Sunrise Senior Living Q4 2007 Update Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) We'll take our first question from Jerry Doctrow with Stifel Nicolaus.

Jerry Doctrow – Stifel Nicolaus

We're all delighted as you are to be on this call I'm sure so just a couple quick things, I was wondering if you can separate maintenance cap ex from your total cap ex spending because it looked like there was more than just maintenance in there based on the unit cost and I was also curious if any of the issues in the tax exempt market like auction rate securities are causing you any potential risk in terms of the guarantees whether in Greystone – where I guess really coming out of Greystone?

Paul J. Klaassen

Going in reverse order we do have some auction rate securities but the auction rate securities that we have in our inside the insurance captive and are included in the unrestricted cash balances.

Jerry Doctrow – Stifel Nicolaus

But there's been no disruption at Greystone with their tax exempt borrowings for some of their projects?

Paul J. Klaassen

Not to date. Jerry, we'd have to get back to you on that cap ex question.

Operator

Our next question will come from Frank Morgan with Jeffries & Company.

Frank Morgan – Jefferies & Company

Quick question here on your operating results that you talked about for the fourth quarter of 07, I'm curious if you could maybe give us a good run rate on facility operating margins in your consolidated and in your joint venture portfolios? I know that margin has bounced around quite a bit and you did mention the $15.4 million credit you got in the fourth quarter, so in terms of just giving us a good idea of where the run rate is on margins given the $15.4 million credit, what should we be thinking about in terms of margins and of the $15.4 million how much of that would you allocate to your consolidated portfolio versus the JV portfolio?

Paul J. Klaassen

A lot of questions there, Frank. Take a stab at –

Frank Morgan – Jefferies & Company

It's been a long time.

Paul J. Klaassen

One of the things though that I've been a broken record on is trying to urge people to look at your sector to look at EBITDA per unit, to look at growth in EBITDA and not to focus on margins partially because the portfolios change number two and most importantly perhaps you can't eat margin. People really should be focused on I believe cash flow. Independent living has a higher margin than say assisted living but frankly multi-family housing has the highest margins. That doesn't really to us and our capital partners, that isn't the right metric.

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