

InnoVative CAPITAL

FOR IMMEDIATE RELEASE

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INNOVATIVE CAPITAL ANNOUNCES ITS FIRST FHA 232 COMMITMENT FOR AN ASSISTED LIVING FACILITY IN NORTH CAROLINA

WINSTON-SALEM, NC: (March 15, 2003) -- InnoVative Capital LLC is pleased to announce that the US Department of Housing and Urban Development (HUD) has issued a HUD 232 Mortgage Insurance Commitment for Somerset Court at University Place ("University Place"). The mortgage insurance commitment, in the amount of \$3.5 million, will be used to finance the construction of a 60-bed assisted living facility in Winston-Salem, North Carolina.

Commenting on the transaction, Alan P. Richman, President and CEO of InnoVative Capital, stated "we are very excited about our success in funding senior living facilities with the HUD 232 program and look forward to continuing our record of accomplishment in this asset class."

Funding for the loan to University Place will be provided through a GNMA collateralized direct loan, with subordinated debt provided by the Local Initiatives Support Corporation. The loan is expected close on or about August 31, 2003. The facility will be managed by Diversified Senior Services.

InnoVative Capital, an FHA-licensed mortgage banking company and HUD-approved MAP Lender, specializes in constructing structured financing solutions utilizing the FHA 232 Mortgage Insurance Program and other FHA financing strategies. InnoVative Capital provides cost effective and expedient access to the capital markets for real estate backed transactions, with specific emphasis on senior living facilities and acute care hospitals.

In its capacity as the MAP Lender, InnoVative Capital manages the FHA 232 Mortgage Insurance process between the assisted living facility and HUD while formulating funding sources through the use of taxable and tax-exempt bonds, GNMA collateralized direct loans, and commercial bank credit facilities. InnoVative Capital LLC has engagements with assisted living and skilled nursing facilities nationwide as well as Critical Access Hospitals, community hospitals; tertiary care urban providers, and health systems.

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