

Cornerstone Healthcare Plus REIT was formed in 2008 to acquire healthcare-related real estate assets including medical office buildings, senior living facilities, and healthcare-related net leased properties. As of the end of the third quarter, the REIT had \$193.2 million in assets in 15 properties totaling 761,279 square feet. The REIT suspended its offering on April 29, 2011. Until the REIT confirms that it has officially closed to new investments, it will remain in the Stabilizing LifeStage of Effective REITs, which is marked by the formation of a distinct personality for the REIT in asset allocation and diversification. In October 2011, the board completed its analysis of strategic alternatives and voted to continue operations of the REIT, focusing on portfolio performance. 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

- In May, Terry Roussel, the President, Chief Executive Officer, Chairman of the Board, and Director of the Company resigned. He has been replaced by Sharon Kaiser as President.
- An Omnibus Agreement was executed in July 2011 relating to changes in advisory and sub-advisory relationships and fees.

Capital Stack Review

- Capital Raised – \$127 million has been raised since inception and \$10.3 million year-to-date.
- Debt – 50.4% with 66% variable rate and 34% fixed-rate debt.
- Debt Maturity – Only 29.8% of the REIT's debt matures in 2016 or later, with 29% maturing in 2012 and 25% maturing in 2015.
- Cash on Hand – Is significantly above median at 16.4%, compared with other REITs in this LifeStage.

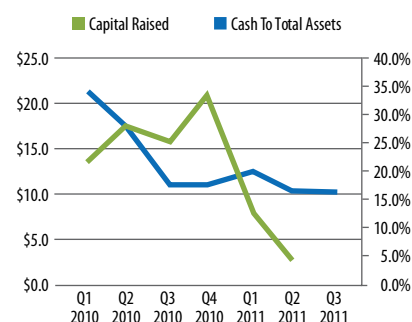
Metrics

- Distribution – Was reduced to 2.5% in the third quarter from 7.5%.
- Distribution Source – Some or all of the distributions have been paid from sources other than operating cash flow, including offering proceeds and borrowing.
- MFFO Payout Ratio – Above median at 235% year-to-date and trending down from 2010 year-end ratio of 891%.
- Fee Waivers and Deferrals – None reported.
- Interest Coverage Ratio – 1.6x EBITDA, which is below median for a REIT at this LifeStage.
- Impairments – None reported.

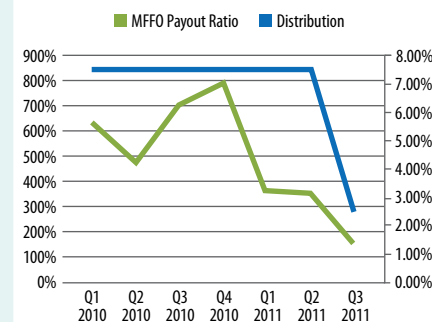
Real Estate

- Acquisitions – Two acquisitions were made in the first half of the year totaling \$19.75 million. No acquisition activity occurred in the third quarter. Acquisitions include:
 - Sunrise of Allentown – An 86-unit/100-bed assisted living facility in Pennsylvania.
 - Forestview Manor – A 69-unit assisted living and memory care facility located in Meredith, N.H.
- Occupancy – 89.4%, up from 81% at year-end 2010.
- Lease expirations – Not reported.
- Dispositions – None reported.
- Diversification – Significant revenue concentrations exist in a few senior living operators including Good Neighbor Care (32.8%), Woodbine Senior Living (20.1%) and Royal Senior Care (20%). In addition, geographic concentrations exist in South Carolina, Pennsylvania, Texas, and Ohio.

Cash to Total Assets vs. Capital Raised



MFFO Payout Ratio to Distribution



Debt Ratio to Interest Coverage Ratio

