CNL Lifestyle Properties, Inc.

CNL Lifestyle Properties was formed in 2004 to acquire lifestyle-related real estate assets in the United States leased long-term under primarily triple net leases. As of the end of the third quarter, the REIT had $2.99 billion in assets in 162 properties. The REIT closed to new investments in April 2011 and as a result has entered into the Maturing LifeStage of Closed REITS that is marked by a refinement of the portfolio through dispositions, strategic acquisitions, and debt. A list or liquidation date of December 31, 2015 has been reported. The investment style for 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 terms of asset values.

Key Highlights

- Lifestyle investments have included ski and mountain resorts, golf facilities, senior living, attractions, and marinas.
- Investments have been made in acquisitions and joint ventures, which are held in variable interest and unconsolidated entities.

Capital Stack Review

- Capital Raised – $3.2 billion has been raised since inception, $207.6 million raised in the first and second quarters.
- Debt – With a debt ratio of 31.1%, the REIT is below median usage of debt for Maturing LifeStage REITs. Financing is distributed 85% to fixed instruments and 15% to variable.
- Debt Maturity – Almost 70% of its debt matures in 2016 or later.
- Loan Activity – In April 2011, the Company issued $400 million in unsecured senior notes, resulting in net proceeds of $388 million. The Senior Notes mature in eight years and bear interest at 7.25%.
- Cash on Hand – Above median at 10.5% compared with other REITs in this LifeStage.

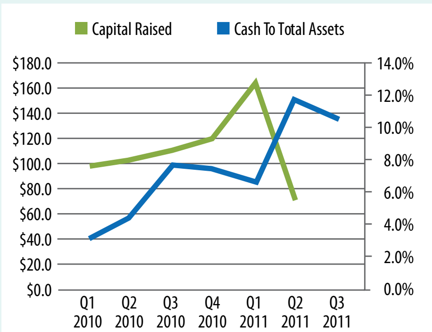
Metrics

- Distribution – Steady at 6.25% for past nine quarters.
- Distribution Source – Shortfalls in cash flows from operating activities versus cash distributions have been funded with temporary borrowings under the revolving line of credit.
- MFFO Payout Ratio – A year-to-date ratio of 150% reflects a slight trend upward from 134% at the end of 2010.
- Fee Waivers and Deferrals – None reported.
- Interest Coverage Ratio – 2.9x EBITDA is better than median and reflects the low debt ratio in the REIT.
- Impairments – $16.7 million was recorded in relation to the EAGLE leased golf properties.

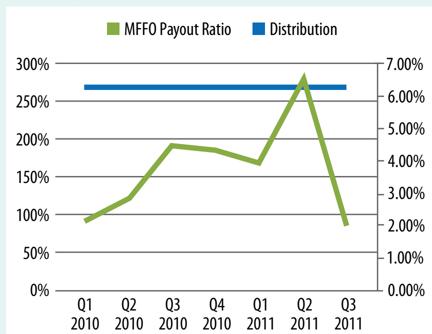
Real Estate

- Acquisitions – $251.8 million in assets have been acquired in 2011. Notable Acquisitions:
  - Seven senior living facilities located primarily in Missouri totaling $88 million.
  - The Omni Mount Washington Resort – Golf course, resort amenities, and land for $10.5 million.
  - The REIT completed two joint venture investments totaling $153.3 million for a portfolio of six senior living facilities in Connecticut and 29 senior living facilities in various locations.
- Occupancy – Not reported.
- Lease Expirations – Average lease expiration of 17 years.
- Dispositions – Two sales of attraction properties have been made this year with the REIT providing seller financing.
- Diversification – Significant ownership concentrations exist in ski and mountain lifestyle (21%), golf facilities (18.7%), senior living (23.5%), and attractions (14%).

Cash Ratio to Capital Raised



MFFO Payout Ratio to Distribution



Debt Ratio to Interest Coverage Ratio