuant to this Article V.C.

D. *Record Date for Distributions*

Except as otherwise provided in a Final Order of the Bankruptcy Court or as otherwise stipulated by the Debtor or Reorganized Debtor, as applicable, the transferees of Claims that are transferred pursuant to Bankruptcy Rule 3001 on or prior to the Distribution Record Date will be treated as the Holders of those Claims for all purposes, notwithstanding that any period provided by Bankruptcy Rule 3001 for objecting to the transfer may not have expired by the Distribution Record Date. The Reorganized Debtor shall have no obligation to recognize any transfer of any Claim occurring after the Distribution Record Date. In making any Distribution with respect to any Claim, the Reorganized Debtor shall be entitled instead to recognize and deal with, for all purposes hereunder, only the Entity that is listed on the Proof of Claim Filed with respect thereto or on the Schedules as the Holder thereof as of the close of business on the Distribution Record Date and upon such other evidence or record of transfer or assignment that are known to the Reorganized Debtor as applicable, as of the Distribution Record Date.

E. *Delivery of Distributions*

1. *General Provisions; Undeliverable Distributions*

Subject to Bankruptcy Rule 9010 and except as otherwise provided herein, Distributions to the Holders of Allowed Claims shall be made by the Reorganized Debtor.

Except as otherwise provided herein, Distributions to Holders of Allowed Claims shall be made to Holders of record as of the Distribution Record Date by the Reorganized Debtor. Distributions to Holders of Allowed Claims will be made at the address of each Holder as set forth in the Schedules, unless superseded by the address set forth on Proofs of Claim Filed by such Holder. Distributions under this Plan on account of Allowed Claims shall not be subject to levy, garnishment, attachment or like legal process, so that each Holder of an Allowed Claim shall have and receive the benefit of the Distributions in the manner set forth herein. Neither the Debtor, the Reorganized Debtor or their respective professionals shall incur any liability whatsoever on account of any Distributions under this Plan except for gross negligence, willful misconduct or fraud.

If any Distribution is returned as undeliverable, the Reorganized Debtor may, in its discretion, make such efforts to determine the current address of the Holder of the Claim with respect to which the Distribution was made as the Reorganized Debtor deems appropriate, but no Distribution to any Holder shall be made unless and until the Reorganized Debtor has determined the then-current address of the Holder, at which time the Distribution to such Holder shall be made to the Holder (without interest). Amounts in respect of any undeliverable Distributions made by the Reorganized Debtor shall be returned to, and held in trust by, the Reorganized Debtor until the Distributions are claimed or are deemed to be unclaimed property under § 347(b) of the Bankruptcy Code and as is set forth below in Article V.E.2. The Reorganized Debtor shall have the discretion to determine how to make Distributions in the most efficient and cost-effective manner possible; *provided*, *however*, that its discretion may not be exercised in a manner inconsistent with any express requirements of the Plan.

2. *Unclaimed Property*

Except with respect to property not Distributed because it is being held in the Disputed Claim Reserve, Distributions that are not claimed by the expiration of one year from the Initial Distribution Date or the date of a Supplemental Distribution applicable to such Distribution, shall be deemed to be unclaimed property under § 347(b) of the Bankruptcy Code and shall vest or revest in the Reorganized Debtor, and the Claims with respect to which those Distributions are made shall be automatically canceled. After the expiration of such one-year period, the Claim of any Entity to those Distributions shall be discharged and forever barred. Nothing contained in the Plan shall require the Reorganized Debtor to attempt to locate any Holder of an Allowed Claim. Except as otherwise provided herein, all funds or other property that vests or revests in the Reorganized Debtor pursuant to this Article shall be distributed by the Reorganized Debtor in accordance with the provisions of the Plan.

F. ***Time Bar to Cash Payments by Check***

Checks issued by the Reorganized Debtor on account of Allowed Claims shall be null and void if not negotiated within 90 days after the date of issuance thereof. Requests for the reissuance of any check that becomes null and void pursuant to this section shall be made directly to the Reorganized Debtor by the Holder of the Allowed Claim to whom the check was originally issued. Any claim in respect of such voided check shall be made in writing on or before the later of the first anniversary of the Initial Distribution Date or the date a Supplemental Distribution was made, as applicable, on which such check was issued. After that date, all Claims in respect of void checks shall be discharged and forever barred and the proceeds of those checks shall revest in and become the property of the Reorganized Debtor as unclaimed property in accordance with § 347(b) of the Bankruptcy Code and be distributed as provided in Article V.E.2.

G. ***Limitations on Funding of Disputed Claim Reserve***

Except as expressly set forth herein, neither the Debtor nor the Reorganized Debtor shall have any duty to fund the Disputed Claim Reserve.

H. ***Compliance with Tax Requirements***

In connection with making Distributions under the Plan, to the extent applicable, the Reorganized Debtor shall comply with all tax withholding and reporting requirements imposed on it by any governmental unit, and all Distributions pursuant to the Plan shall be subject to such withholding and reporting requirements. Each Holder of an Allowed Claim that is to receive a distribution under the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding and other tax obligations, on account of such distribution. The Reorganized Debtor may withhold the entire Distribution due to any Holder of an Allowed Claim until such time as such Holder provides the necessary information to comply with any withholding requirements of any governmental unit. Any property so withheld will then be paid by the Reorganized Debtor to the appropriate authority. If the Holder of an Allowed Claim fails to provide the information necessary to comply with any withholding requirements of any governmental unit within six (6) months from the date of first notification to the Holder of the need for such information or for the Cash necessary to comply with any applicable withholding requirements, then such Holder's Distribution shall be treated as an undeliverable Distribution in accordance with Article V.E.

I. ***No Payments of Fractional Dollars or De Minimis Amounts***

Notwithstanding any other provision of the Plan to the contrary, no payment of fractional dollars or amounts aggregating less than $25 shall be made pursuant to the Plan. Whenever any payment of a fraction of a dollar under the Plan would otherwise be

required, the actual Distribution made shall reflect a rounding down of such fraction to the nearest whole dollar.

J. ***Interest on Claims***

Except as specifically provided for in the Plan or the Confirmation Order, interest shall not accrue on Claims and no Holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim. Interest shall not accrue or be paid on any Disputed Claim in respect of the period from the Petition Date to the date a final Distribution is made thereon if and after that Disputed Claim becomes an Allowed Claim. Except as expressly provided herein or in a Final Order of the Bankruptcy Court, no prepetition Claim shall be Allowed to the extent that it is for postpetition interest or other similar charges.

K. ***No Distribution in Excess of Allowed Amount of Claim***

Notwithstanding anything to the contrary contained in the Plan, no Holder of an Allowed Claim shall receive in respect of that Claim any Distribution in excess of the Allowed amount of that Claim.

L. ***Setoff and Recoupment***

The Reorganized Debtor may, but shall not be required to, set off against, or recoup from, any Claim and the Distributions to be made pursuant to the Plan in respect thereof, any Claims or defenses of any nature whatsoever that the Debtor, the Estate or the Reorganized Debtor may have against the Holder of such Claim, but neither the failure to do so nor the allowance of any Claim under the Plan shall constitute a waiver or release by the Debtor, the Estate, or the Reorganized Debtor of any Claim or right of setoff or recoupment that any of them may have against the Holder of any Claim.

M. ***Special Provision Regarding Unimpaired Claims***

Except as otherwise provided in the Plan, nothing shall affect the Debtor's rights and defenses, both legal and equitable, with respect to any Unimpaired Claim (including Claims that are Allowed pursuant to the Plan), including, without limitation, all rights with respect to the legal and equitable defenses to setoffs or recoupments against Unimpaired Claims, and the Debtor's failure to object to such Claims in the Chapter 11 case shall be without prejudice to the Reorganized Debtor's right to contest or defend against such Claims in (i) any appropriate non-bankruptcy forum as if such Chapter 11 case had not been commenced, or (ii) the Bankruptcy Court (such forum to be selected at the Debtor's or the Reorganized Debtor's option).

ARTICLE VI.

DISPUTED CLAIMS

The following Article VI shall not apply to either Class 1 Allowed Bondholder Claims or Class 2 Allowed Refund Queue Holder Claims:

A. *No Distribution Pending Allowance*

1. ***Distributions on Disputed Claims***

Except as otherwise provided in the Plan, a Final Order, or as agreed to by the relevant parties and subject to the establishment of the Disputed Claim Reserve, Distributions under the Plan on account of Disputed Claims that become Allowed after the Effective Date shall be made as provided in Article V.C.

2. ***No Partial Payments***

Notwithstanding anything to the contrary provided herein and except as otherwise agreed by the Reorganized Debtor: (a) no partial payments and no partial distributions shall be made with respect to a Disputed Claim until all such disputes in connection with such Disputed Claim have been resolved by settlement or Final Order; and (b) any Entity that holds both an Allowed Claim and a Disputed Claim shall not receive any distribution on the Allowed Claim (except to the extent such Allowed Claim is expressly Allowed pursuant to the Plan) unless and until all objections to the Disputed Claim have been resolved by settlement or Final Order and such Claims have been Allowed.

B. *Resolution of Disputed Claims*

Unless otherwise ordered by the Bankruptcy Court after notice and a hearing, the Reorganized Debtor shall have the right to the exclusion of all others (except as to the Professionals' applications for allowances of compensation and reimbursement of expenses under §§ 330 and 503 of the Bankruptcy Code) to make, File, prosecute, settle, compromise, withdraw or resolve in any manner approved by the Bankruptcy Court, objections to Claims, and to administer and adjust the Claims Register to, among other things, reflect any such settlements, compromises and withdrawals, without any further notice to or action, order or approval by the Bankruptcy Court. The costs of pursuing the objections to Claims shall be borne by the Reorganized Debtor.

C. *Objection Deadline*

All objections to Disputed Claims shall be Filed and served upon the Holders of each such Claim on or before the Claims Objection Bar Date, unless otherwise ordered by Bankruptcy Court after notice and a hearing.

D. ***Disallowance of Claims***

Except as otherwise agreed, any and all Proofs of Claim Filed after the applicable Bar Date shall be deemed disallowed and expunged as of the Effective Date without any further notice or action, order or approval of the Bankruptcy Court, and Holders of such Claims may not receive any Distributions on account of such Claims, unless on or before the Confirmation Date the Bankruptcy Court has entered an order deeming such Claim to be timely filed.

ARTICLE VII.

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. ***Assumption and Rejection of Executory Contracts and Unexpired Leases***

Except as otherwise provided in the Plan or in any contract, instrument, release or other agreement or document entered into in connection with the Plan, on the Effective Date, pursuant to § 365 of the Bankruptcy Code, the Debtor will assume the Residence and Care Contracts of each of its current residents. The Confirmation Order will constitute an order of the Bankruptcy Court approving the assumptions of such contracts of the Plan, pursuant to §§ 365 and 1123 of the Bankruptcy Code, as of the Effective Date and shall not be entitled to vote on the Plan.

On the Effective Date, except for an executory contract or unexpired lease that was previously assumed, assumed and assigned or rejected by an order of the Bankruptcy Court, that is subject to a pending motion for assumption, or that is assumed pursuant to the Plan, each executory contract or unexpired lease that has not previously expired or terminated pursuant to its own terms will be rejected pursuant to § 365 of the Bankruptcy Code. The Confirmation Order will constitute an order of the Bankruptcy Court approving such rejections, pursuant to § 365 of the Bankruptcy Code, as of the Effective Date.

Notwithstanding anything to the contrary in the Bar Date Order, if the rejection of an executory contract or unexpired lease pursuant to the Plan gives rise to a Claim, such Claim will be forever barred and will not be enforceable against the Debtor, its successors or its property unless a proof of Claim or request for payment of Administrative Claim is filed and served on the Debtor pursuant to the procedures specified in the Confirmation Order, the notice of the entry of the Confirmation Order or another order of the Bankruptcy Court no later than 30 days after the Effective Date.

B. ***Insurance Policies and Agreements***

The Debtor does not believe that the Insurance Policies issued to, or insurance agreements entered into prior to the Petition Date constitute executory contracts. To the extent that such Insurance Policies or agreements are considered to be executory contracts, then, notwithstanding anything contained in the Plan to the contrary, the Plan

will constitute a motion to assume such insurance policies and agreements, and, subject to the occurrence of the Effective Date, the entry of the Confirmation Order will constitute approval of such assumption, pursuant to § 365(a) of the Bankruptcy Code. Unless otherwise determined by the Bankruptcy Court pursuant to a Final Order or agreed to by the parties thereto prior to the Effective Date, no payments are required to cure any defaults of the Debtor existing as of the Confirmation Date with respect to each such insurance policy or agreement.

C. *Indemnification of Directors and Officers*

The Debtor's indemnification obligations (to the extent such obligations exist) in favor of its officers and directors shall be treated as executory contracts under the Plan and deemed assumed as of the Effective Date.

D. *Compensation and Benefit Plans; Treatment of Retirement Plans*

The Debtor offers a Section 403(b) benefit plan through the Sponsor. Participation is open to any employee who works 20 hours a week. Employees may enroll at any time and contribute up to 100% of wages or salary, with a 2013 maximum salary deferral of $17,500. The plan also allows for ROTH contributions on a post-tax basis, with the Debtor making matching contributions of up to 4% beginning after 6 full months of employment. The Debtor has approximately 42 employees contributing to the benefit plan.

Except as expressly provided in the Plan order of the Bankruptcy Court, all of the Debtor's programs, plans, agreements and arrangements subject to §§ 1114 and 1129(a)(13) of the Bankruptcy Code, including, without limitation, all savings plans, retirement plans, healthcare plans, disability plans, severance plan, incentive plans, life, accidental death and dismembership insurance plans, and employment, severance, salary continuation and retention agreements entered into before the Petition Date and not since terminated, will be deemed to be and will be treated as though they are executory contracts assumed under the Plan, and the Debtor's obligations under such programs, plans, agreements and arrangements will survive confirmation of the Plan. In addition, pursuant to the requirements of § 1129(a)(13) of the Bankruptcy Code, the Plan provides for the continuation of payment by the Debtor of all "retiree benefits" as defined in § 1114(a) of the Bankruptcy Code at previously established levels.

E. *Claims Based on Rejection of Executory Contracts or Unexpired Leases*

Claims created by the rejection of executory contracts and unexpired leases pursuant to Article VII.A, or the expiration or termination of any executory contract or unexpired lease prior to the Effective Date, must be Filed with the Bankruptcy Court and served on the Reorganized Debtor no later than 30 days after the Effective Date. Any Claims arising from the rejection of an executory contract or unexpired lease pursuant to Article VII.A for which Proofs of Claim are not timely Filed within that time period will

be forever barred from assertion against the Debtor, the Reorganized Debtor, the Estate, its successors and assigns, and its assets and properties, unless otherwise ordered by the Bankruptcy Court or as otherwise provided herein. All such Claims shall, as of the Effective Date, be subject to the permanent injunction set forth in Article IX.F. Unless otherwise ordered by the Bankruptcy Court, all such Claims that are timely Filed as provided herein shall be treated as General Unsecured Claims under the Plan and shall be subject to the provisions of Article III.

F. ***Cure of Defaults for Assumed Executory Contracts and Unexpired Leases***

Any provisions or terms of the Debtor's executory contracts or unexpired leases to be assumed pursuant to the Plan that are, or may be, alleged to be in default, shall be satisfied solely by Cure or by a waiver of Cure agreed upon between the Reorganized Debtor and the applicable counterparty. Except with respect to executory contracts or unexpired leases in which the Reorganized Debtor and the applicable counterparties have stipulated in writing to payment of Cure, the following procedures shall be established for determining Cure with respect to the Assumed Contracts:

(i) the Debtor shall cause a schedule of all amounts due under the Assumed Contracts (the "Cure Schedule Notice") to be served on the non-debtor parties to the Assumed Contracts on or before the 28th day prior to the Cure Bar Date. Among other things, the Cure Schedule Notice shall set forth the amount proposed by the Debtor as necessary to cure any defaults under the Assumed Contracts (the "Proposed Cure Amount");

(ii) the non-debtor parties to the Assumed Contracts shall have until the Cure Bar Date to File an objection to the Cure Schedule Notice, including (a) any objection to the Proposed Cure Amount listed by the Debtor and any alternative Cure amounts that the objecting party may want to propose, and/or (b) to propose assumption of the Assumed Contracts under the Plan (the "Cure Schedule Objection"); provided, however, that if the Debtor amends the Cure Schedule Notice or any related pleading that lists the Assumed Contracts to add a contract or lease or to reduce the Proposed Cure Amounts, except where such reduction was based upon the mutual agreement of the parties, the non-debtor party thereto shall have at least 7 calendar days after service of such amendment to object thereto or to propose an alternative Cure;

(iii) any party objecting to the Proposed Cure Amounts, whether or not such party previously has filed a Proof of Claim with respect to amounts due under the applicable Assumed Contract, or objecting to the potential assumption of such Assumed Contract, shall be required to file and serve a Cure Schedule Objection, in writing, setting forth with specificity any and all Cure objections that the objecting party asserts must be cured or satisfied in respect of the Assumed Contract and/or any and all objections to the potential assumption of such Assumed Contract, together with all documentation supporting such Cure Claim or objection, upon the Reorganized Debtor so that the Cure Schedule Objection is actually received by them no later than the Cure Bar Date. If a Cure Schedule Objection is timely filed and the parties are unable to settle such Cure Schedule Objection, the Bankruptcy Court shall determine the amount of any Cure or

objection to assumption at a hearing to be held at the time of the Confirmation Hearing or such other hearing date to which the parties may mutually agree.

(iv) In the event that no Cure Schedule Objection is timely filed with respect to an Assumed Contract, the counterparty to such Assumed Contract shall be deemed to have consented to the assumption of the Assumed Contract and the Proposed Cure Amount and shall be forever enjoined and barred from seeking any additional amount(s) on account of the Cure under § 365 of the Bankruptcy Code or otherwise from the Debtor, its estate, and/or the Reorganized Debtor. In addition, if no timely Cure Schedule Objection is filed with respect to an Assumed Contract, upon the Effective Date of the Plan, the Reorganized Debtor shall enjoy all of the rights and benefits under the Assumed Contract without the necessity of obtaining any party's written consent to the Reorganized Debtor's assumption of the Assumed Contract, and such counterparty shall be deemed to have waived any right to object, consent, condition or otherwise restrict the Reorganized Debtor's assumption of the Assumed Contract; and

(v) The Debtor shall have the right to designate its intention to assume or reject any and all of the Assumed Contracts up to and including the Effective Date (unless such deadline is extended by Final Order of the Bankruptcy Court), other than Assumed Contracts that (a) are expressly assumed or rejected by the Debtor pursuant to a Final Order of the Bankruptcy Court entered prior to such date or are subject to a separate motion to assume or reject pending before the Bankruptcy Court on such date, (b) are specifically designated by the Debtor as an Assumed Contract, or (c) expire, terminate or otherwise become non-executory prior to such date; and (d) are the Residence and Care Contracts, which shall be assumed under all conditions.

Assumption of any executory contract or unexpired lease pursuant to this Plan or otherwise shall result in the full release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed executory contract or unexpired lease at any time prior to the effective date of assumption.

G. *Reservation of Rights*

Neither the exclusion nor inclusion of any contract or lease in the Plan Supplement, nor anything contained in the Plan, shall constitute an admission by the Debtor or the Reorganized Debtor that any such contract or lease is in fact an executory contract or unexpired lease or that the Reorganized Debtor has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Reorganized Debtor shall have 30 days following entry of a Final Order resolving such dispute to alter its treatment of such contract or lease.

ARTICLE VIII.

CONDITIONS PRECEDENT TO CONFIRMATION AND OCCURRENCE OF THE EFFECTIVE DATE

A. ***Conditions to Confirmation:***

The following are conditions precedent to Confirmation that must be satisfied or waived in accordance with Article VIII.C:

1. The Bankruptcy Court shall have approved the Disclosure Statement as containing adequate information with respect to the Plan within the meaning of § 1125 of the Bankruptcy Code.

2. All objections to confirmation of the Plan have either been withdrawn, resolved or overruled.

3. The most current version of the Plan Supplement and all of the schedules, documents, and exhibits contained therein shall have been Filed.

B. ***Conditions Precedent to the Effective Date***

The following are conditions precedent to the Effective Date that must be satisfied or waived in accordance with Article VIII.C:

1. The Bankruptcy Court shall have entered the Confirmation Order containing findings of fact and conclusions of law satisfactory to the Debtor, the Bond Trustee, and the Committee, which Confirmation Order shall not be subject to any stay or subject to an unresolved request for revocation under § 1144 of the Bankruptcy Code and shall be a Final Order, which Confirmation Order shall include among other things:

> **(a)** a finding by the Bankruptcy Court that the Series 2014 Bonds to be issued on the Effective Date will be authorized and exempt from registration under the applicable securities law pursuant to Section 1145 of the Bankruptcy Code;
>
> **(b)** all provisions, terms and conditions hereof are approved;
>
> **(c)** all executory contracts or unexpired leases assumed by the Debtor during the Chapter 11 Case including under the Plan shall remain in full force and effect for the benefit of the Reorganized Debtor or its assignee notwithstanding any provision in such contract or lease (including those described in §§ 365(b)(2) and (f) of the Bankruptcy Code) that prohibits such assignment or transfer or that enables, permits or requires termination of such contract or lease; and

(d) except as expressly provided in the Plan or the Confirmation Order, the Debtor is discharged effective upon the Confirmation Date, subject to the occurrence of the Effective Date, from any "debt" (as that term is defined in § 101(12) of the Bankruptcy Code), and the Debtor's liability in respect thereof shall be extinguished completely, whether such debt (i) is reduced to judgment or not, liquidated or unliquidated, contingent or noncontingent, asserted or unasserted, fixed or unfixed, matured or unmatured, disputed or undisputed, legal or equitable, or known or unknown, or (ii) arose from (a) any agreement of the Debtor that has either been assumed or rejected in the Chapter 11 case or pursuant to the Plan, (b) any obligation the Debtor incurred before the Confirmation Date or (c) any conduct of the Debtor prior to the Confirmation Date, or that otherwise arose before the Confirmation Date, including, without limitation, all interest, if any, on any such debts, whether such interest accrued before or after the Petition Date.

2. The Bankruptcy Court shall have entered a Final Order approving the Disclosure Statement as containing adequate information within the meaning of § 1125 of the Bankruptcy Code;

3. The Series 2014 Bonds shall be issued by the Issuer;

4. In connection with issuance of the Series 2014 Bonds, the Reorganized Debtor shall have obtained an opinion of bond counsel that the interest on the Series 2014 Bonds will be excluded from gross income for federal tax purposes;

5. The Plan and all Plan Supplement documents, including any amendments, modifications, or supplements thereto, shall be in form and substance acceptable to the Bond Trustee and the Committee;

6. All payments and transfers to be made on the Effective Date shall be made or duly provided for, and the Debtor shall have sufficient cash on such date to make such payments;

7. All authorizations, consents and regulatory approvals required, if any, in connection with the consummation of the Plan shall have been obtained; and

8. All other actions, documents and agreements necessary to implement the Plan shall be in form and substance acceptable to each of the Bond Trustee and the Committee and shall have been effected or executed.

C. ***Waiver of Conditions Precedent***

The Debtor, with the consent of the Bond Trustee and the Committee, may waive the occurrence of or modify any condition precedent in this Article VIII. Any such

waiver of a condition precedent set forth in this Article may be effected at any time, without notice, without leave or order of the Bankruptcy Court, and without any formal action other than proceeding to consummate the Plan. The failure of the Debtor to exercise any of the foregoing rights shall not be deemed a waiver of any other rights, and each such right shall be deemed an ongoing right, which may be asserted at any time.

ARTICLE IX.

DISCHARGE, RELEASE, INJUNCTIVE AND RELATED PROVISIONS

A. *Discharge of Claims*

Pursuant to § 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan or the Plan Supplement, the distributions, rights, and treatment that are provided in the Plan shall be in full and final satisfaction, settlement, release, and discharge, effective as of the Effective Date, of all Claims and Causes of Action of any nature whatsoever, including any interest accrued on Claims from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against the Debtor, Reorganized Debtor or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims, including demands, liabilities, and Causes of Action that arose before the Effective Date, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in §§ 502(g), 502(h), or 502(i) of the Bankruptcy Code, in each case whether or not: (1) a Proof of Claim based upon such Claim, debt, or right is Filed or deemed Filed pursuant to § 501 of the Bankruptcy Code; (2) a Claim based upon such Claim, debt or right is Allowed pursuant to § 502 of the Bankruptcy Code; or (3) the Holder of such a Claim has accepted the Plan. The Confirmation Order shall be a judicial determination of the discharge of all Claims and Interests subject to the Effective Date occurring, except as otherwise expressly provided herein. However, notwithstanding anything to the contrary in the Disclosure Statement or in this Plan, the Liens held by the Bond Trustee in all of the collateral described in the Trust Indenture shall survive the confirmation and effectiveness of the Plan unaltered (except as they may be expressly altered by the Intercreditor Agreement) and such Liens shall be maintained by the Bond Trustee under the Series 2014 Bond Documents. Further, the right of current residents to entrance fee refunds, based on the treatment of their respective Claims arising under the Residence and Care Contracts, shall survive the confirmation and effectiveness of this Plan unaltered. Except as otherwise provided herein, any default by the Debtor with respect to any Claim that existed immediately before or on account of the filing of the Chapter 11 case shall be deemed cured on the Effective Date.

B. *Releases*

NOTWITHSTANDING ANYTHING CONTAINED IN THE PLAN TO THE CONTRARY, ON THE EFFECTIVE DATE AND EFFECTIVE AS OF THE

EFFECTIVE DATE, THE DEBTOR ON BEHALF OF ITSELF AND THE ESTATE, FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY EACH OF THE RELEASEES, HEREBY PROVIDES A FULL RELEASE TO THE RELEASEES (AND EACH SUCH RELEASEE SO RELEASED SHALL BE DEEMED RELEASED BY THE DEBTOR) AND THEIR RESPECTIVE PROPERTIES FROM ANY AND ALL CAUSES OF ACTION AND ANY OTHER DEBTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, ACTIONS, DERIVATIVE CLAIMS, REMEDIES AND LIABILITIES WHATSOEVER, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, EXISTING AS OF THE EFFECTIVE DATE, IN LAW, AT EQUITY, WHETHER FOR TORT, CONTRACT, VIOLATIONS OF FEDERAL OR STATE SECURITIES LAWS, OR OTHERWISE, BASED IN WHOLE OR IN PART UPON ANY ACT OR OMISSION, TRANSACTION, OR OTHER OCCURRENCE OR CIRCUMSTANCES EXISTING OR TAKING PLACE PRIOR TO OR ON THE EFFECTIVE DATE ARISING FROM OR RELATED IN ANY WAY TO THE DEBTOR, INCLUDING, WITHOUT LIMITATION, THOSE THAT THE DEBTOR OR REORGANIZED DEBTOR WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT OR THAT ANY HOLDER OF A CLAIM AGAINST OR INTEREST IN THE DEBTOR OR OTHER ENTITY WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT FOR OR ON BEHALF OF THE DEBTOR, THE REORGANIZED DEBTOR OR THE ESTATE AND FURTHER INCLUDING THOSE IN ANY WAY RELATED TO THE CHAPTER 11 CASE OR THE PLAN.[2]

NOTWITHSTANDING ANYTHING CONTAINED IN THE PLAN TO THE CONTRARY, ON THE EFFECTIVE DATE AND EFFECTIVE AS OF THE EFFECTIVE DATE, EACH HOLDER OF A CLAIM AGAINST OR INTEREST IN THE DEBTOR, IN CONSIDERATION OF THE OBLIGATIONS PROVIDED UNDER THE PLAN AND FOR OTHER GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE DEBTOR AND THE RELEASEES, HEREBY PROVIDES A FULL RELEASE TO THE RELEASEES (AND EACH SUCH PERSON OR PARTY SO RELEASED SHALL BE DEEMED RELEASED BY EACH SUCH HOLDER) AND THEIR RESPECTIVE PROPERTIES FROM ANY AND ALL CAUSES OF ACTION AND ANY OTHER DEBTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, ACTIONS, DERIVATIVE CLAIMS, REMEDIES AND LIABILITIES

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[2] "Releasees" are defined in the Plan as "collectively, (i) the Committee and the individual members thereof acting in their capacity as Committee members, (ii) the Bond Trustee, (iii) the Directing Bondholders and the individual members thereof acting in their capacity as Directing Bondholders, (iv) the Debtor, (v) the Sponsor, (vi) the Manager, and (vii) each of their respective present or former Representatives." Plan, Article I.87.

"Representatives", in turn, means "with regard to an Entity or the Committee, officers, directors, members, employees, advisors, attorneys, professionals, accountants (including certified public accountants), investment bankers, financial advisors, consultants, agents, shareholders and other representatives (including their respective officers, directors, employees, members and professionals)." Plan, Article I.89.

WHATSOEVER, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, EXISTING AS OF THE EFFECTIVE DATE, IN LAW, AT EQUITY, WHETHER FOR TORT, CONTRACT, VIOLATIONS OF FEDERAL OR STATE SECURITIES LAWS, OR OTHERWISE, BASED IN WHOLE OR IN PART UPON ANY ACT OR OMISSION, TRANSACTION OR OTHER OCCURRENCE OR CIRCUMSTANCES EXISTING OR TAKING PLACE PRIOR TO OR ON THE EFFECTIVE DATE ARISING FROM OR RELATED IN ANY WAY TO THE RELEASEES, THE CHAPTER 11 CASE OR THE PLAN.

C. ***Exculpation***

Notwithstanding anything contained in the Plan to the contrary, the Exculpated Parties shall neither have nor incur any liability to any Entity for any and all claims and Causes of Action arising on or after the Petition Date, including any act taken or omitted to be taken in connection with, or related to, formulating, negotiating, preparing, approving, disseminating, implementing, administering, confirming or consummating the Plan, the Disclosure Statement, or any other contract, instrument, release or other agreement or document created or entered into in connection with the Plan or any other act taken after the Petition Date or omitted to be taken in connection with or in contemplation of the transactions occurring in the Chapter 11 Case; *provided, however*, that the foregoing provisions shall have no effect on the liability of any Exculpated Party that results from any act or omission that is determined in a Final Order to be solely due to such Exculpated Party's own gross negligence or willful misconduct.

D. ***No Release of Co-Obligor or Joint Tortfeasor***

No provision of this Plan, including without limitation, any release or exculpation provision, shall modify, release, or otherwise limit the liability of any Entity other than the Releasees and the Exculpated Parties, including without limitation, any Entity that is a co-obligor, guarantor or joint tortfeasor of a Releasee or Exculpated Party or that otherwise is liable under theories of vicarious or other derivative liability.

E. ***Preservation of Rights of Action***

1. ***Vesting of Causes of Action***

(a) Except as otherwise provided in the Plan or Confirmation Order, in accordance with § 1123(b)(3) of the Bankruptcy Code, any Causes of Action that the Debtor may hold against any Entity shall vest upon the Effective Date in the Reorganized Debtor.

(b) Except as otherwise provided in the Plan or Confirmation Order, after the Effective Date, the Reorganized Debtor shall have the exclusive right, but not the obligation, to institute, prosecute, abandon, settle or compromise any Causes of Action, in accordance with the terms of the Plan and without further order of the Bankruptcy

Court, in any court or other tribunal, including, without limitation, in an adversary proceeding filed in the Chapter 11 Case. Without limiting the generality of the foregoing, upon the Effective Date, the Reorganized Debtor shall be deemed substituted for the Debtor in any pending adversary proceedings to which the Debtor is a party.

2. *Preservation of All Causes of Action Not Expressly Settled or Released*

Unless a Cause of Action against a Holder of a Claim or other Entity is expressly waived, relinquished, released, compromised or settled in the Plan or any Final Order (including the Confirmation Order), the Reorganized Debtor expressly reserves such Cause of Action for later adjudication by the Reorganized Debtor (including, without limitation, Causes of Action not specifically identified or described in the Plan Supplement or elsewhere or of which the Debtor or Reorganized Debtor may presently be unaware or which may arise or exist by reason of additional facts or circumstances unknown to the Debtor or Reorganized Debtor at this time or facts or circumstances which may change or be different from those the Debtor or Reorganized Debtor now believe to exist) and, therefore, no preclusion doctrine, including, without limitation, the doctrines of *res judicata,* collateral estoppel, issue preclusion, claim preclusion, waiver, estoppel (judicial, equitable or otherwise) or laches shall apply to such Causes of Action upon or after the entry of the Confirmation Order or Effective Date based on the Disclosure Statement, Plan or Confirmation Order, except where such Causes of Action have been released in the Plan (including, without limitation, and for the avoidance of doubt, the releases contained in Article IX.B and C) or any other Final Order (including the Confirmation Order). In addition, the Reorganized Debtor expressly reserves the right to pursue or adopt any claims alleged in any lawsuit in which the Debtor is a defendant or an interested party, against any Entity, including, without limitation, the plaintiffs or co-defendants in such lawsuits.

F. *Release and Injunction*

1. Except as otherwise expressly provided for in the Plan or in obligations (including any documents evidencing such obligations) issued pursuant to the Plan from and after the Effective Date, all Entities are permanently enjoined from commencing or continuing in any manner against the Debtor, the Reorganized Debtor, the Releasees, their successors and assigns, and their assets and properties, as the case may be, any suit, action or other proceeding, on account of or respecting any Claim, demand, liability, obligation, debt, right, Cause of Action, interest or remedy released or to be released, exculpated, or to be exculpated, pursuant to the Plan or the Confirmation Order.

2. Except as otherwise expressly provided for in the Plan or in obligations (including any documents evidencing such obligations) issued pursuant to the Plan, from and after the Effective Date, all Entities shall be precluded from asserting against the Debtor, the Reorganized Debtor, or their successors and assigns and their assets and properties, any other Claims based upon any documents, instruments, or any act or

omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date.

3. Except as otherwise expressly provided for in the Plan or in obligations (including any documents evidencing such obligations) issued pursuant to the Plan, the rights afforded in the Plan and the treatment of all Claims in the Plan shall be in exchange for and in complete satisfaction of Claims of any nature whatsoever, including any interest accrued on Claims from and after the Petition Date, against the Debtor, Reorganized Debtor or the Releasees or any of their assets or properties. On the Effective Date, all such Claims against the Debtor shall be satisfied and released in full.

4. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED FOR IN THE PLAN OR IN OBLIGATIONS (INCLUDING ANY DOCUMENTS EVIDENCING SUCH OBLIGATIONS) ISSUED PURSUANT TO THE PLAN, ALL PARTIES AND ENTITIES ARE PERMANENTLY ENJOINED, ON AND AFTER THE EFFECTIVE DATE, ON ACCOUNT OF ANY CLAIM AGAINST THE DEBTOR THAT IS SATISFIED AND RELEASED HEREBY, FROM:

(a) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND AGAINST THE DEBTOR, THE REORGANIZED DEBTOR THEIR SUCCESSORS AND ASSIGNS AND THEIR ASSETS AND PROPERTIES;

(b) ENFORCING, ATTACHING, COLLECTING OR RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE OR ORDER AGAINST THE DEBTOR, THE REORGANIZED DEBTOR THEIR SUCCESSORS AND ASSIGNS AND THEIR ASSETS AND PROPERTIES;

(c) CREATING, PERFECTING OR ENFORCING ANY ENCUMBRANCE OF ANY KIND AGAINST THE DEBTOR, THE REORGANIZED DEBTOR OR THE PROPERTY OR ESTATE OF THE DEBTOR OR REORGANIZED DEBTOR;

(d) ASSERTING ANY RIGHT OF SETOFF OR SUBROGATION OF ANY KIND AGAINST ANY OBLIGATION DUE FROM THE DEBTOR OR AGAINST THE PROPERTY OR ESTATE OF THE DEBTOR OR REORGANIZED DEBTOR, EXCEPT TO THE EXTENT A RIGHT TO SETOFF OR SUBROGATION IS ASSERTED WITH RESPECT TO A TIMELY FILED PROOF OF CLAIM;

(e) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND IN RESPECT OF ANY CLAIM AGAINST THE DEBTOR OR CAUSE OF ACTION THAT IS RELEASED OR SETTLED HEREUNDER; OR

(f) TAKING ANY ACTIONS TO INTERFERE WITH THE DEBTOR'S AND ITS EMPLOYEES', OFFICERS', DIRECTORS' AND AGENTS' IMPLEMENTATION OR CONSUMMATION OF THIS PLAN.

5. IN ADDITION TO THE FOREGOING, ALL GOVERNMENT ENTITIES HAVING REGULATORY AUTHORITY OVER THE DEBTOR OR ITS LICENSURE SHALL BE ENJOINED AND RESTRAINED FROM AND AFTER THE EFFECTIVE DATE FROM TERMINATING, REVOKING, SUSPENDING OR REFUSING TO RENEW THE DEBTOR'S OR THE REORGANIZED DEBTOR'S LICENSE(S) OR AUTHORITY TO CONDUCT BUSINESS AS A CONTINUING CARE RETIREMENT COMMUNITY OR TAKING OTHER ENFORCEMENT ACTIONS AGAINST THE REORGANIZED DEBTOR AS A RESULT OF ANY ACT, ACTIONS OR OMISSIONS PRECEDING THE CONFIRMATION ORDER OR AS A RESULT OF THE REORGANIZED DEBTOR'S FAILURE TO MAINTAIN THE RESERVES REQUIRED BY CHAPTER 651, FLORIDA STATUTES, ON OR AFTER THE EFFECTIVE DATE, SO LONG AS THE REORGANIZED DEBTOR IS (I) COMPLIANT WITH ITS OBLIGATIONS TO REPLENISH ITS RESERVE ACCOUNTS IN THE MANNER SET FORTH IN THIS PLAN, AND (II) HAS DISCLOSED TO NEW OR PROSPECTIVE RESIDENTS AS AN ADDENDUM TO THEIR RESIDENCE AND CARE CONTRACTS A STATEMENT THAT THE REORGANIZED DEBTOR DOES NOT PRESENTLY MAINTAIN THE MINIMUM LIQUID RESERVES CONTEMPLATED BY § 651.035, FLORIDA STATUTES.

G. *Protection Against Discriminating Treatment*

Consistent with § 525 of the Bankruptcy Code and the Supremacy Clause of the U.S. Constitution, all Entities, including governmental units, shall not discriminate against the Reorganized Debtor or deny, revoke, suspend or refuse to renew a license, permit, charter, franchise or other similar grant, or to condition such a grant to, discriminate against the Reorganized Debtor or another Entity with whom the Reorganized Debtor has been associated, because the Debtor had been a debtor under Chapter 11, was insolvent before the commencement of the Chapter 11 case (or during the Chapter 11 case, but before the Debtor is granted or denied a discharge) or has not paid a debt that is dischargeable in the Chapter 11 Case.

H. *Term of Injunctions or Stays*

Unless otherwise provided in the Plan or Confirmation Order, all injunctions or stays in effect in the Chapter 11 case pursuant to §§ 105 or 362 of the Bankruptcy Code or any order of the Bankruptcy Court, and extant on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order) shall remain in full force and effect until the Effective Date. All injunctions or stays contained in the Plan or the Confirmation Order shall remain in full force and effect in accordance with their terms.

I. ***Releases of Liens***

Except as otherwise provided in the Plan or in any contract, instrument, release or other agreement or document created pursuant to the Plan, on the Effective Date, all mortgages, deeds of trust, Liens, pledges or other security interests against property of the Estate shall be fully released and discharged and all of the right, title and interest of any Holder of such mortgages, deeds of trust, Liens, pledges or other security interest shall revert to the Reorganized Debtor. Notwithstanding anything to the contrary contained herein, the Liens held by the Bond Trustee in all of the collateral described in the Trust Indenture shall survive the confirmation and effectiveness of the Plan unaltered (except as expressly set forth in the Intercreditor Agreement) and such Liens shall be maintained by the Bond Trustee under the Series 2014 Bond Documents.

ARTICLE X.

TREATMENT OF ENTRANCE FEES; EXISTING ESCROW AGREEMENTS

A. ***Pre-Petition Entrance Fee Escrow Agreement***

The Department of Financial Services, Division of Treasury, a governmental entity organized under the laws of the State of Florida, as escrow agent is authorized and directed to distribute any and all funds held in escrow pursuant to the Entrance Fee Escrow Agreement dated April 17, 2013 to the Refund Queue Holders Distribution Trust in order to fund the approximately $809,000 Effective Date payment set forth in Article III.B.2. Following the distribution of such amounts to the Queue Holder Agent, such escrow agreement shall terminate.

B. ***Post-Petition Entrance Fee Escrow Agreement***

TD Bank, N.A., as escrow agent, is authorized and directed to distribute any and all funds which it is holding held in escrow pursuant to the Reorganized Debtor on the Effective Date to be deposited in the Revenue Fund and distributed in accordance with the Distribution Waterfall. Following the distribution of such amounts to the Reorganized Debtor such escrow agreement shall terminate.

C. ***Post-Effective Date Entrance Fees***

Following the Effective Date, the Reorganized Debtor shall be relieved from any requirement to escrow entrance fees provided by prospective residents of the Glenmoor Facility on account of, as a result of, or relating in any way to Glenmoor's status as a debtor in this Chapter 11 Case, the commencement of this Chapter 11 Case, the financial status of Glenmoor prior to or during the pendency of this Chapter 11 Case (including that Glenmoor may have been insolvent at such time), Glenmoor's failure to pay any debt, in whole or in part, that is provided for in this Plan, or Glenmoor's failure to maintain the minimum liquid reserves required by Chapter 651, Florida Statutes, so long

as Glenmoor is compliant with its funding obligations under this Plan. Moreover, all governmental units, including the Office of Insurance Regulation for the State of Florida, shall be prohibited and enjoined from: (a) denying, revoking, suspending or refusing to renew any license, permit, charter, franchise or other similar grant to the Reorganized Debtor (or to another person with whom the Debtor has been associated); (b) placing conditions upon such a grant to the Reorganized Debtor (or to another person with whom the Debtor has been associated); or (c) discriminating against the Reorganized Debtor (or another person with whom the Debtor has been associated), solely because Glenmoor was a debtor under the Bankruptcy Code, may have been insolvent before the commencement of this Chapter 11 Case or was insolvent during the pendency of this Chapter 11 Case, or Glenmoor's failure to pay any debt, in whole or in part, that is provided for in this Plan.

ARTICLE XI.

RETENTION OF JURISDICTION

Notwithstanding entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall, after the Effective Date, retain such jurisdiction over the Chapter 11 Case and all Entities with respect to all matters related to the Chapter 11 Case, the Debtor and the Reorganized Debtor and the Plan as is legally permissible, including, without limitation, jurisdiction to:

1. allow, disallow, determine, liquidate, classify, estimate or establish the priority or secured or unsecured status of any Claim, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the allowance or priority of Claims;

2. grant or deny any applications for allowance of compensation or reimbursement of expenses authorized pursuant to the Bankruptcy Code or the Plan, for periods ending on or before the Effective Date;

3. resolve any matters related to the assumption, assignment or rejection of any executory contract or unexpired lease to which the Debtor or Reorganized Debtor, as applicable, is party or with respect to which the Debtor or Reorganized Debtor, as applicable, may be liable and to hear, determine and, if necessary, liquidate, any Claims arising therefrom, including those matters related to any amendment to the Plan after the Effective Date pursuant to Article XII.A adding executory contracts or unexpired leases to the list of executory contracts and unexpired leases to be assumed;

4. ensure that Distributions to Holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;

5. determine all disputes arising in connection with the interpretation, implementation, consummation or enforcement of the Plan and all contracts, instruments and other agreements executed in connection with the Plan;

6. decide or resolve any motions, adversary proceedings, contested or litigated matters and any other matters and grant or deny any applications involving the Debtor that may be pending on the Effective Date or instituted by the Reorganized Debtor after the Effective Date, *provided, however*, that the Reorganized Debtor shall reserve the right to commence actions in all appropriate jurisdictions;

7. enter such orders as may be necessary or appropriate to implement or consummate the provisions of the Plan and all other contracts, instruments, releases, indentures and other agreements or documents adopted in connection with the Plan, Plan Supplement or the Disclosure Statement;

8. determine any request to modify the Plan or to cure any defect or omission or reconcile any inconsistent in the Plan or any order of the Bankruptcy Court;

9. issue injunctions, enforce them, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Entity with the Effective Date or enforcement of the Plan, except as otherwise provided in the Plan;

10. enforce all orders, judgments, injunctions, releases, exculpations, indemnifications and rulings entered in connection with the Chapter 11 Case, including enforcement of the injunctions set forth in Articles IX and X;

11. issue and enforce such other orders and injunctions, or take any other action that may be necessary or appropriate to restrain interference with the implementations, consummation and enforcement of the Plan or the Confirmation Order, including any action to revoke the Debtor's or the Reorganized Debtor's licenses or authority to conduct business as a continuing care retirement community.

12. resolve any cases, controversies, suits or disputes with respect to the releases, injunction and other provisions contained in Article IX, and enter such orders as may be necessary or appropriate to implement or enforce all such releases, injunctions and other provisions;

13. hear and determine all disputes involving the existence, nature or scope of the Debtor's discharge;

14. enter and implement such orders as necessary or appropriate if the Confirmation Order is modified, stayed, reversed, revoked or vacated;

15. resolve any disputes, objections or controversies relating to both the failure to provide, or to the content of information provided for in the required disclosure statements to prospective new residents of the Glenmoor Facility;

16. resolve any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document adopted in connection with the Plan or the Disclosure Statement;

17. adjudicate and resolve any act alleged to be in contravention of the Plan or the Disclosure Statement, including but not limited to any act in violation of Article X.C.; and

18. enter an order and/or the decree contemplated in § 350 of the Bankruptcy Code and Bankruptcy Rule 3022 concluding the Chapter 11 Case.

ARTICLE XII.

MISCELLANEOUS PROVISIONS

A. *Modification of Plan*

Subject to the limitations contained in the Plan: (1) the Debtor, with the consent of the Bond Trustee and the Committee, reserves the right, in accordance with the Bankruptcy Code and the Bankruptcy Rules, to amend or modify the Plan prior to the entry of the Confirmation Order, including amendments or modifications to satisfy § 1129(b) of the Bankruptcy Code; and (2) after the entry of the Confirmation Order, the Debtor (with the consent of the Bond Trustee and the Committee), may, upon order of the Bankruptcy Court, amend or modify the Plan, in accordance with § 1127(b) of the Bankruptcy Code, or remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan.

B. *Revocation of Plan*

The Debtor, reserves the right to withdraw the Plan prior to the entry of the Confirmation Order, and to file subsequent chapter 11 plans. If the Debtor withdraws the Plan, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan, assumption or rejection of executory contracts or leases effected by the Plan, and any document or agreement executed pursuant hereto shall be deemed null and void; and (3) nothing contained in the Plan shall: (a) constitute a waiver or release of any Claims by or against, or any Interests in, the Debtor or any other Entity; (b) prejudice in any manner the rights of the Debtor or any other Entity; or (c) constitute an admission of any sort by the Debtor or any other Entity.

C. ***Successors and Assigns***

The rights, benefits and obligations of any Entity named or referred to herein shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of such Entity.

D. ***Governing Law***

Except to the extent that the Bankruptcy Code or Bankruptcy Rules apply, and subject to the provisions of any contract, instrument, release, indenture or other agreement or document entered into in connection herewith, the rights and obligations arising hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of Florida, without giving effect to the principles of conflict of laws thereof.

E. ***Reservation of Rights***

Except as expressly set forth herein, the Plan shall have no force or effect unless and until the Bankruptcy Court enters the Confirmation Order and the occurrence of the Effective Date. Neither the filing of the Plan, any statement or provision contained herein, nor the taking of any action by the Debtor or any Entity with respect to the Plan shall be or shall be deemed to be an admission or waiver of any rights of: (i) the Debtor with respect to the Holders of Claims or Interests or other parties-in-interest; or (ii) any Holder of a Claim or other party-in-interest prior to the Effective Date.

F. ***Section 1146 Exemption***

Pursuant to § 1146(a) of the Bankruptcy Code, any transfers of property pursuant hereto shall not be subject to any stamp tax or other similar tax or governmental assessment in the United States, and the Confirmation Order shall direct the appropriate state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation instruments or other documents pursuant to such transfers of property without the payment of any such tax or governmental assessment.

G. ***Section 1125(e) Good Faith Compliance***

Each of the Committee and the individual members thereof acting in their capacity as Committee members, the Bond Trustee, the Directing Bondholders and the individual members thereof, and each of their respective Representatives, shall be deemed to have acted in "good faith" under § 1125(e) of the Bankruptcy Code.

H. *Further Assurances*

The Debtor, the Reorganized Debtor, all Holders of Claims receiving Distributions hereunder and all other parties in interest shall, from time to time, prepare, execute and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan or the Confirmation Order.

I. *Service of Documents*

Any pleading, notice or other document required by the Plan to be served on or delivered to the Debtor shall be sent by first class U.S. mail, postage prepaid as follows:

(a) If to the Debtor to:

Bruce Jones, MBA, CNHA
Chief Executive Officer
LCPS Management, Inc.
1000 Vicar's Landing Way
Ponte Vedra Beach, Florida 32082
Telephone: (904) 273-1702
Facsimile: (904) 285-1384
Email: bjones@vicarslanding.com

with a copy sent contemporaneously by email to:

Richard R. Thames, Esq.
Stutsman Thames & Markey, P.A.
50 North Laura Street, Suite 1600
Jacksonville, Florida 32202
Telephone: (904) 358-4000
Facsimile: (904) 358-4001
Email: rrt@stmlaw.net

(b) If to the Bond Trustee to:

Wells Fargo CMES Special Accounts Group
Attn: Gil Hernandez
MAC N9311-115
625 Marquette Avenue, 11th Floor
Minneapolis, Minnesota 55479
Telephone: (612) 667-1984
Facsimile: (612) 316-0857
Email: gil.hernandez@wellsfargo.com

with a copy sent contemporaneously by email to:

Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.
Attn: Daniel S. Bleck, Esq.
One Financial Center
Boston, Massachusetts 02111
Telephone: (617) 542-6000
Facsimile: (617) 542-2241
Email: dsbleck@mintz.com

(c) If to the Committee or the Queue Holder Committee to:

Akerman, LLP
Attn: David E. Otero, Esq.
Attn: Christian George, Esq.
50 North Laura Street, Suite 3100
Jacksonville, Florida 32202
Telephone: (904) 798-3700
Facsimile: (904) 798-3730
Email: David.Otero@akerman.com
Email: Christian.George@skerman.com

J. *Filing of Additional Documents*

On or before the Effective Date, the Debtor may file with the Bankruptcy Court all agreements and other documents that may be necessary or appropriate to effectuate and further evidence the terms and conditions hereof.

Dated: November 27, 2013.

LIFE CARE ST. JOHNS, INC.

*/s/ D. Bruce Jones**
By________________________________
D. Bruce Jones
It's Chief Executive Officer

-and-

STUTSMAN THAMES & MARKEY, P.A.

/s/ Richard R. Thames
By________________________________
Richard R. Thames

Florida Bar Number 0718459
50 North Laura Street, Suite 1600
Jacksonville, Florida 32202
(904) 358-4000
(904) 358-4001 (Facsimile)
rrt@stmlaw.net

Attorney for Life Care St. Johns, Inc., doing business as Glenmoor

* By Consent

Exhibit 1

Restructuring Term Sheet

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RESTRUCTURING TERM SHEET
(Life Care St. Johns, Inc. d/b/a Glenmoor)

This term sheet (the "***Term Sheet***"), dated as of November 27, 2013 (the "***Execution Date***"), sets forth certain of the principal terms and conditions of a potential financial restructuring (the "***Restructuring Transaction***") of the outstanding indebtedness of Life Care St. Johns, Inc. d/b/a Glenmoor ("***Glenmoor***" or the "***Borrower***"), relating to the bonds issued pursuant to that certain Trust Indenture by and between the St. Johns County Industrial Development Authority (the "***Issuer***"), and U.S. Trust Company of Florida Savings Bank, as predecessor to Wells Fargo Bank, National Association (the "***Bond Trustee***"), dated December 1, 1999, as amended by the First Supplement to Trust Indenture by and between the Issuer and the Bank of New York Trust Company, N.A., as predecessor to the Bond Trustee, dated September 15, 2006 (collectively, the "***Indenture***"), with respect to the (a) $55,555,000 Fixed Rate Health Care Revenue Bonds (Glenmoor Project), Series 2006A, and (b) $4,000,000 Adjustable Rate Health Care Revenue Bonds (Glenmoor Project), Series 2006B (collectively, the "***Series 2006 Bonds***").

The Restructuring Transaction contemplates, among other things, an exchange of the outstanding obligations under the Series 2006 Bonds in the principal amount of $55.615 million and accrued and unpaid interest in the approximate amount of $1,530,893.75 as of July 3, 2013 (the "***Petition Date***"), which interest continues to accrue and remains outstanding, for new Series 2014A Bonds and Series 2014B Bonds (collectively, the "***Series 2014 Bonds***"). The Restructuring Transaction also contemplates the resolution of the past-due entrance fee refunds owed by the Borrower to former residents or their estates (the "***Refund Queue Claim Holders***") in the approximate amount of $7.8 million. Through the Restructuring Transaction, there will be notes issued in exchange for the amounts outstanding as well as an initial down-payment on the effective date of approximately 10% of the amount owed to the Refund Queue Claim Holders. This Term Sheet contemplates the consummation of the Restructuring Transaction through a pre-arranged plan of reorganization (the "***Restructuring Plan***") as more fully described below.

This Term Sheet and the undertakings contemplated herein are subject in all respects to the negotiation, execution and delivery of mutually acceptable definitive documentation between Glenmoor, the Issuer, the Bond Trustee, the members of an informal committee comprised of bondholders currently holding a majority of the principal amount of Series 2006 Bonds (the "***Directing Bondholders***"), and the Official Committee of Unsecured Creditors (the "***Committee***").

THIS TERM SHEET IS BEING PROVIDED AS PART OF A COMPREHENSIVE COMPROMISE AND SETTLEMENT, EACH ELEMENT OF WHICH IS CONSIDERATION FOR THE OTHER ELEMENTS AND AN INTEGRAL ASPECT OF THE PROPOSED RESTRUCTURING OF THE BOND DEBT OF GLENMOOR. THIS TERM SHEET IS SUBJECT TO FEDERAL RULE OF EVIDENCE 408. NOTHING IN THIS TERM SHEET SHALL CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, A STIPULATION OR A WAIVER, AND EACH STATEMENT CONTAINED HEREIN IS MADE WITHOUT PREJUDICE, SOLELY FOR SETTLEMENT PURPOSES, WITH A FULL RESERVATION AS TO ANY RIGHTS, REMEDIES OR DEFENSES OF GLENMOOR, THE BOND TRUSTEE, THE DIRECTING BONDHOLDERS, THE COMMITTEE, AND ALL OTHER PARTIES.

A. Implementation of Restructuring Transaction[1/]	
Plan Process	The Restructuring Transaction will be implemented through the proposed Restructuring Plan. The Parties agree to effectuate this Term Sheet on the following timeline: ➢ Borrower to distribute draft Plan of Reorganization and Disclosure Statement by ***November 15, 2013***; ➢ Borrower to distribute draft motions to approve solicitation procedures and necessary notices by ***November 21, 2013***; ➢ Borrower to file Plan of Reorganization and Disclosure Statement by ***November 27, 2013***; ➢ Bond counsel to distribute draft documents related to the issuance of the Series 2014 Bonds (the "***2014 Bond Documents***") by ***December 17, 2013***; ➢ Committee to distribute draft documents relating to the Refund Queue Holder A Note and Refund Queue Holder B Note, including the requisite mortgages, security agreements, and a Trust Agreement (collectively, the "***Note Documents***"), by ***December 17, 2013***; ➢ Hearing on Approval of Disclosure Statement to be held not later than ***January 3, 2014***; and ➢ Confirmation Hearing to be held not later than ***February 21, 2014***. Any amendments, modifications or supplements to the Restructuring Plan and Disclosure Statement shall be reviewed by, and must be reasonably acceptable to, the Bond Trustee, the Committee, and the Directing Bondholders; provided, however, that no amendment, modification or supplement shall be materially different from this Term Sheet, without the consent of all parties hereto.
B. Terms of Restructuring	
Application of 2006 Trustee-Held Funds	Upon the Effective Date of the Restructuring Plan (the "***Effective Date***"), any funds held by the Bond Trustee with respect to the Series 2006 Bonds shall be applied in the following order of priority: ➢ First, to any outstanding fees and expenses of the Bond Trustee, including the reasonable fees of its professionals; and ➢ Second, the balance to partially fund the Series 2014 Bond DSRF (the "***Series 2014A DSRF***"), in the approximate amount of $3.031 million such amount representing the amount required to be held in such fund in any given year under the Series 2014 Bonds (the "***Required Debt Service Reserve Fund Amount***").
Application of Glenmoor Cash	Glenmoor shall apply all available cash on hand on the Effective Date to pay (i) all allowed administrative expense claims, (ii) maintenance of minimum operating

[1/] Capitalized terms not otherwise defined in this Term Sheet shall have the meanings given to them in the Restructuring Plan, filed with the Bankruptcy Court on or around November 27, 2013.

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on Hand	account cash balance of $1,100,000 and (iii) to partially replenish the amounts required to be held under the Operating Reserve Fund as contemplated under the forecasted model attached hereto as Schedule 1.
Exchange of 2006 Bonds	As of the Effective Date, the holders of the Series 2006 Bonds shall exchange their existing Series 2006 Bonds for a ratable share of the Series 2014A Bonds and the Series 2014B Bonds.
Issue of Series 2014A Bonds	The Series 2014A Bonds shall be in the original principal amount of $41,711,250 (the "***Series 2014A Bonds Principal Amount***") (i.e. 75% of the current principal amount outstanding under the Series 2006 Bonds) as of the Effective Date. The Series 2014A Bonds shall be paid as set forth on the attached Schedule 1 to the Restructuring Term Sheet. Pursuant to such Schedule 1, the Series 2014A Bonds shall mature in 2048 (as further defined in the Bond Documents, the "***Maturity Date***"). Interest after the Effective Date shall accrue at the following rates, (i) from the Effective Date through December 31, 2015, interest shall accrue at a rate of 1.344%, and (ii) starting January 1, 2016, and continuing through the Maturity Date, interest shall accrue at a rate of 5.375% per annum. From the Effective Date and continuing through December 31, 2019, Glenmoor shall pay debt service equal to the amount of interest accruing on the Series 2014A Bonds for such period. Commencing on January 1, 2020, and continuing through the Maturity Date, Glenmoor shall pay interest accruing in each year on the Series 2014A Bonds as well as principal sinking fund payments, in accordance with Schedule 1 of the Restructuring Term Sheet. All scheduled interest payments shall be made semi-annually to the holders of the Series 2014A Bonds, and all scheduled principal payments shall be made annually to the holders of the Series 2014A Bonds. The Series 2014A Bonds will be secured by a first priority lien on all assets of Glenmoor (except that the Series 2014A Bonds will be secured by a second priority lien on the Real Estate until such time as the Refund Queue Holder A Note is paid in full, at which time the Series 2014A Bonds shall have a first priority lien on the Real Estate) until such time as the Series 2014A Bonds are discharged. So long as no payment default has occurred and is continuing, Glenmoor shall have the option to fully redeem the Series 2014A Bonds on the following terms: (i) the Series 2014A Bonds shall be subject to an optional call at 102% of the principal amount of the Series 2014A Bonds redeemed up to the second anniversary of the Effective Date; the Series 2014A Bonds shall be subject to an optional call at 101% of the principal amount of the Series 2014A Bonds redeemed after the second anniversary of the Effective Date, but before the third anniversary of the Effective Date; and (iii) after the third anniversary of the Effective Date the Series 2014A Bonds are subject to an optional call at 100% of the principal amount of the Series 2014A Bonds redeemed.

Issue of Series 2014B Bonds	The Series 2014B Bonds shall be in the original principal amount of $15,434,643.75 (i.e. the difference between the Allowed Bondholder Claim minus the Series 2014A Bonds Principal Amount). The Series 2014B Bonds shall mature on the Maturity Date and shall accrue interest at a rate of 2.5% compounded semi-annually, beginning on the Effective Date. The Series 2014B Bonds will be secured by a lien on all the assets of Glenmoor, junior to the lien securing the Series 2014A Bonds, junior to the liens securing the Refund Queue Holder A Note and *pari passu* with the Refund Queue Holder B Note. Principal and interest on the Series 2014B Bonds to the holders of the Series 2014B Bonds shall be payable semi-annually from Excess Cash, if any, in accordance with the Distribution Waterfall; provided however, that if no funds are available for payment from the Distribution Waterfall, this shall not be an event of default under the Series 2014 Bond Documents. Any amounts paid on the Series 2014B Bonds shall be applied first to accrued and unpaid interest, and second to any principal that may be owing. Any balance outstanding on the Series 2014B Bonds as of the Maturity Date shall be due and payable in full. Among other provisions, the Series 2014 Bond Documents will provide that Glenmoor may refinance/refund the Series 2014A Bonds so long as economic value of the Series 2014B Bonds is not impaired (i.e. there shall not be an increase in the principal amount or interest rate, among other factors, associated with such refinanced bonds and notes).
Refund Queue Holder A Note	The Refund Queue Holder A Note shall be issued in the principal amount of approximately $4.68 million (i.e. 60% of the amount outstanding as of the Petition Date), and shall be payable to the Refund Queue Trustee on behalf of the Refund Queue Claim Holders' Distribution Trust. Principal shall be paid on account of the Refund Queue Holder A Note as follows: (i) a payment on the Effective Date equal to the amount held in the prepetition entrance fee escrow which funds are in the amount of approximately $809,000, provided that a portion of such initial distribution in the amount of $25,000 shall be retained by the Refund Queue Trustee to establish a refundable retainer for future legal services; (ii) payments of $42,333 on the day that is six months following the Effective Date, nine months following the Effective Date, and twelve months following the Effective Date; and (iii) sixteen quarterly payments of $233,512.56 with the first such payment made on the date that is fifteen months after the Effective Date, as further set forth on Schedule 1 of the Restructuring Term Sheet. In addition, interest shall accrue on the Refund Queue Holder A Note at the following rates: (i) from the Effective Date through December 31, 2015, interest shall accrue at a rate of 1.344%; and (ii) from January 1, 2016 and continuing until the Refund Queue Holder A Note is paid in full, interest shall accrue at a rate of 5.375% per annum. Under certain circumstances the Debtor may elect to add accrued interest to the principal amount owed on the Refund Queue Holder A Note in lieu of cash payment. Interest shall be paid on a quarterly basis, along with such scheduled principal payments. Any accrued and unpaid interest and principal on the Refund Queue Holder A Note

	shall be paid on the fifth anniversary of the Effective Date, which date shall be the maturity date of the Refund Queue Holder A Note. The Refund Queue Holder A Note shall be secured by (i) a first lien on Real Estate; and (ii) a second lien on all of Glenmoor's other assets, junior to the lien securing the Series 2014A Bonds, and senior to each of the lien securing the Series 2014B Bonds and the Refund Queue Holder B Note.
Refund Queue Holder B Note	The Refund Queue Holder B Note shall be issued in the principal amount of approximately $3.1 million (i.e. 40% of the amount outstanding as of the Petition Date), shall be payable to the Refund Queue Claim Holders' Distribution Trust, shall mature in 2048, and accrue interest at a rate of 2.5% compounded semi-annually, beginning on the Effective Date. Payment of principal and interest on account of the Refund Queue Holder B Note shall be payable semi-annually from Excess Cash in accordance with the Distribution Waterfall; provided however, that if no funds are available for payment from the Distribution Waterfall, it shall not be an event of default under the Refund Queue Holder B Note. Any amounts paid on the Refund Queue Holder B Note shall be applied first to accrued and unpaid interest, and second to any principal that may be owing. Any balance outstanding on the Refund Queue Holder B Note as of the Maturity Date shall be waived. The Refund Queue Holder B Note will be secured by a lien on all the assets of Glenmoor, junior to the lien securing the Series 2014A Bonds, junior to the liens securing the Refund Queue Holder A Note and *pari passu* with the Series 2014B Bonds. Glenmoor may, subject to the terms of the Series 2014 Bond Documents and the Refund Queue Claim Holder Documents, refinance/refund the Series 2014A Bonds and the Refund Queue Holder A Note so long as the Refund Queue Holder A Note is paid in full and the economic value of the Series 2014B Bonds and the Refund Queue Holders B Note is not impaired (i.e. there shall not be an increase in the principal amount or interest rate, among other factors, associated with such refinanced bonds and notes).
Refund Queue Claim Holders' Distribution Trust	As part of the Restructuring Plan, a trust shall be established (the "***Refund Queue Claim Holders' Distribution Trust***") governing the receipt and disbursement of the proceeds from the Refund Queue Holder Notes to the Refund Queue Claim Holders, as beneficiaries. The Refund Queue Claim Holders' Distribution Trust will provide for, among other things, the appointment of a Trustee or Trustee(s) to supervise the Trust, the distribution of funds received under the Refund Queue Claim Holder Notes, the exercise of rights and remedies by the Trustees and the Refund Queue Claim Holders, and the retention of professionals and a disbursing agent to assist with the administration of the Refund Queue Claim Holders' Distribution Trust. Until such time as the Refund Queue Holder Notes are satisfied, Glenmoor shall pay $5,000 per annum to the Refund Queue Trustee to help defray administrative expenses.

Intercreditor Agreement	The Bond Trustee and the Refund Queue Trustee shall enter into an Intercreditor Agreement (the "Intercreditor Agreement") that is consistent with the Distribution Waterfall and establishes the following order of priority with respect to both payment and remedies: ➢ Payments on account of the Series 2014A Bonds; ➢ Payments on account of the Refund Queue Holder A Note; and ➢ Payments on account of the Series 2014B Bonds and the Refund Queue Holder B Note, which shall be *pari passu*. The Intercreditor Agreement will further provide that: (i) to the extent of default relating to the Refund Queue Holder A Note, with the exception of the Real Estate upon which the Refund Queue Holders have a first-priority lien securing the Refund Queue Holder A Note, the Refund Queue Trustee cannot take any action against Glenmoor or its assets until expiration of six months from the date of the event of default; and (ii) to the extent of default relating to the Series 2014 Bond Documents, the Bond Trustee shall not take any action against the Real Estate until expiration of six months from the date of the event of default. Such other rights and remedies (including the lien priority set forth herein) will be set forth in the Intercreditor Agreement.
Sponsor Contribution	On the Effective Date, LCPS Management, Inc. (the "***Manager***") shall transfer to Glenmoor the approximate 11.01 acres of unimproved real property adjacent to Glenmoor's Facility (the "***Real Estate***"). Such Real Estate shall be subject to the liens granted to the Bond Trustee and the Refund Queue Claim Holders Trust, the relative priority of which is described above. Life Care Pastoral Services ("***LCPS***" or the "***Sponsor***") and to the extent applicable, Vicar's Landing) shall subordinate any claim it is owed by the Borrower to payment of the Series 2014A Bonds, the Series 2014B Bonds, the Refund Queue Claim Holder A Note and the Refund Queue Claim Holder B Note.
Management Contract	The current management contract (and any renewals thereof) with the Manager shall be amended to be consistent with the terms and conditions set forth herein including, but not limited to, (i) payments to the Manager and any affiliates shall be capped at $100,000 (such $100,000 amount, the "***Base Management Fee***") on an annual basis during the first five years; and (ii) such contract shall be terminable upon 60 days prior written notice to the extent of a default under the Bond Documents and to the extent such termination is consented to by the Bond Trustee. Upon the expiration of the Management Contract, such contract will be subject to further negotiation with any such new and/or amended management agreement being approved by the Bond Trustee.
Entrance Fees Fund	Upon the Effective Date, Glenmoor shall establish an Entrance Fees Fund under the Bond Documents. All Entrance Fees of Glenmoor shall be deposited in the Entrance Fees Fund, held by the Bond Trustee, subject to and in accordance with the laws of the State of Florida as now or hereafter in effect. Subject to all applicable laws and regulations in effect at such time, Entrance Fees will only flow from the Entrance Fees Fund to the Revenue Fund (as defined

	below) after the later of (i) occupancy by the resident(s) of the contracted unit or (ii) expiration of any applicable rescission rights under the residency agreements. The lien of the Bond Trustee against the Entrance Fees Fund shall at all times be subject to applicable laws and regulations and in no event shall Glenmoor be obligated to use, pledge, distribute or pay over any Entrance Fees in a manner that is contrary to any applicable law or regulation in effect at the time. Subject to applicable law and regulations, following the passage of the later of (i) occupancy by the resident(s) or (ii) the rescission rights of a resident, Entrance Fees will be transferred from the Entrance Fee Fund to the Revenue Fund and shall be available to flow through the Distribution Waterfall.
Revenue Fund	The Bond Documents shall establish the Revenue Fund to be held by the Bond Trustee, subject to the lien under the Indenture, pursuant to which all revenues or other income of Glenmoor, including Entrance Fees released pursuant to the above conditions relating to the Entrance Fees Fund (the "***Revenues***") and cash on hand as of the Effective Date shall be deposited. Funds from the Revenue Fund shall be withdrawn pursuant to the Distribution Waterfall. Funds in the Revenue Fund shall be included in any calculation of Days Cash on Hand.
Bond Fund	There shall be established a Bond Fund (the "***Bond Fund***") under the Bond Documents, subject to the lien under the Indenture. The Bond Fund will receive (i) the monthly payments of principal (if any) and interest due and payable under the Series 2014A Bonds, and (ii) all Excess Cash payable to the Bond Trustee in accordance with the Distribution Waterfall, with such amounts then being distributed to the holders of the Series 2014B Bonds in accordance with the terms hereof.
Distribution Waterfall	The Series 2014 Bond Documents shall establish a revenue fund (the "***Revenue Fund")*** into which all revenues of Glenmoor (including any post-Effective Date entrance fees, subject to all applicable laws and regulations) shall be deposited. Subject to the next sentence, amounts on deposit in the Revenue Fund shall be made available to Glenmoor as set forth below to satisfy ongoing operations and costs and expenses of Glenmoor including the management fee under the Management Agreement allocated on a monthly basis (collectively, the "***Operating Expenses***"). If an event of default shall have occurred under the Series 2014 Bond Documents, and is continuing, then the monthly amounts on deposit in the Revenue Fund available for withdrawal to satisfy Operating Expenses shall be made available to Glenmoor in an amount not to exceed the amounts set forth in an operating budget established in a manner set out in the Bond Documents. The Reorganized Debtor shall supply the Refund Queue Trustee with a copy of the annual operating budget within a reasonable amount of time after its receipt. On the first day of each calendar month, monies in the Revenue Fund shall be distributed in the following order of priority (the "***Distribution Waterfall***"): • First, a transfer to Glenmoor's operating account (subject to a deposit account control agreement with Glenmoor's depository bank reasonably acceptable to the Bond Trustee) in an amount equal to 150% of the amount certified by Glenmoor (in a certificate setting forth in reasonable detail the projected application of the amount so certified) as necessary to

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pay anticipated Operating Expenses (including, as set forth in Schedule 1 to the Restructuring Term Sheet, the scheduled replenishment obligations relating to each of the Operating Reserve Fund and the Repair and Replacement Fund required to be maintained under Chapter 651, Florida Statutes, and the Series 2014 Required Debt Service Reserve Fund) for the upcoming month (taking into account any unapplied amount withdrawn for such purpose in a prior month), and set forth in a budget (the "Operating Budget") approved on an annual basis by the Bond Trustee.

• Second, to the bond fund established under the Series 2014 Bond Documents in an amount equal to one sixth of the scheduled semi-annual interest payment and one twelfth of any scheduled principal payment in respect of the Series 2014A Bonds, as provided for in the Series 2014 Bond Documents;

• Third, to the Refund Queue Claim Holders' Distribution Trust in an amount equal to one third of the next-scheduled quarterly payment (principal and interest) owed under the Refund Queue Holder A Note;

• Fourth, to Glenmoor's operating account in such amount that Glenmoor has not less than $2.2 million in such account, adjusted on each anniversary of the Effective Date by the Consumer Price Index for the preceding calendar year;

• Fifth, any available cash remaining after the payments described in the four bullet points above (the "<u>Excess Cash</u>"), shall be distributed on a pro rata basis by and between the holders of Series 2014B Bonds (and applied first to interest and then to the principal amount outstanding of the Series 2014B Bonds) and the Refund Queue Holder B Note, provided, however, that such Excess Cash may be utilized to replenish the statutory reserve accounts (the Operating Reserve Fund, the Repair and Replacement Fund and the Series 2014 DSRF) prior to the replenishment schedule established by the Plan, if necessary to preserve Glenmoor's operating licenses.

The foregoing requirement to remit all funds into a Revenue Fund to be held by the Bond Trustee and to pay amounts set forth in the Operating Budget shall terminate to the extent (i) Glenmoor's DSCR is greater than 1.30x, (ii) Glenmoor has DCOH greater than 200, (iii) the Refund Queue Holder A Note has been paid in full, and (iv) there is not otherwise a default or Event of Default under the 2014 Bond Documents. Under such circumstances, all funds shall be transferred into Glenmoor's operating account.
</td></tr>
<tr><td>Fees Related to Exchange</td><td>Upon the Effective Date, Glenmoor shall pay all outstanding adequate protection payment amounts (i.e., the 50K/month) toward costs and all other fees associated with the Restructuring Transaction including but not limited to: Bond Counsel, Issuer, regulatory filings and any other fees for negotiating, drafting and effectuating the Restructuring Transaction (exclusive of the Bond Trustee and its professionals).</td></tr>
<tr><td>Additional</td><td>The 2014 Bond Documents and the Note Documents shall be drafted in a manner</td></tr>
</table>

Documentary Matters	necessary to effectuate the Restructuring Transaction. The modified Bond Documents and other agreements governing the Restructuring Transaction shall provide, inter alia, that Glenmoor shall not, absent consent of the Bond Trustee and the Refund Queue Trustee, (i) make any material modification to the residency agreements, (ii) enter into any transaction that has a material adverse effect upon Glenmoor's business or assets, or (iii) except as otherwise provided herein, incur any additional indebtedness for borrowed funds, all with the written consent of a simple majority of the holders of the principal amount held by the holders of the Series 2014A Bonds and the consent of the Refund Queue tTrustee. The 2014 Bond Documents and Note Documents shall contain a provision that shall allow for future subordination of the Series 2014B Bonds and Refund Queue Claim Holders B Note obligations to development financing associated with the Real Estate to the extent that an independent feasibility study demonstrates that such development would be economically accretive to the Glenmoor, and the consent of a simple majority of the holders of the principal amount held by the holders of the Series 2014A Bonds and the consent of the Refund Queue Trustee.
Covenants; General	The Bond Documents shall be drafted to reflect current, anticipated performance expectations. Except as provided below, non-payment covenant compliance shall be measured quarterly from and after the Effective Date. In addition to the covenants referenced herein, the Bond Documents shall also include obligations on the part of the Borrower to use such commercially reasonable efforts to take actions necessary to (i) implement the achievable recommendations and findings of Hamlyn Senior Marketing, LLC and Continuum Development Services made during the Borrower's bankruptcy case; and (ii) implement market-based increases in pricing to meet the required payments on Schedule 1.
Days Cash on Hand Covenant	The Bond Documents shall include a covenant of an average Days Cash on Hand, excluding all statutory reserve accounts ("***DCOH***") on the terms set forth on Schedule 2 attached hereto. In the event the Debtor fails to meet the DCOH targets set forth on Schedule 2 for any two consecutive quarters, Glenmoor shall be required to replace LCPS Management, Inc. with a new management team within sixty (60) days of delivery of the compliance certificate to the Trustee, with such new management team reasonably acceptable to the holders of a majority of the principal amount of the Series 2014A Bonds. In the event DCOH falls below 15 days, it shall be an event of default under the Bond Documents.
Unit Occupancy Levels Covenant	Glenmoor shall achieve and maintain those Independent Living occupancy levels set forth on Schedule 3 attached hereto. If Glenmoor fails to meet any of the Independent Living occupancy levels set forth on Schedule 3, Glenmoor shall be required to retain a consultant within thirty (30) days of delivery of the compliance certificate to the Bond Trustee, with such consultant reasonably acceptable to the holders of a majority of the principal

	amount of the Series 2014A Bonds, which consultant shall provide a report to the holders. Glenmoor shall be required to follow the recommendations in such report. Additionally if Glenmoor fails to meet any of the Independent Living occupancy levels set forth on Schedule 3 for any two consecutive quarters after such consultant report is delivered, then Glenmoor shall be required to replace LCPS Management, Inc. with a new management team within sixty (60) days of delivery of the compliance certificate to the Bond Trustee, with such new management team reasonably acceptable to the holders of a majority of the principal amount of the Series 2014A Bonds. NOTE: SCHEDULE 3 SHALL PROVIDE A THREE QUARTER LAG PERIOD PRIOR TO REQUIRING A NEW MANAGER
Operation Ratio Covenant	Glenmoor shall achieve and maintain an operating ratio of not more than 110% for any measuring period. The Operating Ratio is defined as Glenmoor's Total Operating Expenses (excluding amortization and depreciation expense, but including interest expense and only post-Effective Date non-recurring professional fees) divided by Glenmoor's Total Operating Revenue (including gifts, foundation grants, interest income, gain or loss on the sale of assets, and unrealized gain or losses on investments) as historically reported in Glenmoor's financial statements. (i) If the actual operating ratio is greater than 110% for any quarter, then Glenmoor shall be required to retain a management consultant reasonably acceptable to the holders of a majority of the principal amount of the Series 2014A Bonds within thirty (30) days of delivery of the compliance certificate to the Bond Trustee and provide a report to the holders; and (ii) If the actual operating ratio is greater than 110% for any two consecutive quarters, then Glenmoor will replace LCPS Management, Inc. with a new management team within thirty (30) days of delivery of the compliance certificate to the Bond Trustee, with such new management team reasonably acceptable to the holders of the majority of the principal amount of the Series 2014A Bonds.
Debt Service Coverage Ratio Covenant	The following covenant will not take effect until the second quarter of 2015: Glenmoor shall have a debt service coverage ratio of the Series 2014A Bonds ("***DSCR***") of not less than 1.15x, which shall be measured on a rolling 4 quarter basis. This ratio will include net Entrance Fees in the numerator and will include the maximum annual debt service of the Series 2014A Bonds in the denominator. The ratio will not include capital expenses in either the numerator or denominator. If the DSCR falls below 1.00x for any two consecutive quarters, it shall be an event of default under the Bond Documents. In addition, if the DSCR falls below 1.15x for any two quarters during any single fiscal year, Glenmoor shall be required to retain a consultant within thirty (30) days of delivery of the compliance certificate to the Bond Trustee, with such consultant

	being reasonably acceptable to the holders of a majority of the principal amount of the Series 2014A Bonds and provide a report to the holders. Glenmoor shall be required to follow the recommendations in such report. If the DSCR falls below 1.15x for any two consecutive quarters after the findings of the aforementioned consultant's report are delivered, Glenmoor will replace LCPS Management, Inc. with a new management team within thirty (30) days of delivery of the compliance certificate to the Bond Trustee, with such new management team reasonably acceptable to the holders of the majority of the principal amount of the Series 2014A Bonds.
Quarterly Financials	During the first six years from the Effective Date, the Borrower shall provide the Bond Trustee and the Refund Queue Trustee with quarterly financial statements (including a balance sheet, an income statement, a rent roll (which shall include the Entrance Fee deposits most recently received with each applicable unit) and a cash flow statement and an aging report setting forth the amount of any Entrance Fee refunds outstanding) which shall be delivered within 30 days following the end of each quarter and shall compare actual results to Budget and include an explanation of variances of more than 10% from Budget. On and after the third anniversary of the Effective Date, such financial statements shall be delivered on a semi-annual basis. In addition, during the first five years following the Effective Date, Glenmoor, with representatives of management, shall conduct quarterly calls with the Bond Trustee and the holders of the Series 2014 Bonds to address the financials for such period and thereafter shall conduct semi-annual calls. At such time, Glenmoor shall address the financial results, discuss any operating issues and answer any questions by the holders of the Series 2014 Bonds, the Bond Trustee and their respective representatives. The Reorganized Debtor shall meet with the Oversight Committee and the Refund Queue Trustee and any of its professionals within a reasonable period after such request is made to the Reorganized Debtor.
Quarterly Compliance Certificates	From and after the Effective Date, Glenmoor shall deliver, within 30 days following the prior quarter end, a compliance certificate to the Bond Trustee and the Refund Queue Trustee in the form attached hereto, which compliance certificate shall set forth Glenmoor's calculation of the covenants based upon that respective quarter's results.
Actuarial Analysis	Glenmoor shall provide the Bond Trustee with an actuarial analysis with respect to the obligations owed to residents of the Facility no less frequently than once every three years.
Releases, Injunction and Exculpation	The Restructuring Transaction contemplated by this Term Sheet shall contain customary release, injunction and exculpation provisions, including but not limited to releases for the benefit of the officers and directors of Glenmoor, the Bond Trustee, the Directing Bondholders, the members of the Committee, the Sponsor, the Manager, and all of their respective counsel, advisors, and professionals.

Preservation of Existing Causes of Action	Any and all causes of action that are not expressly waived or released in the Plan of Reorganization shall vest in the Reorganized Debtor upon the Effective Date.
C. Miscellaneous Terms	
Binding Effect	The obligation of each of the undersigned parties to pursue the Restructuring Transaction in accordance with the terms hereof is subject to (i) the negotiation, execution and delivery of mutually acceptable final documentation, including the Plan of Reorganization, Bond Documents, Refund Queue Claim Holder Documents and (ii) receipt of all necessary consents, including any consent of any party's credit or other committee or board of directors, including receipt of a satisfactory tax opinion confirming that the Series 2014A Bonds and the Series 2014B Bonds will be determined to be tax-exempt and not otherwise calculated as taxable income under the Internal Revenue Code. The Effective Date shall be subject to confirmation of the Plan of Reorganization pursuant to an order of confirmation acceptable to the Bond Trustee, Glenmoor, and the Committee.
Termination	This Term Sheet shall terminate upon the earlier of (i) written notice from a non-breaching party to a breaching party of an breach hereunder which remains uncured for a period of five (5) days after such notice; (ii) loss of Glenmoor's exemption as a "continuing care retirement community" under Florida law; (iii) six (6) months from the Execution Date; or (iv) the Effective Date.

Schedule 1

Effective Date 5/1/2014

Projected Financial Performance

($ in 000's)		Year 1										
	1	2	3	4	5	6	7	8	9	10	11	12
	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
Revenue												
Residential Revenue	$ 634	$ 634	$ 634	$ 634	$ 634	$ 634	$ 634	$ 634	$ 653	$ 653	$ 653	$ 657
Health Center Revenue	117	117	117	117	117	117	117	117	128	128	128	128
Assisted Living Revenue	129	129	129	129	129	129	129	129	133	133	133	133
Home Health Revenue	8	8	8	8	8	8	8	8	8	8	8	8
Investment Income	10	10	10	10	10	10	10	10	10	10	10	10
Total Revenue	**$ 898**	**$ 898**	**$ 898**	**$ 898**	**$ 898**	**$ 898**	**$ 898**	**$ 898**	**$ 931**	**$ 931**	**$ 931**	**$ 936**
Expenses												
General and Administrative	$ 166	$ 166	$ 166	$ 166	$ 166	$ 166	$ 166	$ 166	$ 170	$ 170	$ 170	$ 170
Professional Fees (Recurring)	6	6	6	6	6	6	6	6	7	7	7	7
Marketing	37	37	37	37	37	37	37	37	38	38	38	38
Plant Operations	211	211	211	211	211	211	211	211	216	216	216	216
Dining Services	166	166	166	166	166	166	166	166	170	170	170	170
Health Center	146	146	146	146	146	146	146	146	149	149	149	149
Assisted Living	33	33	33	33	33	33	33	33	33	33	33	33
Home Health	6	6	6	6	6	6	6	6	7	7	7	7
Management Fee	8	8	8	8	8	8	8	8	8	8	8	8
Performance Improvement	(31)	(31)	(31)	(31)	(31)	(31)	(31)	(31)	(31)	(31)	(31)	(31)
Total Expenses	**$ 749**	**$ 749**	**$ 749**	**$ 749**	**$ 749**	**$ 749**	**$ 749**	**$ 749**	**$ 768**	**$ 768**	**$ 768**	**$ 768**
EBIDA	**$ 149**	**$ 149**	**$ 149**	**$ 149**	**$ 149**	**$ 149**	**$ 149**	**$ 149**	**$ 163**	**$ 163**	**$ 163**	**$ 168**
Net Refundable Entrance Fees												
Incoming	$ 221	$ 243	$ 333	$ 377	$ 400	$ 354	$ 354	$ 376	$ 378	$ 379	$ 449	$ 472
Refunds Paid	(1,665)	(281)	(281)	(281)	(281)	(281)	(281)	(281)	(284)	(284)	(284)	(284)
Net Entrance Fee Refunds	$ (1,444)	$ (39)	$ 52	$ 96	$ 119	$ 72	$ 73	$ 95	$ 94	$ 95	$ 165	$ 188
IL Occupancy %	*87.3%*	*87.3%*	*87.3%*	*87.3%*	*87.3%*	*87.3%*	*87.3%*	*87.3%*	*87.3%*	*87.3%*	*87.3%*	*87.9%*
Net Cash Flow	**$ (1,296)**	**$ 110**	**$ 201**	**$ 245**	**$ 267**	**$ 221**	**$ 221**	**$ 243**	**$ 257**	**$ 258**	**$ 328**	**$ 356**
Less Capital Expenditures	76	76	76	76	76	76	76	76	100	100	100	100
Less Restx. Fees	1,130											
Funds Available for Debt Service	**$ (2,501)**	**$ 34**	**$ 125**	**$ 169**	**$ 191**	**$ 145**	**$ 146**	**$ 168**	**$ 157**	**$ 158**	**$ 229**	**$ 256**
Coupon %:	1.344%	1.344%	1.344%	1.344%	1.344%	1.344%	1.344%	1.344%	1.344%	1.344%	1.344%	1.344%
Bond Debt Service (75% Current Pay, Amort 2019)		187						187				
Refund Queue Debt Service - Cash Interest	-	-	-	-	-	-	-	-	-	-	-	4
Refund Queue Debt Service - Principal Amortization	809	-	-	-	-	42	-	-	42	-	-	42
Excess Cash Flow	$ (3,310)	$ (153)	$ 125	$ 169	$ 191	$ 103	$ 146	$ (19)	$ 115	$ 158	$ 229	$ 210
Cash Position												
Unrestricted Cash	923	750	854	1,003	1,174	1,256	1,332	1,243	1,289	1,377	1,536	1,676
Unrestricted Investments	25	25	25	25	25	25	25	25	25	25	25	25
Credit - Pre-Petition Entrance Fees												
Credit - Post-Petition Entrance Fees												
Debt Service Reserve (DSR) [1]	2,698	2,698	2,698	2,698	2,698	2,698	2,698	2,698	2,698	2,698	2,698	2,698
Operating Reserve Fund (ORF) [1]	-	-	-	-	-	-	49	99	148	197	246	296
Renewal & Replacement Reserve Fund (RRR) [1]	763	784	804	825	845	866	886	906	927	947	968	988
Total Cash	**$ 4,409**	**$ 4,257**	**$ 4,382**	**$ 4,551**	**$ 4,742**	**$ 4,845**	**$ 4,990**	**$ 4,971**	**$ 5,086**	**$ 5,244**	**$ 5,473**	**$ 5,683**
Days Cash on Hand Excl. Reserves	**38**	**31**	**35**	**41**	**48**	**51**	**54**	**51**	**51**	**55**	**61**	**66**
Net Available Cash	**948**	**775**	**879**	**1,028**	**1,199**	**1,281**	**1,357**	**1,268**	**1,314**	**1,402**	**1,561**	**1,701**

[1] Reserve balances are estimated based on projected expenses incurred through exit and may vary depending on actual realized expenses

Schedule 1

Projected Financial Performance	Year 2											
	13	14	15	16	17	18	19	20	21	22	23	24
($ in 000's)	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16
Revenue												
Residential Revenue	$ 662	$ 662	$ 667	$ 672	$ 672	$ 676	$ 681	$ 676	$ 697	$ 697	$ 697	$ 702
Health Center Revenue	128	128	128	128	128	128	128	128	132	132	132	132
Assisted Living Revenue	133	133	133	133	133	133	133	133	137	137	137	137
Home Health Revenue	8	8	8	8	8	8	8	8	8	8	8	8
Investment Income	10	10	10	10	10	10	10	10	10	10	10	10
Total Revenue	**$ 941**	**$ 941**	**$ 945**	**$ 950**	**$ 950**	**$ 955**	**$ 960**	**$ 955**	**$ 983**	**$ 983**	**$ 983**	**$ 988**
Expenses												
General and Administrative	$ 170	$ 170	$ 170	$ 170	$ 170	$ 170	$ 170	$ 170	$ 175	$ 175	$ 175	$ 175
Professional Fees (Recurring)	7	7	7	7	7	7	7	7	7	7	7	7
Marketing	38	38	38	38	38	38	38	38	39	39	39	39
Plant Operations	216	216	216	216	216	216	216	216	223	223	223	223
Dining Services	170	170	170	170	170	170	170	170	175	175	175	175
Health Center	149	149	149	149	149	149	149	149	154	154	154	154
Assisted Living	33	33	33	33	33	33	33	33	34	34	34	34
Home Health	7	7	7	7	7	7	7	7	7	7	7	7
Management Fee	8	8	8	8	8	8	8	8	8	8	8	8
Performance Improvement	(31)	(31)	(31)	(31)	(31)	(31)	(31)	(31)	(31)	(31)	(31)	(31)
Total Expenses	**$ 768**	**$ 768**	**$ 768**	**$ 768**	**$ 768**	**$ 768**	**$ 768**	**$ 768**	**$ 792**	**$ 792**	**$ 792**	**$ 792**
EBIDA	**$ 173**	**$ 173**	**$ 177**	**$ 182**	**$ 182**	**$ 187**	**$ 192**	**$ 187**	**$ 191**	**$ 191**	**$ 191**	**$ 196**
Net Refundable Entrance Fees												
Incoming	$ 495	$ 518	$ 519	$ 520	$ 520	$ 543	$ 566	$ 519	$ 521	$ 521	$ 570	$ 571
Refunds Paid	(284)	(284)	(284)	(284)	(284)	(284)	(284)	(284)	(279)	(279)	(279)	(279)
Net Entrance Fee Refunds	$ 211	$ 234	$ 235	$ 236	$ 237	$ 259	$ 282	$ 235	$ 241	$ 242	$ 291	$ 292
IL Occupancy %	*88.5%*	*88.5%*	*89.2%*	*89.8%*	*89.8%*	*90.4%*	*91.1%*	*90.4%*	*90.4%*	*90.4%*	*90.4%*	*91.1%*
Net Cash Flow	**$ 384**	**$ 407**	**$ 412**	**$ 418**	**$ 419**	**$ 446**	**$ 474**	**$ 422**	**$ 432**	**$ 433**	**$ 482**	**$ 488**
Less Capital Expenditures	100	100	100	100	100	100	100	100	102	102	102	102
Less Restx. Fees												
Funds Available for Debt Service	**$ 284**	**$ 307**	**$ 313**	**$ 318**	**$ 319**	**$ 347**	**$ 374**	**$ 322**	**$ 330**	**$ 331**	**$ 380**	**$ 386**
Coupon %:	1.344%	1.344%	1.344%	1.344%	1.344%	1.344%	1.344%	1.344%	5.375%	5.375%	5.375%	5.375%
Bond Debt Service (75% Current Pay, Amort 2019)		280						280				
Refund Queue Debt Service - Cash Interest	4	4	4	4	4	4	4	4	15	14	14	14
Refund Queue Debt Service - Principal Amortization	-	-	234	-	-	234	-	-	234	-	-	234
Excess Cash Flow	$ 280	$ 22	$ 74	$ 314	$ 315	$ 109	$ 371	$ 38	$ 81	$ 317	$ 366	$ 138
Cash Position												
Unrestricted Cash	1,579	1,532	1,536	1,781	2,026	2,065	2,366	2,335	2,346	2,593	2,890	2,958
Unrestricted Investments	25	25	25	25	25	25	25	25	25	25	25	25
Credit - Pre-Petition Entrance Fees												
Credit - Post-Petition Entrance Fees												
Debt Service Reserve (DSR) [1]	3,005	3,005	3,005	3,005	3,005	3,005	3,005	3,005	3,005	3,005	3,005	3,005
Operating Reserve Fund (ORF) [1]	345	394	443	493	542	591	640	690	739	788	838	887
Renewal & Replacement Reserve Fund (RRR) [1]	1,008	1,029	1,049	1,070	1,090	1,111	1,131	1,151	1,172	1,192	1,213	1,233
Total Cash	**$ 5,962**	**$ 5,985**	**$ 6,059**	**$ 6,373**	**$ 6,688**	**$ 6,797**	**$ 7,167**	**$ 7,206**	**$ 7,287**	**$ 7,604**	**$ 7,970**	**$ 8,108**
Days Cash on Hand Excl. Reserves	**63**	**61**	**61**	**71**	**80**	**82**	**93**	**92**	**90**	**99**	**110**	**113**
Net Available Cash	**1,604**	**1,557**	**1,561**	**1,806**	**2,051**	**2,090**	**2,391**	**2,360**	**2,371**	**2,618**	**2,915**	**2,983**

Schedule 1

Projected Financial Performance

($ in 000's)	Year 3 Q1 Jul-16	Year 3 Q2 Oct-16	Year 3 Q3 Jan-17	Year 3 Q4 Apr-17	Year 4 Q1 Jul-17	Year 4 Q2 Oct-17	Year 4 Q3 Jan-18	Year 4 Q4 Apr-18	Year 5 Q1 Jul-18	Year 5 Q2 Oct-18	Year 5 Q3 Jan-19	Year 5 Q4 Apr-19	Year 1	Year 2	Year 3	Year 4	Year 5	Total Yr. 1 - Yr. 5
	Year 3 - Year 5 - Quarterly Summary												*Year 1 - Year 5 Annual Summary*					
Revenue																		
Residential Revenue	$ 2,124	$ 2,154	$ 2,200	$ 2,234	$ 2,249	$ 2,274	$ 2,297	$ 2,342	$ 2,347	$ 2,342	$ 2,358	$ 2,389	$ 7,683	$ 8,160	$ 8,712	$ 9,162	$ 9,436	$ 43,153
Health Center Revenue	395	395	399	407	407	407	411	419	419	419	422	428	1,448	1,550	1,596	1,644	1,688	7,927
Assisted Living Revenue	410	410	414	423	423	423	427	435	435	435	438	444	1,562	1,609	1,657	1,707	1,753	8,289
Home Health Revenue	24	24	24	24	24	24	24	24	24	24	24	24	96	96	96	96	97	481
Investment Income	30	30	30	30	30	30	30	30	30	30	30	31	120	120	120	120	121	601
Total Revenue	**$ 2,984**	**$ 3,013**	**$ 3,068**	**$ 3,117**	**$ 3,132**	**$ 3,158**	**$ 3,189**	**$ 3,251**	**$ 3,256**	**$ 3,251**	**$ 3,272**	**$ 3,316**	**$ 10,910**	**$ 11,535**	**$ 12,182**	**$ 12,729**	**$ 13,095**	**$ 60,450**
Expenses																		
General and Administrative	$ 526	$ 526	$ 531	$ 542	$ 542	$ 542	$ 547	$ 558	$ 558	$ 558	$ 562	$ 569	$ 2,010	$ 2,063	$ 2,125	$ 2,189	$ 2,247	$ 10,634
Professional Fees (Recurring)	20	20	20	21	21	21	21	21	21	21	22	22	77	79	82	84	87	410
Marketing	118	118	119	121	121	121	122	125	125	125	126	127	450	462	476	490	503	2,379
Plant Operations	668	668	675	688	688	688	695	709	709	709	714	723	2,553	2,621	2,699	2,780	2,854	13,508
Dining Services	526	526	531	542	542	542	547	558	558	558	562	569	2,009	2,063	2,125	2,188	2,247	10,631
Health Center	461	461	466	475	475	475	480	489	489	489	492	499	1,762	1,809	1,863	1,919	1,970	9,322
Assisted Living	103	103	104	106	106	106	107	109	109	109	110	112	394	404	416	429	440	2,083
Home Health	20	20	21	21	21	21	21	22	22	22	22	22	78	80	82	85	87	411
Management Fee	25	25	25	25	25	25	25	25	25	25	25	25	100	100	100	100	101	501
Performance Improvement	(92)	(92)	(92)	(92)	(92)	(92)	(92)	(92)	(92)	(92)	(92)	(92)	(368)	(368)	(368)	(368)	(368)	(1,839)
Total Expenses	**$ 2,376**	**$ 2,376**	**$ 2,400**	**$ 2,449**	**$ 2,449**	**$ 2,449**	**$ 2,474**	**$ 2,524**	**$ 2,524**	**$ 2,524**	**$ 2,542**	**$ 2,577**	**$ 9,064**	**$ 9,313**	**$ 9,600**	**$ 9,896**	**$ 10,167**	**$ 48,039**
EBIDA	**$ 608**	**$ 638**	**$ 668**	**$ 668**	**$ 683**	**$ 709**	**$ 715**	**$ 726**	**$ 732**	**$ 726**	**$ 731**	**$ 739**	**$ 1,846**	**$ 2,222**	**$ 2,582**	**$ 2,833**	**$ 2,927**	**$ 12,410**
Net Refundable Entrance Fees																		
Incoming	$ 1,719	$ 1,727	$ 1,661	$ 1,527	$ 1,613	$ 1,549	$ 1,341	$ 1,347	$ 1,333	$ 1,198	$ 1,225	$ 1,374	$ 4,334	$ 6,383	$ 6,634	$ 5,850	$ 5,130	$ 28,331
Refunds Paid	(838)	(838)	(847)	(864)	(864)	(864)	(576)	(884)	(884)	(884)	(589)	(902)	(4,768)	(3,388)	(3,388)	(3,189)	(3,260)	(17,993)
Net Entrance Fee Refunds	$ 881	$ 889	$ 814	$ 663	$ 749	$ 685	$ 765	$ 463	$ 449	$ 314	$ 635	$ 472	$ (434)	$ 2,995	$ 3,246	$ 2,661	$ 1,870	$ 10,338
IL Occupancy %	*92.4%*	*93.6%*	*94.3%*	*93.6%*	*94.9%*	*95.5%*	*95.5%*	*95.5%*	*95.5%*	*95.5%*	*95.5%*	*95.5%*	*87.9%*	*91.1%*	*94.3%*	*95.5%*	*95.5%*	
Net Cash Flow	**$ 1,489**	**$ 1,527**	**$ 1,481**	**$ 1,331**	**$ 1,433**	**$ 1,393**	**$ 1,479**	**$ 1,189**	**$ 1,180**	**$ 1,040**	**$ 1,366**	**$ 1,211**	**$ 1,412**	**$ 5,217**	**$ 5,828**	**$ 5,494**	**$ 4,797**	**$ 22,748**
Less Capital Expenditures	307	307	309	314	314	314	317	322	322	322	324	328	1,005	1,206	1,236	1,267	1,297	6,012
Less Restx. Fees	-	-	-	-	-	-	-	-	-	-	-	-	1,130	-	-	-	-	1,130
Funds Available for Debt Service	**$ 1,183**	**$ 1,220**	**$ 1,172**	**$ 1,017**	**$ 1,118**	**$ 1,079**	**$ 1,162**	**$ 867**	**$ 858**	**$ 718**	**$ 1,042**	**$ 883**	**$ (723)**	**$ 4,011**	**$ 4,592**	**$ 4,227**	**$ 3,501**	**$ 15,607**
Coupon %:	1.344%	3.0%	5.375%	5.375%	1.344%	3.0%	5.375%	5.375%	1.344%	3.0%	5.375%	5.375%	1.344%	3.0%	5.375%	5.375%	5.375%	
Bond Debt Service (75% Current Pay, Amort 2019)	1,121	-	1,121	-	1,121	-	1,121	-	1,121	-	1,121	-	374	560	2,242	2,242	2,242	7,660
Refund Queue Debt Service - Cash Interest	39	36	32	29	26	23	20	17	14	10	7	4	4	89	136	86	35	351
Refund Queue Debt Service - Principal Amortization	234	234	234	234	234	234	234	234	234	234	234	283	936	936	936	936	985	4,729
Excess Cash Flow	$ (211)	$ 951	$ (215)	$ 753	$ (263)	$ 822	$ (212)	$ 616	$ (510)	$ 474	$ (321)	$ 596	$ (2,037)	$ 2,425	$ 1,278	$ 963	$ 239	$ 2,867
Cash Position																		
Unrestricted Cash	2,231	2,972	2,548	3,092	2,829	3,651	3,439	4,055	3,545	4,019	3,698	4,294	1,676	2,958	3,092	4,055	4,294	4,294
Unrestricted Investments	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25
Credit - Pre-Petition Entrance Fees																		-
Credit - Post-Petition Entrance Fees																		-
Debt Service Reserve (DSR) [1]	3,312	3,312	3,312	3,312	3,312	3,312	3,312	3,312	3,312	3,312	3,312	3,312	2,698	3,005	3,312	3,312	3,312	3,312
Operating Reserve Fund (ORF) [1]	1,035	1,182	1,330	1,478	1,478	1,478	1,478	1,478	1,478	1,478	1,478	1,478	296	887	1,478	1,478	1,478	1,478
Renewal & Replacement Reserve Fund (RRR) [1]	1,294	1,356	1,417	1,478	1,478	1,478	1,478	1,478	1,478	1,478	1,478	1,478	988	1,233	1,478	1,478	1,478	1,478
Total Cash	**$ 7,897**	**$ 8,847**	**$ 8,632**	**$ 9,385**	**$ 9,122**	**$ 9,944**	**$ 9,732**	**$ 10,348**	**$ 9,838**	**$ 10,312**	**$ 9,991**	**$ 10,587**	**$ 5,683**	**$ 8,108**	**$ 9,385**	**$ 10,348**	**$ 10,587**	**$ 10,587**
Days Cash on Hand Excl. Reserves	**85**	**114**	**95**	**115**	**105**	**135**	**123**	**145**	**127**	**144**	**130**	**151**	**66**	**113**	**115**	**145**	**151**	**151**
Net Available Cash	**2,256**	**2,997**	**2,573**	**3,117**	**2,854**	**3,676**	**3,464**	**4,080**	**3,570**	**4,044**	**3,723**	**4,319**	**1,701**	**2,983**	**3,117**	**4,080**	**4,319**	**4,319**

Schedule 1
Schedule of Reinstated BH A-Note Principal & Interest Payments
Series 2014A Bonds
($ in 000's)

Series 2014 A Bonds **$41,711**
Balance @ Effective Date *1-May-14*

Schedule of Principal & Interest Payments

#	Payment Date	Principal	Interest	Combined P&I
1	1-May-14			$0
2	1-Jul-14		$187	$187
3	31-Dec-14	$0	$187	$187
4	1-Jul-15		$280	$280
5	31-Dec-15	$0	$280	$280
6	1-Jul-16		$1,121	$1,121
7	31-Dec-16	$0	$1,121	$1,121
8	1-Jul-17		$1,121	$1,121
9	31-Dec-17	$0	$1,121	$1,121
10	1-Jul-18		$1,121	$1,121
11	31-Dec-18	$0	$1,121	$1,121
12	1-Jul-19		$1,121	$1,121
13	31-Dec-19	$348	$1,121	$1,469
14	1-Jul-20		$1,112	$1,112
15	31-Dec-20	$348	$1,112	$1,460
16	1-Jul-21		$1,102	$1,102
17	31-Dec-21	$348	$1,102	$1,450
18	1-Jul-22		$1,093	$1,093
19	31-Dec-22	$348	$1,093	$1,441
20	1-Jul-23		$1,084	$1,084
21	31-Dec-23	$348	$1,084	$1,432
22	1-Jul-24		$1,074	$1,074
23	31-Dec-24	$964	$1,074	$2,038
24	1-Jul-25		$1,048	$1,048
25	31-Dec-25	$1,015	$1,048	$2,064
26	1-Jul-26		$1,021	$1,021
27	31-Dec-26	$1,070	$1,021	$2,091
28	1-Jul-27		$992	$992
29	31-Dec-27	$1,127	$992	$2,120
30	1-Jul-28		$962	$962
31	31-Dec-28	$1,188	$962	$2,150
32	1-Jul-29		$930	$930
33	31-Dec-29	$1,252	$930	$2,182
34	1-Jul-30		$896	$896
35	31-Dec-30	$1,319	$896	$2,216
36	1-Jul-31		$861	$861
37	31-Dec-31	$1,390	$861	$2,251
38	1-Jul-32		$824	$824
39	31-Dec-32	$1,465	$824	$2,288
40	1-Jul-33		$784	$784
41	31-Dec-33	$1,543	$784	$2,328
42	1-Jul-34		$743	$743
43	31-Dec-34	$1,452	$743	$2,195
44	1-Jul-35		$704	$704
45	31-Dec-35	$1,531	$704	$2,234

Schedule 1
Schedule of Reinstated BH A-Note Principal & Interest Payments
Series 2014A Bonds
($ in 000's)

Series 2014 A Bonds	**$41,711**
Balance @ Effective Date	*1-May-14*

Schedule of Principal & Interest Payments

#	Payment Date	Principal	Interest	Combined P&I
46	1-Jul-36		$663	$663
47	31-Dec-36	$1,613	$663	$2,275
48	1-Jul-37		$619	$619
49	31-Dec-37	$1,699	$619	$2,319
50	1-Jul-38		$574	$574
51	31-Dec-38	$1,791	$574	$2,364
52	1-Jul-39		$525	$525
53	31-Dec-39	$1,887	$525	$2,413
54	1-Jul-40		$475	$475
55	31-Dec-40	$1,988	$475	$2,463
56	1-Jul-41		$421	$421
57	31-Dec-41	$2,095	$421	$2,517
58	1-Jul-42		$365	$365
59	31-Dec-42	$2,208	$365	$2,573
60	1-Jul-43		$306	$306
61	31-Dec-43	$2,327	$306	$2,632
62	1-Jul-44		$243	$243
63	31-Dec-44	$2,452	$243	$2,695
64	1-Jul-45		$177	$177
65	31-Dec-45	$2,584	$177	$2,761
66	1-Jul-46		$108	$108
67	31-Dec-46	$2,722	$108	$2,830
68	1-Jul-47		$35	$35
69	31-Dec-47	$696	$35	$731
70	1-Jul-48		$16	$16
71	31-Dec-48	$593	$16	$609
	Total	**$41,711**	**$49,415**	**$91,126**

Schedule 1
Schedule of E.F. Refund Queue A-Note Principal & Interest Payments

($ in 000's)

E.F. Refund Queue Note	**$4,680**
Balance @ Effective Date	*1-May-14*

Schedule of Principal & Interest Payments

#	Payment Date	Principal	Interest	Combined P&I
1	1-May-14	$809		$809
2	31-Jul-14	$0	$10	$10
3	31-Oct-14	$42	$10	$53
4	31-Jan-15	$42	$10	$53
5	30-Apr-15	$42	$10	$53
6	31-Jul-15	$234	$13	$247
7	31-Oct-15	$234	$13	$247
8	31-Jan-16	$234	$13	$247
9	30-Apr-16	$234	$13	$247
10	31-Jul-16	$234	$38	$272
11	31-Oct-16	$234	$38	$272
12	31-Jan-17	$234	$38	$272
13	30-Apr-17	$234	$38	$272
14	31-Jul-17	$234	$26	$260
15	31-Oct-17	$234	$26	$260
16	31-Jan-18	$234	$26	$260
17	30-Apr-18	$234	$26	$260
18	31-Jul-18	$234	$13	$247
19	31-Oct-18	$234	$13	$247
20	31-Jan-19	$234	$13	$247
21	30-Apr-19	$234	$13	$247
	Total	**$4,680**	**$401**	**$5,081** [1]

[1] Scheduled principal payments do not include interest that may be accrued and added to the principal amount (PIK'd) at the discretion of the Debtor in order to maintain minimum operating liquidity.
Any PIK interest will be paid in the fifth year after the Effective Date.

Schedule 2
Schedule of Projected Days Cash On Hand ("DCOH")

Schedule of Days Cash On Hand ("DCOH"), Excluding Statutory Reserves Covenant		
#	3 Month Period Ending Date	DCOH (Excl. Reserves) Covenant
1	31-Jul-14	20
2	31-Oct-14	20
3	31-Jan-15	20
4	30-Apr-15	20
5	31-Jul-15	30
6	31-Oct-15	30
7	31-Jan-16	30
8	30-Apr-16	30
9	31-Jul-16	45
10	31-Oct-16	45
11	31-Jan-17	45
12	30-Apr-17	45
13	31-Jul-17	45
14	31-Oct-17	45
15	31-Jan-18	45
16	30-Apr-18	45
17	31-Jul-18	45
18	31-Oct-18	45
19	31-Jan-19	45
20	30-Apr-19	45
	31-Jul-19 & Thereafter	45

Schedule 3
Schedule of Independent Living Occupancy Covenant

Schedule of Independent Living Unit Occupancy Covenant		
#	3 Month Period Ending Date	Covenant Ind. Living Occupancy % [1]
1	31-Jul-14	87%
2	31-Oct-14	87%
3	31-Jan-15	87%
4	30-Apr-15	87%
5	31-Jul-15	87%
6	31-Oct-15	87%
7	31-Jan-16	87%
8	30-Apr-16	88%
9	31-Jul-16	90%
10	31-Oct-16	90%
11	31-Jan-17	90%
12	30-Apr-17	90%
13	31-Jul-17	90%
14	31-Oct-17	90%
15	31-Jan-18	90%
16	30-Apr-18	90%
17	31-Jul-18	90%
18	31-Oct-18	90%
19	31-Jan-19	90%
20	30-Apr-19	90%
	31-Jul-19 & Thereafter	90%

[1] Independent Living occupancy covenant reflects a three quarter lag and is capped at 90%

Exhibit 2

Liquidation Analysis

Life Care St. John's d/b/a Glenmoor

Liquidation Analysis - Chapter 7 Liquidation with Sale of the Glenmoor Facility to A New Buyer

As of: 27-Nov-13

Life Care St. John's d/b/a Glenmoor: Liquidation and Recovery Analysis

General Assumptions

Balance Sheet Date 9/30/2013

Chapter 7 Trustee Fees& Expenses Based on statutory compensation calculation per 11 U.S.C. s. 326

($ in 000's)	Estimated Book Value	Estimated Recovery Range		Estimated Liquidation Value				Note
Encumbered Assets		Low	High	Low	High	Midpoint		
Current Assets								
Cash	$400	100.00%	100.00%	$400	$400	$400		[1]
Post-Petition DIP Account - Excess ORF & RRR Amounts	640	100.00%	100.00%	640	640	640		[1]
Investments & Other	106	100.00%	100.00%	106	106	106		[1]
Accounts Receivable	1,005	50.00%	75.00%	502	753	628		[1]
Prepaid Expenses & Other Assets	444	20.00%	30.00%	89	133	111		[1]
Total Current Assets	**$2,594**			**$1,737**	**$2,032**	**$1,885**		
Restricted Use Assets - Held by Bond Holder Trustee								
Debt Service Reserve Fund - DSR	$2,941	N/A	N/A	$0	$0	$0		[1], [2]
Other	209	100.00%	100.00%	209	209	209		[1]
Total Non-Current Restricted Assets	**$3,150**			**$209**	**$209**	**$209**		
Non-Current Assets								
Property, Plant & Equipment	$52,293	8.00%	28.00%	$4,183	$14,642	$9,413		[1], [3]
Total Assets	**$58,037**	**Total Available for Secured Creditors**		**$6,129**	**$16,883**	**$11,506**	**[A]**	
Unencumbered Assets								
OIR-Held Entrance Fee Escrow Fund	$810	100.00%	100.00%	$810	$810	$810		[1]
Operating Reserve Fund - ORF	1,420	100.00%	100.00%	1,420	1,420	1,420		[1]
Renewal & Replacement Fund - RRR	1,441	100.00%	100.00%	1,441	1,441	1,441		[1]
Total Unencumbered Assets	$3,670	Total Unencumbered Assets		$3,670	$3,670	$3,670	**[B]**	
Adjustments to Liquidation Proceeds:								
Operating Wind-Down Costs				($152)	($152)	($152)		[4]
Administrative Expenses - Chapter 11 - Including professional fees & other expenses				($1,061)	($1,061)	($1,061)		[5]
Administrative Expenses - Chapter 7 Trustee				($1,184)	($552)	($868)		[6]
		Total Administrative Expenses		($2,397)	($1,765)	($2,081)	**[C]**	
		Net Available for Unsecured Creditors		**$1,273**	**$1,905**	**$1,589**	**[D] = [B] - [C]**	

Hypothetical Liquidation Recovery of Claims Analysis

		Low	High	Midpoint		Note
Class 1 - Allowed Bondholder Claim						
Senior Secured Bondholders - Series 2006 Bonds	Series 2006 Bonds - Claim	$57,893	$57,893	$57,893		[1]
	Debt Service Reserve Fund - DSR	$2,941	$2,941	$2,941		
	Est. Net Liquidation Proceeds	$6,129	$16,883	$11,506	[A]	
	Total Recovery	$9,070	$19,824	$14,447		
	% Recovery of Claim	*15.7%*	*34.2%*	*25.0%*		[7]
Class 2 - Refund Queue Holder Claim & Current Resident Claims						
Entrance Fee Refund Queue Claims	E.F. Refund Queue - Claim	$7,774	$7,774	$7,774		[1], [8]
Current Resident Claims	Current Resident Claims	$41,613	$41,613	$41,613		[1], [9]
	Total Class 2 Claims	$49,387	$49,387	$49,387		
	Est. Net Liquidation Proceeds	$1,273	$1,905	$1,589		
	Total Recovery	$1,273	$1,905	$1,589		
	% Recovery of Claim	*2.6%*	*3.9%*	*3.2%*		
Class 3 - General Unsecured Claims						
General Unsecured Claims	General Unsecured Claims	$284	$284	$284		[1]
	Est. Net Liquidation Proceeds	$0	$0	$0		
	Total Recovery	$0	$0	$0		
	% Recovery of Claim	*0.0%*	*0.0%*	*0.0%*		
Class 4 - Intercompany Claims						
Intercompany Claims	Intercompany Claims	$8,793	$8,793	$8,793		[1]
	Est. Net Liquidation Proceeds	$0	$0	$0		
	Total Recovery	$0	$0	$0		
	% Recovery of Claim	*0.0%*	*0.0%*	*0.0%*		

Life Care St. John's d/b/a Glenmoor
Liquidation Analysis - Chapter 7 Liquidation with Sale of the Glenmoor Facility to A New Buyer

As of: 27-Nov-13

Life Care St. John's d/b/a Glenmoor: Assumptions and Footnotes

General Assumptions:

The liquidation analysis assumes that the Debtor's Chapter 11 Case were converted to a liquidation case under Chapter 7 of the U.S. Bankruptcy Code, and the Bankruptcy Court appointed a Chapter 7 trustee to liquidate all of the Debtor's assets into Cash.

The Debtor's "liquidation value" would consist primarily of the following:

(i) unencumbered and unrestricted cash held by the Debtor at the time of the conversion to a Chapter 7 case; and

(ii) the proceeds resulting from the Chapter 7 Trustee's sale of the Debtor's remaining unencumbered assets

The liquidation analysis assumes the sale of the Glenmoor facility to an owner/operator at a "distressed sale" discount to potential going concern value

Notes:

[1] Per unaudited September 2013 financial statements

[2] DSR - is the collateral of the Bondholders and will be released to satisfy the Bondholders' claims.
Balance is net of Bondholder Trustee advisor professional fees

[3] Estimated recovery range based on preliminary estimated going concern value, adjusted for distressed sale discount of 50%-70%
Amounts required to replenish the DSR, ORF, and RRR reserves to statutory required levels are also deducted from potential sales proceeds

[4] Estimated expenses related to the wind-down of the estate over a 3 month period

[5] Includes Senior Secured Bondholders - Super Priority Claim, estimated professional fees and post-petition refunds payable

[6] U.S. Trustee - Chapter 7 Liquidation Fees & Expenses are estimated based on Statutory Compensation per 11 U.S.C. s. 326

[7] Does not include fees and expenses owed to the Bond Trustee

[8] Assumes that Entrance Fee Refund Queue Claims receive priority distribution before other unsecured creditors.
This assumption may be disputed by various constituencies

[9] Assumes that a potential acquirer of Glenmoor would not assume current resident agreements.
The result is an increase in Class 2 Claims of $41.6 million for long-term liabilities related to current resident contracts

Exhibit 3

Financial Projections

583.4

Financial Projections

Effective Date
5/1/2014

($ in 000's)	1	2	3	4	5	6	7	8	9	10	11	12
	Year 1											
	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
Revenue												
Residential Revenue	$ 634	$ 634	$ 634	$ 634	$ 634	$ 634	$ 634	$ 634	$ 653	$ 653	$ 653	$ 657
Health Center Revenue	117	117	117	117	117	117	117	117	128	128	128	128
Assisted Living Revenue	129	129	129	129	129	129	129	129	133	133	133	133
Home Health Revenue	8	8	8	8	8	8	8	8	8	8	8	8
Investment Income	10	10	10	10	10	10	10	10	10	10	10	10
Total Revenue	**$ 898**	**$ 898**	**$ 898**	**$ 898**	**$ 898**	**$ 898**	**$ 898**	**$ 898**	**$ 931**	**$ 931**	**$ 931**	**$ 936**
Expenses												
General and Administrative	$ 166	$ 166	$ 166	$ 166	$ 166	$ 166	$ 166	$ 166	$ 170	$ 170	$ 170	$ 170
Professional Fees (Recurring)	6	6	6	6	6	6	6	6	7	7	7	7
Marketing	37	37	37	37	37	37	37	37	38	38	38	38
Plant Operations	211	211	211	211	211	211	211	211	216	216	216	216
Dining Services	166	166	166	166	166	166	166	166	170	170	170	170
Health Center	146	146	146	146	146	146	146	146	149	149	149	149
Assisted Living	33	33	33	33	33	33	33	33	33	33	33	33
Home Health	6	6	6	6	6	6	6	6	7	7	7	7
Management Fee	8	8	8	8	8	8	8	8	8	8	8	8
Performance Improvement	(31)	(31)	(31)	(31)	(31)	(31)	(31)	(31)	(31)	(31)	(31)	(31)
Total Expenses	**$ 749**	**$ 749**	**$ 749**	**$ 749**	**$ 749**	**$ 749**	**$ 749**	**$ 749**	**$ 768**	**$ 768**	**$ 768**	**$ 768**
EBIDA	**$ 149**	**$ 149**	**$ 149**	**$ 149**	**$ 149**	**$ 149**	**$ 149**	**$ 149**	**$ 163**	**$ 163**	**$ 163**	**$ 168**
Net Refundable Entrance Fees												
Incoming	$ 221	$ 243	$ 333	$ 377	$ 400	$ 354	$ 354	$ 376	$ 378	$ 379	$ 449	$ 472
Refunds Paid	(1,665)	(281)	(281)	(281)	(281)	(281)	(281)	(281)	(284)	(284)	(284)	(284)
Net Entrance Fee Refunds	$ (1,444)	$ (39)	$ 52	$ 96	$ 119	$ 72	$ 73	$ 95	$ 94	$ 95	$ 165	$ 188
IL Occupancy %	*87.3%*	*87.3%*	*87.3%*	*87.3%*	*87.3%*	*87.3%*	*87.3%*	*87.3%*	*87.3%*	*87.3%*	*87.3%*	*87.9%*
Net Cash Flow	**$ (1,296)**	**$ 110**	**$ 201**	**$ 245**	**$ 267**	**$ 221**	**$ 221**	**$ 243**	**$ 257**	**$ 258**	**$ 328**	**$ 356**
Less Capital Expenditures	76	76	76	76	76	76	76	76	100	100	100	100
Less Restx. Fees	1,130											
Funds Available for Debt Service	**$ (2,501)**	**$ 34**	**$ 125**	**$ 169**	**$ 191**	**$ 145**	**$ 146**	**$ 168**	**$ 157**	**$ 158**	**$ 229**	**$ 256**
Coupon %:	1.344%	1.344%	1.344%	1.344%	1.344%	1.344%	1.344%	1.344%	1.344%	1.344%	1.344%	1.344%
Bond Debt Service (75% Current Pay, Amort 2019)		187						187				
Refund Queue Debt Service - Cash Interest	-	-	-	-	-	-	-	-	-	-	-	4
Refund Queue Debt Service - Principal Amortization	809	-	-	-	-	42	-	-	42	-	-	42
Excess Cash Flow	$ (3,310)	$ (153)	$ 125	$ 169	$ 191	$ 103	$ 146	$ (19)	$ 115	$ 158	$ 229	$ 210
Cash Position												
Unrestricted Cash	923	750	854	1,003	1,174	1,256	1,332	1,243	1,289	1,377	1,536	1,676
Unrestricted Investments	25	25	25	25	25	25	25	25	25	25	25	25
Credit - Pre-Petition Entrance Fees												
Credit - Post-Petition Entrance Fees												
Debt Service Reserve (DSR) [1]	2,698	2,698	2,698	2,698	2,698	2,698	2,698	2,698	2,698	2,698	2,698	2,698
Operating Reserve Fund (ORF) [1]	-	-	-	-	-	-	49	99	148	197	246	296
Renewal & Replacement Reserve Fund (RRR) [1]	763	784	804	825	845	866	886	906	927	947	968	988
Total Cash	**$ 4,409**	**$ 4,257**	**$ 4,382**	**$ 4,551**	**$ 4,742**	**$ 4,845**	**$ 4,990**	**$ 4,971**	**$ 5,086**	**$ 5,244**	**$ 5,473**	**$ 5,683**
Days Cash on Hand Excl. Reserves	**38**	**31**	**35**	**41**	**48**	**51**	**54**	**51**	**51**	**55**	**61**	**66**
Net Available Cash	**948**	**775**	**879**	**1,028**	**1,199**	**1,281**	**1,357**	**1,268**	**1,314**	**1,402**	**1,561**	**1,701**

[1] Reserve balances are estimated based on projected expenses incurred through exit and may vary depending on actual realized expenses

Financial Projections

	Year 2											
	13	14	15	16	17	18	19	20	21	22	23	24
($ in 000's)	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16
Revenue												
Residential Revenue	$ 662	$ 662	$ 667	$ 672	$ 672	$ 676	$ 681	$ 676	$ 697	$ 697	$ 697	$ 702
Health Center Revenue	128	128	128	128	128	128	128	128	132	132	132	132
Assisted Living Revenue	133	133	133	133	133	133	133	133	137	137	137	137
Home Health Revenue	8	8	8	8	8	8	8	8	8	8	8	8
Investment Income	10	10	10	10	10	10	10	10	10	10	10	10
Total Revenue	**$ 941**	**$ 941**	**$ 945**	**$ 950**	**$ 950**	**$ 955**	**$ 960**	**$ 955**	**$ 983**	**$ 983**	**$ 983**	**$ 988**
Expenses												
General and Administrative	$ 170	$ 170	$ 170	$ 170	$ 170	$ 170	$ 170	$ 170	$ 175	$ 175	$ 175	$ 175
Professional Fees (Recurring)	7	7	7	7	7	7	7	7	7	7	7	7
Marketing	38	38	38	38	38	38	38	38	39	39	39	39
Plant Operations	216	216	216	216	216	216	216	216	223	223	223	223
Dining Services	170	170	170	170	170	170	170	170	175	175	175	175
Health Center	149	149	149	149	149	149	149	149	154	154	154	154
Assisted Living	33	33	33	33	33	33	33	33	34	34	34	34
Home Health	7	7	7	7	7	7	7	7	7	7	7	7
Management Fee	8	8	8	8	8	8	8	8	8	8	8	8
Performance Improvement	(31)	(31)	(31)	(31)	(31)	(31)	(31)	(31)	(31)	(31)	(31)	(31)
Total Expenses	**$ 768**	**$ 768**	**$ 768**	**$ 768**	**$ 768**	**$ 768**	**$ 768**	**$ 768**	**$ 792**	**$ 792**	**$ 792**	**$ 792**
EBIDA	**$ 173**	**$ 173**	**$ 177**	**$ 182**	**$ 182**	**$ 187**	**$ 192**	**$ 187**	**$ 191**	**$ 191**	**$ 191**	**$ 196**
Net Refundable Entrance Fees												
Incoming	$ 495	$ 518	$ 519	$ 520	$ 520	$ 543	$ 566	$ 519	$ 521	$ 521	$ 570	$ 571
Refunds Paid	(284)	(284)	(284)	(284)	(284)	(284)	(284)	(284)	(279)	(279)	(279)	(279)
Net Entrance Fee Refunds	$ 211	$ 234	$ 235	$ 236	$ 237	$ 259	$ 282	$ 235	$ 241	$ 242	$ 291	$ 292
IL Occupancy %	*88.5%*	*88.5%*	*89.2%*	*89.8%*	*89.8%*	*90.4%*	*91.1%*	*90.4%*	*90.4%*	*90.4%*	*90.4%*	*91.1%*
Net Cash Flow	**$ 384**	**$ 407**	**$ 412**	**$ 418**	**$ 419**	**$ 446**	**$ 474**	**$ 422**	**$ 432**	**$ 433**	**$ 482**	**$ 488**
Less Capital Expenditures	100	100	100	100	100	100	100	100	102	102	102	102
Less Restx. Fees												
Funds Available for Debt Service	**$ 284**	**$ 307**	**$ 313**	**$ 318**	**$ 319**	**$ 347**	**$ 374**	**$ 322**	**$ 330**	**$ 331**	**$ 380**	**$ 386**
Coupon %:	1.344%	1.344%	1.344%	1.344%	1.344%	1.344%	1.344%	1.344%	5.375%	5.375%	5.375%	5.375%
Bond Debt Service (75% Current Pay, Amort 2019)		280						280				
Refund Queue Debt Service - Cash Interest	4	4	4	4	4	4	4	4	15	14	14	14
Refund Queue Debt Service - Principal Amortization	-	-	234	-	-	234	-	-	234	-	-	234
Excess Cash Flow	$ 280	$ 22	$ 74	$ 314	$ 315	$ 109	$ 371	$ 38	$ 81	$ 317	$ 366	$ 138
Cash Position												
Unrestricted Cash	1,579	1,532	1,536	1,781	2,026	2,065	2,366	2,335	2,346	2,593	2,890	2,958
Unrestricted Investments	25	25	25	25	25	25	25	25	25	25	25	25
Credit - Pre-Petition Entrance Fees												
Credit - Post-Petition Entrance Fees												
Debt Service Reserve (DSR) [1]	3,005	3,005	3,005	3,005	3,005	3,005	3,005	3,005	3,005	3,005	3,005	3,005
Operating Reserve Fund (ORF) [1]	345	394	443	493	542	591	640	690	739	788	838	887
Renewal & Replacement Reserve Fund (RRR) [1]	1,008	1,029	1,049	1,070	1,090	1,111	1,131	1,151	1,172	1,192	1,213	1,233
Total Cash	**$ 5,962**	**$ 5,985**	**$ 6,059**	**$ 6,373**	**$ 6,688**	**$ 6,797**	**$ 7,167**	**$ 7,206**	**$ 7,287**	**$ 7,604**	**$ 7,970**	**$ 8,108**
Days Cash on Hand Excl. Reserves	**63**	**61**	**61**	**71**	**80**	**82**	**93**	**92**	**90**	**99**	**110**	**113**
Net Available Cash	**1,604**	**1,557**	**1,561**	**1,806**	**2,051**	**2,090**	**2,391**	**2,360**	**2,371**	**2,618**	**2,915**	**2,983**

Financial Projections

Year 3 - Year 5 - Quarterly Summary

	Year 3				Year 4				Year 5			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
($ in 000's)	Jul-16	Oct-16	Jan-17	Apr-17	Jul-17	Oct-17	Jan-18	Apr-18	Jul-18	Oct-18	Jan-19	Apr-19
Revenue												
Residential Revenue	$ 2,124	$ 2,154	$ 2,200	$ 2,234	$ 2,249	$ 2,274	$ 2,297	$ 2,342	$ 2,347	$ 2,342	$ 2,358	$ 2,389
Health Center Revenue	395	395	399	407	407	407	411	419	419	419	422	428
Assisted Living Revenue	410	410	414	423	423	423	427	435	435	435	438	444
Home Health Revenue	24	24	24	24	24	24	24	24	24	24	24	24
Investment Income	30	30	30	30	30	30	30	30	30	30	30	31
Total Revenue	**$ 2,984**	**$ 3,013**	**$ 3,068**	**$ 3,117**	**$ 3,132**	**$ 3,158**	**$ 3,189**	**$ 3,251**	**$ 3,256**	**$ 3,251**	**$ 3,272**	**$ 3,316**
Expenses												
General and Administrative	$ 526	$ 526	$ 531	$ 542	$ 542	$ 542	$ 547	$ 558	$ 558	$ 558	$ 562	$ 569
Professional Fees (Recurring)	20	20	20	21	21	21	21	21	21	21	22	22
Marketing	118	118	119	121	121	121	122	125	125	125	126	127
Plant Operations	668	668	675	688	688	688	695	709	709	709	714	723
Dining Services	526	526	531	542	542	542	547	558	558	558	562	569
Health Center	461	461	466	475	475	475	480	489	489	489	492	499
Assisted Living	103	103	104	106	106	106	107	109	109	109	110	112
Home Health	20	20	21	21	21	21	21	22	22	22	22	22
Management Fee	25	25	25	25	25	25	25	25	25	25	25	25
Performance Improvement	(92)	(92)	(92)	(92)	(92)	(92)	(92)	(92)	(92)	(92)	(92)	(92)
Total Expenses	**$ 2,376**	**$ 2,376**	**$ 2,400**	**$ 2,449**	**$ 2,449**	**$ 2,449**	**$ 2,474**	**$ 2,524**	**$ 2,524**	**$ 2,524**	**$ 2,542**	**$ 2,577**
EBIDA	**$ 608**	**$ 638**	**$ 668**	**$ 668**	**$ 683**	**$ 709**	**$ 715**	**$ 726**	**$ 732**	**$ 726**	**$ 731**	**$ 739**
Net Refundable Entrance Fees												
Incoming	$ 1,719	$ 1,727	$ 1,661	$ 1,527	$ 1,613	$ 1,549	$ 1,341	$ 1,347	$ 1,333	$ 1,198	$ 1,225	$ 1,374
Refunds Paid	(838)	(838)	(847)	(864)	(864)	(864)	(576)	(884)	(884)	(884)	(589)	(902)
Net Entrance Fee Refunds	$ 881	$ 889	$ 814	$ 663	$ 749	$ 685	$ 765	$ 463	$ 449	$ 314	$ 635	$ 472
IL Occupancy %	*92.4%*	*93.6%*	*94.3%*	*93.6%*	*94.9%*	*95.5%*	*95.5%*	*95.5%*	*95.5%*	*95.5%*	*95.5%*	*95.5%*
Net Cash Flow	**$ 1,489**	**$ 1,527**	**$ 1,481**	**$ 1,331**	**$ 1,433**	**$ 1,393**	**$ 1,479**	**$ 1,189**	**$ 1,180**	**$ 1,040**	**$ 1,366**	**$ 1,211**
Less Capital Expenditures	307	307	309	314	314	314	317	322	322	322	324	328
Less Restx. Fees	-	-	-	-	-	-	-	-	-	-	-	-
Funds Available for Debt Service	**$ 1,183**	**$ 1,220**	**$ 1,172**	**$ 1,017**	**$ 1,118**	**$ 1,079**	**$ 1,162**	**$ 867**	**$ 858**	**$ 718**	**$ 1,042**	**$ 883**
Coupon %:	1.344%	3.0%	5.375%	5.375%	1.344%	3.0%	5.375%	5.375%	1.344%	3.0%	5.375%	5.375%
Bond Debt Service (75% Current Pay, Amort 2019)	1,121	-	1,121	-	1,121	-	1,121	-	1,121	-	1,121	-
Refund Queue Debt Service - Cash Interest	39	36	32	29	26	23	20	17	14	10	7	4
Refund Queue Debt Service - Principal Amortization	234	234	234	234	234	234	234	234	234	234	234	283
Excess Cash Flow	$ (211)	$ 951	$ (215)	$ 753	$ (263)	$ 822	$ (212)	$ 616	$ (510)	$ 474	$ (321)	$ 596
Cash Position												
Unrestricted Cash	2,231	2,972	2,548	3,092	2,829	3,651	3,439	4,055	3,545	4,019	3,698	4,294
Unrestricted Investments	25	25	25	25	25	25	25	25	25	25	25	25
Credit - Pre-Petition Entrance Fees												
Credit - Post-Petition Entrance Fees												
Debt Service Reserve (DSR) [1]	3,312	3,312	3,312	3,312	3,312	3,312	3,312	3,312	3,312	3,312	3,312	3,312
Operating Reserve Fund (ORF) [1]	1,035	1,182	1,330	1,478	1,478	1,478	1,478	1,478	1,478	1,478	1,478	1,478
Renewal & Replacement Reserve Fund (RRR) [1]	1,294	1,356	1,417	1,478	1,478	1,478	1,478	1,478	1,478	1,478	1,478	1,478
Total Cash	**$ 7,897**	**$ 8,847**	**$ 8,632**	**$ 9,385**	**$ 9,122**	**$ 9,944**	**$ 9,732**	**$ 10,348**	**$ 9,838**	**$ 10,312**	**$ 9,991**	**$ 10,587**
Days Cash on Hand Excl. Reserves	**85**	**114**	**95**	**115**	**105**	**135**	**123**	**145**	**127**	**144**	**130**	**151**
Net Available Cash	**2,256**	**2,997**	**2,573**	**3,117**	**2,854**	**3,676**	**3,464**	**4,080**	**3,570**	**4,044**	**3,723**	**4,319**

Financial Projections

($ in 000's)		Year 1	Year 2	Year 3	Year 4	Year 5	Total Yr. 1 - Yr. 5
		Year 1 - Year 5 Annual Summary					
Revenue							
Residential Revenue		$ 7,683	$ 8,160	$ 8,712	$ 9,162	$ 9,436	$ 43,153
Health Center Revenue		1,448	1,550	1,596	1,644	1,688	7,927
Assisted Living Revenue		1,562	1,609	1,657	1,707	1,753	8,289
Home Health Revenue		96	96	96	96	97	481
Investment Income		120	120	120	120	121	601
Total Revenue		**$ 10,910**	**$ 11,535**	**$ 12,182**	**$ 12,729**	**$ 13,095**	**$ 60,450**
Expenses							
General and Administrative		$ 2,010	$ 2,063	$ 2,125	$ 2,189	$ 2,247	$ 10,634
Professional Fees (Recurring)		77	79	82	84	87	410
Marketing		450	462	476	490	503	2,379
Plant Operations		2,553	2,621	2,699	2,780	2,854	13,508
Dining Services		2,009	2,063	2,125	2,188	2,247	10,631
Health Center		1,762	1,809	1,863	1,919	1,970	9,322
Assisted Living		394	404	416	429	440	2,083
Home Health		78	80	82	85	87	411
Management Fee		100	100	100	100	101	501
Performance Improvement		(368)	(368)	(368)	(368)	(368)	(1,839)
Total Expenses		**$ 9,064**	**$ 9,313**	**$ 9,600**	**$ 9,896**	**$ 10,167**	**$ 48,039**
EBIDA		**$ 1,846**	**$ 2,222**	**$ 2,582**	**$ 2,833**	**$ 2,927**	**$ 12,410**
Net Refundable Entrance Fees							
Incoming		$ 4,334	$ 6,383	$ 6,634	$ 5,850	$ 5,130	$ 28,331
Refunds Paid		(4,768)	(3,388)	(3,388)	(3,189)	(3,260)	(17,993)
Net Entrance Fee Refunds		$ (434)	$ 2,995	$ 3,246	$ 2,661	$ 1,870	$ 10,338
IL Occupancy %		*87.9%*	*91.1%*	*94.3%*	*95.5%*	*95.5%*	
Net Cash Flow		**$ 1,412**	**$ 5,217**	**$ 5,828**	**$ 5,494**	**$ 4,797**	**$ 22,748**
Less Capital Expenditures		1,005	1,206	1,236	1,267	1,297	6,012
Less Restx. Fees		1,130	-	-	-	-	1,130
Funds Available for Debt Service		**$ (723)**	**$ 4,011**	**$ 4,592**	**$ 4,227**	**$ 3,501**	**$ 15,607**
Coupon %:		1.344%	3.0%	5.375%	5.375%	5.375%	
Bond Debt Service (75% Current Pay, Amort 2019)		374	560	2,242	2,242	2,242	7,660
Refund Queue Debt Service - Cash Interest		4	89	136	86	35	351
Refund Queue Debt Service - Principal Amortization		936	936	936	936	985	4,729
Excess Cash Flow		$ (2,037)	$ 2,425	$ 1,278	$ 963	$ 239	$ 2,867
Cash Position							
Unrestricted Cash		1,676	2,958	3,092	4,055	4,294	4,294
Unrestricted Investments		25	25	25	25	25	25
Credit - Pre-Petition Entrance Fees							-
Credit - Post-Petition Entrance Fees							-
Debt Service Reserve (DSR)	[1]	2,698	3,005	3,312	3,312	3,312	3,312
Operating Reserve Fund (ORF)	[1]	296	887	1,478	1,478	1,478	1,478
Renewal & Replacement Reserve Fund (RRR)	[1]	988	1,233	1,478	1,478	1,478	1,478
Total Cash		**$ 5,683**	**$ 8,108**	**$ 9,385**	**$ 10,348**	**$ 10,587**	**$ 10,587**
Days Cash on Hand Excl. Reserves		**66**	**113**	**115**	**145**	**151**	**151**
Net Available Cash		**1,701**	**2,983**	**3,117**	**4,080**	**4,319**	**4,319**