Sunrise Signs Definitive Agreements for the Sale/Long-Term Manage Back Of 14 Properties for $223 Million; Completes Fourth-Quarter Property Sales

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Sunrise Assisted Living, Inc. (NYSE: SRZ) announced it has entered into definitive agreements to sell 14 assisted living properties, for an aggregate purchase price of $223 million. Twelve of the properties (located in six states) are being sold to investment entities advised by Macquarie Capital Partners, LLC, a global real estate investment banking company. The 12 properties have a resident capacity of 1,094 and are valued at $198 million. Sunrise will retain a 20 percent interest in the joint venture. In addition, Sunrise signed definitive agreements to sell its 100 percent interest in two assisted living communities (196 resident capacity) for an aggregate purchase price of $25 million to Christopher Place, Inc., based in Ann Arbor, Mich. Sunrise will continue to operate all 14 communities under long-term management agreements. The majority of the sales are expected to close during the first quarter of 2002 and the remaining sales are expected to close later that year. All sales are subject to customary closing conditions, assumption of original financing and receipt of required regulatory approvals.

The 14 property sales are expected to result in debt reduction of $144 million and pre-tax proceeds of $57 million. Proceeds from the closings will be used for general corporate purposes including the construction and development of assisted living residences and the repayment of the Company's convertible subordinated notes. As a result of the sales, Sunrise expects to recognize total income of approximately $55 million, which will be recognized evenly over four quarters following the close of each sale. Sunrise also will receive continuing management fees under the long-term management agreements and potential additional incentive payments of approximately $2 million.

"We have met our goals for the sale/long-term manage back program for 2001 and assuming these additional transactions close, we will have agreements in place for the majority of our sales for all of 2002," said Paul Kaassen, Sunrise chairman and CEO. "This transaction recognizes the value of our properties, results in significant debt reduction, provides funds for future investments and provides visibility for our 2002 earnings. We continue to expect fourth-quarter 2001 EPS to be in the $0.44 to $0.46 per share range and full-year 2001 EPS to be in the $1.97 to $1.98 per share range. Looking forward, we expect 2002 earnings growth in the mid-teens."

Additionally, Sunrise has closed the previously announced sale/long-term manage back transaction of a 75 percent interest in an assisted living property with an investment entity advised by Prudential Real Estate Investors ("PREI"). The property, with a resident capacity of 82, was valued at $16 million and resulted in debt reduction of $12 million. Sunrise will continue to operate the community under a long-term management agreement and may receive up to an additional $2 million in incentive payments based on 2002 operating performance.

During the fourth quarter of 2001, Sunrise also closed the sale of its 100 percent interest in its St. Petersburg, Fla., property to Senior Housing Services, Inc., for total consideration of $8 million, recognizing a gain of approximately $700,000. The buyer will assume management of the property after a 90-day transition period. The property has a resident capacity of 162, including 26 skilled nursing beds. The home was acquired by Sunrise in 1996 as part of a larger multi-property acquisition. These were the only skilled nursing beds operated by Sunrise in Florida and with this sale, Sunrise has only one remaining property in Florida. In addition, one of Sunrise's joint venture partners exercised an option to acquire an additional 25 percent interest in a property located in Massachusetts. As a result of the transaction, Sunrise's ownership in the property was reduced to 25 percent from 50 percent. Sunrise will continue to operate the community under a long-term management agreement.

Sunrise has extended the closing dates under the previously announced agreements to sell a 100 percent interest in two properties (one assisted living property and one independent living property) and a 51 percent interest in an assisted living property. These transactions are not expected to close in the fourth quarter. Sunrise intends to continue its property sale/long-term manage back program by selling 15 to 20 properties annually. This strategy helps Sunrise create value through the development and operation of new properties, reducing leverage and providing excess equity capital. The company will reinvest this capital in new developments, strategic business activities, additional debt reduction and its repurchase program.

Sunrise Assisted Living is one of the nation's oldest and largest providers of assisted living for seniors who can no longer live on their own but do not need complex medical care. The McLean, Va.-based Company, which employs more than 10,000 people, has over 200 homes either open or under construction in the United States, U.K. and Canada with a combined resident capacity in excess of 16,000. Sunrise offers a full range of personalized assisted living services, from help with activities such as eating, bathing, dressing and medication management, to a specially designed program for residents with Alzheimer's disease and other forms of memory impairment. Assisted living services are delivered in a homelike, residential setting by staff trained to encourage the independence, preserve the dignity, enable freedom of choice and protect the
privacy of residents.

Estimates of future earnings are by definition, and certain other matters discussed in this press release may be, forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Although Sunrise believes the expectations reflected in such forward looking statements are based on reasonable assumptions, there can be no assurance that its expectations will be realized. Certain factors, including but not limited to competition, interest rates, the Company's ability to execute on its sale/manage back program, market factors that could affect the value of the Company's properties, and the risks of downturns in economic conditions, generally could cause actual results to differ materially from Sunrise's expectations. These and other risks are detailed in the Company's reports filed with the Securities and Exchange Commission. The Company assumes no obligation to update or supplement forward-looking statements that become untrue because of subsequent events.

Website: https://www.sunriseseniorliving.com/  [1]

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Contact:
Sunrise Assisted Living, Inc.
Charles A. Post, Senior Vice President, Corporate Strategy and Capital Markets
+1-703-273-7500
or
General Media:
Sarah Evers, Vice President, External Communications
+1-703-744-1620

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