

CNL Healthcare Trust became effective in 2011 and changed its name from CNL Properties Trust in February 2012. The REIT acquires senior housing and healthcare sector properties. As of the end of the third quarter, the REIT had \$192.3 million in assets in 15 senior housing properties, 10 of which were owned through unconsolidated joint ventures, plus one land development parcel. The REIT is in the Growth Lifestage of effective REITs, which is characterized by accelerated growth in capital raise and acquisitions. The investment style of this REIT is considered to be "Core," which is typically defined as a REIT that generates a high percentage of its total return from income and a modest percentage from asset appreciation. REITs in this category are also expected to exhibit low volatility in asset values.

Key Highlights

- The REIT participates in two separate joint ventures, both entered into in June 2012. The first, CHTSun IV, is for a 55% interest in seven housing properties and the second, Windsor Manor, is for a 75% interest in three senior housing properties.
- In conjunction with a third party developer, the construction of the 96-unit, HarborChase senior living community was commenced with the purchase of 5.03 acres of land in August. The developer will receive a promoted interest based upon the success of the project.
- Metrics are trending toward more stable levels but still reflect unevenness typical of Growth Lifestage REITs.

Capital Stack Review

- Capital Raise – \$125.7 million has been raised since inception with \$43.2 million raised this past quarter marking four quarters of steadily increasing capital raise.
- Debt – Current debt ratio is 49.5% declining steadily from 66.8% as of Q1 2012. 100% of the REIT's debt is in fixed instruments.
- Debt Maturity – 53.6% of the REIT's debt is due to be repaid in 2017 or later.

- Loan Activity – The Company has two long-term active loans totaling \$95.2 million. One is for the Primrose portfolio and the second is a \$40 million mezzanine loan for the CHTSun IV joint venture. A construction loan for \$17.3 million was entered into for the HarborChase development. No borrowing had occurred on the loan as of quarter end.
- Cash on Hand – 20.4% which is above median but not unexpected at this LifeStage.

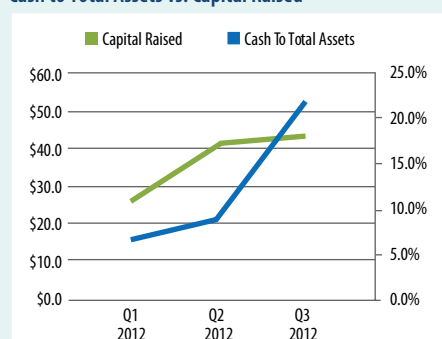
Metrics

- Distribution – The distribution yield remained steady at 7.0% over the past three quarters.
- Distribution source – All distributions have been funded with proceeds from the offering.
- MFFO Payout Ratio – Not a meaningful number, which is typical for REITs at this LifeStage.
- Fee Waivers and Deferrals – None reported.
- Interest Coverage Ratio – 0.3 year to date which is below the median compared to other REITs in this LifeStage.
- Impairments – None reported.

Real Estate

- Acquisitions – \$84.1 million (\$205,583 per unit) in five senior housing properties, the Primrose Portfolio, were acquired in February 2012.
 - The properties were acquired under long-term, triple net leases through 2022.
 - The REIT placed five senior housing properties under contract in October for \$85.1 million (\$244,540 per unit) and a second portfolio of five senior housing properties for \$73.1 million (\$226,316 per unit).
- Occupancy – 94.4% down from 96.4% in Q1 2012.
- Lease Expirations – Remaining lease term is 10 years.
- Dispositions – None reported.
- Diversification – Given the early LifeStage of the REIT, diversification measures are not meaningful.

Cash to Total Assets vs. Capital Raised



Debt Ratio to YTD Interest Coverage Ratio

