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Sunrise Senior Living Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Ryan Daniels – William Blair.

Ryan Daniels – William Blair

Given that you went through the balance sheet and some of the funding needs in so much detail, let me ask a little bit more on the operations. You mentioned the AL portfolio in the U.S.; it's up to 92% occupancy which is pretty impressive. Can you talk a little bit more about assisted living, what the occupancy is there, what trends you're seeing, how you're trying to solve that and drive occupancy up a little bit?

Tiffany Tomasso

I actually quoted the North America same store AO and that reflects both our purpose filled mansion as well as some stuff that we acquired. And yes, it came in, the things that we're doing, I think the fact that it is very need driven, it's performing slight above where this group was last year at 92%. In terms of independent living, we're continuing to see the pressure both in the housing market but also the decline in people's portfolio's.

We're seeing it probably more broadly across the U.S. and I have seen a quarter ago and the quarter before. The independent living that we built which represents 700 units is a little bit more need driven. They're performing at above 96% occupancy. The pressure is really on more the entry fee communities. We have 19 of those. It's more the entry fee communities, and in Florida even in rental communities where we're more; overall independent living is performing around 91%.

We're taking every, literally every week sales calls with our regional team and we look at community by community in inventory, unit by unit. Teams out there are working hard. We have a great product, they are passionate about what we are doing and they're slugging it out every day.

Ryan Daniels – William Blair

In regards to the Trinity decision, I know you were initially pretty excited about the opportunity to offer that to your residents. Is it really just the need to conserve cash flow that's requiring you to divest that now? That's something that you thought about trying to sell to one of the bigger operators or is it literally just you're going to shut that down and take the loss.

Mark Ordan

It may be aspects of Trinity that we can sell, but we think it's vital. We don't think we're unique as a company to make sure that we conserve every penny that we can. So even though we felt that we could see good long-term prospects at Trinity, we are doing everything we can to stop cash outflows starting immediately accretive to the company.

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