

Assisted Living

BUSINESS REPORT™

NEWS, TRENDS, & STRATEGIES FOR THE ASSISTED LIVING EXECUTIVE

Vol. 4, No. 6 June 2000

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At Presstime

❑ **Diversified Senior Services** (DSS; Winston-Salem, NC) has opened a 60-unit assisted living facility in Cherryville, N.C. The new facility, **Somerset Court of Cherryville**, is the third addition to the company's assisted living management portfolio this year, DSS says. CEO William Benton says the new facility is located in a residential neighborhood adjacent to downtown Cherryville, NC. DSS plans to open two additional assisted living residences in North Carolina this summer. Benton says the primary focus of DSS is the continuance and acceleration of its assisted living program, "which . . . will ultimately become our core business."

REIT Report
inserted in this issue

Alterra feeling effects of building boom industry saw in the 1990s

By Meredith Bonner, *ALBR Assistant Managing Editor*

Investors in **Alterra Healthcare Corp.** (Brookfield, WI) have seen the value of their shares drop more than 85% over the past year. The collapse of Alterra's stock is a sign of the tough times that have beset the assisted living industry, Howard Capek, an analyst at **UBS Warburg**, tells the *Post-Standard* of Syracuse, NY.

The sources of cash that assisted living companies need to bankroll expansions are drying up at the same time interest rates are rising, Capek says. Meanwhile, overbuilding in some regions has caused companies, including Alterra, to miss earnings forecasts and take longer than anticipated to fill up new facilities, the *Post-Standard* reports.

Capek has a "hold" rating on Alterra's stock, and he says most of the other 15 analysts who cover the company have the same rating on it.

But Alterra might see at least a dim light at the end of the tunnel. The company says it has secured \$173 million in financing in the form of convertible senior debentures and convertible preferred shares to certain investors, including significant existing shareholders and convertible debenture holders of the company. The completed transaction consists of \$168 million of series A, series B, and series C convertible senior debentures with a conversion price of \$4 per share, a 9.8% semi-annual payment-in-kind (PIK) coupon, and a seven-year maturity. It also includes \$5 million of series A, convertible preferred shares with a conversion price of \$4 per share, a 9.8% semi-annual PIK dividend, and a mandatory redemption in seven years, Alterra says.

Alterra previously said the new financing would be used for general business purposes, including paying off debt, financing the completion of residences under construction, acquiring a recently built portfolio of 14 Alterra-managed assisted living facilities from certain investors, and acquiring third-party interests in certain of its joint venture arrangements.

As part of the transaction, Alterra will have the option to issue, and the investors will have the option to purchase, up to an additional \$30 million of series B or C debentures within 180 days of the closing. This would result in an aggregate transaction amount of about \$203 million, Alterra says.

Capek tells the *Post-Standard* that publicly traded real estate companies went on a binge building assisted living facilities in the 1990s. But the boom led to overbuilding, he says, and the rush of new facilities began to fade out at the end of 1998.

Alterra, formerly known as **Alternative Living Services**, changed its name to Alterra a year ago. To improve its cash flow and strengthen its balance sheet, the company recently stopped developing new residences and, instead, said it will focus on completing projects already under construction. This decision resulted in a pre-tax charge for the company against earnings of \$47.3 million last year.

Alterra also said at the time that it will significantly reduce its use of joint venture arrangements for development. ♦

Brookdale completes
sale of shares to The
Prime Group,
p. 2

COMPANIES IN THE NEWS

Advocat sees positive 1Q00 earnings

Advocat (Franklin, TN) says it posted a 1Q00 ended March 31 net income of \$85,000, 2 cents per share, compared to a 1Q99 net loss of \$983,000, 18 cents per share. Advocat reported total revenues in 1Q00 of \$47.3 million, up slightly from 1Q99 revenues of \$46.7 million. Revenues for the company's assisted living residences rose 21.3% to \$8 million, Advocat says.

The company also has negotiated extensions on two loans with outstanding balances of \$25.7 million as of March 31. The loans include a working capital line of credit and a bridge loan with a combined balance outstanding of \$14.6 million, and an acquisition line of credit with an outstanding balance of \$11.6 million. Advocat says it has received extensions until June 30 for the amounts under the working capital line of credit and bridge loan that had a maturity date of Feb. 28, and the acquisition line of credit that had a maturity date of Dec. 1. The company is negotiating a restructuring of the working capital line of credit and bridge loan, and negotiating replacement, long-term financing on the acquisition line of credit, Advocat says.

Alterra completes share offering

Alterra Healthcare Corp. (Milwaukee) saw 1Q00 ended March 31 total revenues of \$106.6 million, up from 1Q99 revenues of \$82.9 million. Alterra says it reported a net loss in 1Q00 of \$5.3 million, 24 cents per share, compared to a net income in 1Q99, after the effects of an accounting change, of \$1.4 million, 6 cents per share.

In 1Q00, the company added 15 operating residences to its portfolio. As a result, Alterra says, its net resident capacity increased by 873.

In addition, Alterra has completed the offering of \$173 million of convertible senior debentures and convertible preferred shares to certain of its investors, including significant existing shareholders and convertible debenture holders of the company, as well as an investment entity of Messrs. Daniel Baty and William Colson, senior executives and directors of **Holiday Retirement Corporation** and **Emeritus Corp.** (Seattle), respectively.

Alterra says it will use the proceeds from the transaction to finance the completion of residences currently under construction, repay certain interim bridge indebtedness provided by certain of the investors, retire certain convertible subordinated debentures held by certain of the investors, acquire a recently built portfolio of 14 company-managed assisted living residences from certain investors and affiliates, selectively acquire third-party equity interests in certain of its joint-venture arrangements, including joint-venture interests held by certain investors, and for working capital and other general corporate purposes.

ARC reports increase in 1Q00 revenues

American Retirement Corp. (ARC; Nashville, TN) posted total revenues in 1Q00 ended March 31 of \$46.8 million, an increase of 7% over 1Q99 revenues of \$43.6 million. The company says it recorded a net income of \$600,000, 4 cents per share, compared to a 1Q99 net income of \$3.4 million, 20 cents per share.

Bill Sheriff, ARC's chief executive officer, says ARC saw a "solid increase in revenue due to the increased occupancy at our large community expansions and prior period acquisitions, as well as the (1Q00) acquisition of **Parklane West** (San Antonio, TX)."

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LETTERS TO THE EDITOR

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ARV sees improved 1Q00 earnings

ARV Assisted Living (Costa Mesa, CA) reported a 1Q00 ended March 31 net income of \$2.6 million, 15 cents per share, an improvement over a 1Q99 net loss of \$4 million, 25 cents per share. The earnings posted in 1Q00, ARV says, include the benefit of an extraordinary gain of \$5.6 million related to the early extinguishment of debt.

The company says it posted total revenues in 1Q00 of \$34.9 million, compared to \$35.9 million in 1Q99. The decline represents the absence of five assisted living communities the company has divested over the past 12 months in keeping with its strategy to focus on assisted living operations in California and adjacent western states, ARV says.

ALC in danger of financial trouble

Assisted Living Concepts (ALC; Portland, OR) says it probably will not be in compliance with certain restrictive financial covenants at June 30. According to the company's most recent financial report, there can be no assurance that ALC will be in compliance with certain financial covenants in the future, especially, ALC says, if it is unable to stabilize its operations and efficiently manage its business.

If ALC fails to comply with the covenants or any other debt, all of its debt could become immediately due and payable, according to the filing. Consequences for noncompliance also could include foreclosing on any residences or other collateral securing the obligation.

ALC says, however, that it believes its current cash on hand, cash available from operations, and potential loans on uncollateralized properties are sufficient enough to meet its operating needs through June 2001. To provide it with additional capital, ALC might explore various financing alternatives and commitments to engage in sale and leaseback transactions, according to the report.

In its filing, ALC reported a net loss in 1Q00 ended March 31 of \$3.8 million, 22 cents per share, on revenues of \$33.1 million. The 1Q00 results compare to a net loss reported in 1Q99 of \$7.7 million, 45 cents per share, on revenues of \$26.6 million.

The company says it has eliminated its vice president and chief operating officer position held by Leslie Mahon. As a result of the April 21 elimination of this position, ALC will pay Mahon a \$350,000 severance payment.

Balanced Care reports 3Q00 loss

Balanced Care (Mechanicsburg, PA) says it posted 3Q00 ended March 31 revenues of \$12.1 million, down from 3Q99 revenues of \$16.7 million. Assisted

living revenues increased in 3Q00 by \$3.5 million from 3Q99, Balanced Care says, an increase of 70%.

Offsetting the increase in revenues, the company says, was the elimination of \$7.6 million in patient service revenues resulting from the divestiture of the company's ten Missouri skilled nursing facilities, which was completed early in the quarter.

Balanced Care reported a net loss in 3Q00 of \$3.8 million, 11 cents per share, compared to a net loss of \$4.6 million, 28 cents per share, in 3Q99.

Brookdale completes sale of shares

Brookdale Living Communities (Chicago) says that **The Prime Group** and certain of its affiliates have completed their previously disclosed sale of 3.9 million shares of Brookdale common stock, representing about 39.9% of Brookdale's outstanding shares, to an affiliate of **Fortress Investment Fund** for an aggregate purchase price of \$58.9 million, or \$15 per share.

In addition, Fortress has purchased from The Prime Group an additional 75,000 shares of Brookdale's common stock, which were subject to certain options held by Michael Reschke, the principal shareholder of The Prime Group. Upon completion of the sale, Reschke resigned as chairman of Brookdale's board. Two of Fortress' designees, Wesley Edens and William Doniger, have been elected to Brookdale's board.

The standstill agreement provides that Fortress may not acquire during its term additional Brookdale common stock or engage in other activity designed to acquire control of Brookdale, except in the context of a cash tender offer for all of Brookdale's shares at not less than \$15 per share. A cash tender offer, Brookdale says, cannot be commenced prior to July 5 without the board's consent.

Brookdale recently posted a 1Q00 ended March 31 net income of \$3.1 million, 26 cents per share, compared to a 1Q99 net income of \$2.8 million, 24 cents per share. Brookdale reported revenues in 1Q00 of \$29.3 million, up from 1Q99 revenues of \$25.5 million.

The growth in earnings per share, Brookdale says, comes despite a 32% increase in the diluted share base from 11.7 million to 15.5 million. On May 14, Brookdale issued \$100 million of 5.5% convertible subordinated notes, with a conversion price of \$18.25 per share, the company says. From September 1999 to March 31, Brookdale has repurchased 1.7 million outstanding common shares.

CareMatrix to file 1Q00 results late

CareMatrix (Needham, MA) says it will file its 1Q00 ended March 31 quarterly results late. The company has filed a notification with the **Securities and Exchange Commission** (Washington) extending the due date for filings the report. CareMatrix has yet to

file its annual report for FY99 ended Dec. 31.

Emeritus' 1Q00 revenues down

Emeritus Assisted Living (Seattle) reported 1Q00 total revenues of \$30.6 million, down from 1Q99 revenues of \$34.2 million. The company says it posted a 1Q00 net loss applicable to common shareholders of \$6.4 million, 63 cents per share, compared to a 1Q99 net loss applicable to common shareholders of \$3.5 million, 33 cents per share.

In 1Q00, Emeritus began operating two new assisted living facilities, one in Issaquah, WA, and one in Auburn, MA. One facility, Emeritus says, is purchased, and one is leased. The two facilities have capacity for 208 residents.

Regent sees net loss in FY99, 4Q99

Regent Assisted Living (Portland, OR) says it saw total revenues in FY99 ended Dec. 31 of \$54.1 million, up from total revenues in FY98 of \$30.4 million. The company says it reported a FY99 net loss of \$8.8 million, \$2.03 per share, compared to a net loss in FY98 of \$11.1 million, \$2.52 per share.

In 4Q99, the company reported total revenues of \$14.9 million, up from revenues of \$10.6 million in 4Q98. Regent posted a net loss in 4Q99 of \$3.1 million, 71 cents per share, compared to a 4Q98 net loss of \$2.4 million, 56 cents per share.

During 1Q00, Regent has taken over the management of **The Altnheim** (Oakland, CA), a 140-bed assisted living facility, and has opened a 48-bed **Regent Court Alzheimer's** facility in Corvallis, OR. ♦

CORPORATE LADDER

- **Ashley ManorCare Centers** (Boise, ID) has named Jim Shaddock divisional manager of operations for the company's eastern regions and Robert Vande Merwe divisional manager for its western regions.

- **Advocat** (Franklin, TN) has appointed James Mills senior vice president/CFO. Mills joined Advocat in 1999 as corporate controller.

- **Steven D. Bell & Co.** (Greensboro, NC) has named Michael Bateman president for its **Senior Living Services** subsidiary that manages the company's assisted living communities.

- **EdenCare Senior Living Services** (Alpharetta, GA) says its president/CEO, Alfred Holbrook, was nominated as one of the top five candidates for this year's Atlanta Chamber of Commerce Small Business Person of the Year award. The award was presented to Cliff Oxford from **Support Technologies**. ♦

LONG TERM CARE REPORT

- **Genesis Health Ventures** (Kennett Square, PA) says a required a majority of lenders under its senior credit agreement have agreed to an extension of the company's current forbearance period through June 30. During the forbearance period, Genesis is working with financial advisor Merrill Lynch and certain senior lenders to revise the company's capital structure. Genesis says it did not make scheduled interest and principal payments under the initial forbearance agreement or interest payments on subordinated debt. During the extension, the company has agreed to pay a substantial portion of current interest payments due to senior bank lenders. In other news, Genesis' **The Multicare Companies** (Kennett Square, PA) subsidiary has agreed to sell all of its Ohio facilities to **Trans Healthcare** (Camp Hill, PA) for \$36.5 million in cash. The transaction includes 1,128 beds, composed of nine owned skilled nursing facilities, four leased skilled nursing facilities, one owned assisted living facility, and the company's regional headquarters building. The sale is part of Multicare's planned debt reduction strategy.

- **Fountain View** (Burbank, CA), which operates 50 long term care centers in Arizona, California, and Texas, reported 1Q00 ended March 31 total revenues of \$71.6 million, up from 1Q00 net revenues of \$69 million. The company recorded a pre-tax charge in 1Q00 of \$1.7 million relating to the decertification of one of its skilled nursing facilities. Fountain View says it continues to contest the decertification and anticipates that the facility will be reinstated into the Medicare and Medicaid programs in May 2000.

- **National HealthCare** (NHC; Murfreesboro, TN) says it recorded a 1Q00 ended March 31 net income of \$2.4 million, 21 cents per share, up slightly from a 1Q99 net income of \$2.2 million, 20 cents per share. NHC's revenues were \$115.4 million, compared to 1Q99 revenues of \$107.9 million. NHC says it is currently in default on certain financial covenants on a loan it guarantees. The company is negotiating with the lender to waive the default, but the negotiations are not complete, NHC says.

- **Vencor** (Louisville, KY) reported total revenues in 1Q00 ended March 31 of \$715 million, compared to \$700 million in 1Q99. The loss to common shareholders in 1Q00 was \$16 million, 23 cents per share, up from a net loss to common shareholders in 1Q99 of \$23.9 million, 34 cents per share. Vencor says it recorded a charge of \$9 million, 13 cents per share, in 1Q00 related to a change in accounting for start-up costs. ♦

BRIEFLY NOTED

- More than \$800 million of project financing for seniors housing and long term care was placed during 4Q99, according to information recently released today by the **National Investment Center for the Seniors Housing & Care Industries** (NIC; Annapolis, MD). The amount of outstanding project financing placed by major lenders in the industry has reached \$12.5 billion, with 97% of the loans deemed "performing" and less than 3% "non-performing." The current posting also includes a section on industry move-in rates. An average of 5.7 net monthly move-ins per property was found for almost 200 congregate care facilities nationally, while nearly 300 assisted living communities reported an average of five monthly move-ins for 4Q99, NIC says. For more information, visit www.nic.org or call (410) 267-0504.

- The **Joint Commission on Accreditation of Healthcare Organizations** (JCAHO; Oakbrook Terrace, IL) has accredited its first assisted living facility, **King-Bruwaert House** (Burr Ridge, IL). King-Bruwaert House was awarded accreditation following a thorough on-site evaluation, JCAHO says. The facility was evaluated, according to JCAHO's new accreditation process, on its compliance with more than 180 standards that address both the care of residents and the management of the facility. King-Bruwaert House also received special recognition for achieving compliance with JCAHO's Health Services Coordination standards. Nearly 30,000 assisted living facilities provide care for 1.2 million seniors in America, JCAHO says. The new assisted living standards, which are posted on JCAHO's Web site at www.jcaho.org, were developed in consultation with assisted living providers, relevant professional trade organizations, and consumer advocacy groups. The program was launched May 1, says JCAHO. Assisted living facilities interested in becoming accredited should call (630) 792-5265.

- The **Alzheimer's Association** (Chicago) and **Marriott Senior Living Services** (MSLS; Washington) will begin a two-year collaboration to focus on improved Alzheimer's disease care services in the United States. Through a contractual agreement, the association and MSLS will work together to develop MSLS staff training programs that will ultimately enhance the lives of individuals who have the disease. MSLS says its goal is to continuously upgrade the care of residents with Alzheimer's disease and "provide the best care within the assisted living industry." ♦

NEWS AROUND THE NATION

ALABAMA

Paragon Assisted Living plans to open a \$4.5 million, 35,000-square-foot facility in Birmingham in June. The facility will have 50 beds for assisted living residents and a 14-bed wing for patients with Alzheimer's disease, reports the *Birmingham Business Journal*. **Lakeview Estates**, now under construction, will be followed by Paragon's next planned development for Birmingham, **The Cottage at Riverchase**, a facility designed for Alzheimer's disease patients. Plans for the second facility are being finalized, and Paragon says it will take about a year to complete it.

Alabama Gov. Don Siegelman has signed a bill to take part of the state's tobacco settlement money to create a "rainy-day" fund to support Alabama's Medicaid agency through the end of the decade. Senior citizens should never have to "lay their head down at night and worry about where the money for their medicine is coming from," Siegelman tells the *Associated Press*. The bill puts aside 40% of the state's portion of the national tobacco settlement, says Rep. Perry Hooper (R-Montgomery), one of the bill's sponsors. The bill also was sponsored by Sen. Roger Bedford (D-Russellville). The state is to receive \$3 billion over the next 25 years. The first installment, more than \$131 million, was received in May. The bill also creates a Long Term Care Task Force to help the state prepare for the exponential growth of its senior citizens. Other bills signed during this legislative session include one that provides additional means for senior citizen assistance through a voluntary check-off on state income tax return forms, and another which increased funding for the Meals on Wheels program and created an enhanced network for rural transportation for senior citizens, the *AP* reports.

FLORIDA

The **Residence at Timber Pines** in the St. Petersburg area has just opened its independent living apartments after two years of construction. The assisted living and memory care centers will open in about six weeks, reports the *St. Petersburg Times*. The site offers 128 apartments and suites for 160 residents.

IDAHO

Elite Care II, an eight-bed assisted living facility

ty, is under construction in Hayden Lake and should be completed this month. **Elite Care** will own and operate the facility. The company also owns and operates **Elite Care I** (Hayden Lake), also an assisted living facility, reports the *Journal of Business* (Spokane, WA).

ILLINOIS

Carol Stream Village Board members have given **Pasquinelli Homes** of the Chicago area an unofficial green light on its proposed senior citizens subdivision, reports the *Chicago Tribune*. "I think Pasquinelli has made some concessions here," Trustee Skip Stubbs told the *Tribune* at a recent public hearing on the developer's third plan for the 42-acre site. The developer has agreed to the entire cost of a realignment that would take place to build the community, says attorney Joseph Ash. A 110-unit, duplex development would be built by the company, the *Tribune* reports. Trustees are expected to vote on the annexation agreement June 1.

MARYLAND

Maryland Gov. Parris Glendening has signed into law a bill to create a grant program in the state for the conversion of public buildings to assisted living facilities. The bill creates a program under the **Department of Health and Mental Hygiene** to make capital grants available to non-profit assisted living providers to be used to acquire, construct, renovate, and equip facilities, according to media reports. Dianne Dorlester, executive director of the **Maryland Assisted Living Association**, says the organization is "very happy the governor realized what a priority it is to enact this type of legislation into law." Counties and municipal corporations are also eligible for the grant program. The new law goes into effect July 1, the reports say.

NEW JERSEY

A developer in the state is eyeing a tract of land in Bergen, one of the last borough-owned properties on the market, as the potential site for 226 housing units, which would include assisted living complexes. The development, being proposed by **Signature Builders**, would consist of a 120-unit assisted living facility, two 35-unit senior citizen buildings, a 28-unit condominium building, and four, two-family homes. Bergen Mayor Stewart Veale hails the proposal as a big plus for the community, reports the (Bergen) *Record*. To complete the project, the Borough Council has to pass a zoning amendment to

accommodate the mixed housing uses on the site, the *Record* reports.

NEW YORK

A private proposal by a Clifton Park official to build a senior facility on property he bought last year is to be reviewed by the town's ethics board. The official, John Hahn, the town's director of community development, would need the Town Board to rezone the parcel to proceed with the project, reports the (Albany, NY) *Times Union*. The project would include 96 apartments and 20 cottages providing assisted living and independent living, reports the *Times Union*.

OKLAHOMA

Forest Hills' newest assisted living facility has opened. The **Forest Hills Assisted Living Center** opened May 1. It is located directly west of its other facility, the **Forest Hills Health Care Facility**. The new, 75-unit facility has been in the works for some time now, but has been worth the wait according to a report in *Tulsa World*.

PENNSYLVANIA

Milford Township supervisors listened to more than three hours of testimony at a recent hearing, but made no decision regarding the fate of **Victorian Village**, an assisted living facility and condominium development for senior citizens. Bucks County developer Tom Pileggi wants to build the community, which would include a 200-bed nursing home and 440 condominiums, on land zoned as farmland preservation, reports the *Allentown Morning Call*. The hearing was a continuation from one held in March. The board heard testimony from several expert witnesses, including the chief planner of the Lehigh Valley Planning Commission (LVPC) and a civil engineer who specializes in traffic concerns. Pileggi contends the township's zoning law is exclusionary because it doesn't allow for nursing, personal care, or high-density multifamily homes, the *Morning Call* reports. Residents have been opposed to the project since it was proposed a year ago and argue that the development would destroy the agricultural tenor of the township. And LVPC Chief Planner Olev Tarmae said Victorian Village shouldn't be built on land reserved for farmland preservation, reports the *Morning Call*.

TENNESSEE

A rezoning for a proposed 190-acre development that would include a shopping center, a movie the-

atre, offices, and retail businesses has won preliminary approval from Hendersonville's aldermen. The project, Glenbrook North, could also include an assisted living facility, reports the *Tennessean*, but not everyone is sure the project will be a success or a boon to the city. Officials in the city have complained that they lose sales tax money to RiverGate Mall and its surrounding commercial area, which is in the next county. Some officials say the project would take money away from established businesses in the community, the *Tennessean* reports. But advocates of the proposed complex say it is "an opportunity to bring businesses to our city to keep the cost of living down and promote other areas in Hendersonville to grow." Advocates also project that the complex will mean 2,400 new jobs in Hendersonville in the next five to six years and that the development will eventually generate about \$3 million in sales and property taxes annually, the *Tennessean* reports. The developer of the proposed project says it could be six weeks before the rezoning request comes up for final approval by the aldermen. ♦

CALENDAR

- The **Assisted Living Federation of America's** (ALFA; Fairfax, VA) fall conference and expo will be Sept. 10-12 in Seattle. ALFA's *Assisted Living Week!* will be a place for providers to meet all the players in the market, learn the latest business information, and network. For more information, call (703) 691-8100.
- The **National Investment Center for the Seniors Housing & Care Industries'** (NIC; Annapolis, MD) 10th annual conference is Sept. 13-15 in Washington. To register, call (410) 267-0504.
- The **Commission for the Accreditation of Rehabilitation Facilities** (CARF; Tucson, AZ) is offering regional training for assisted living providers. The CARF 101s, two-day workshops, are led by a senior CARF staff member. The next workshop is July 10-11 in Chicago. For more information, call (520) 325-1044. ♦

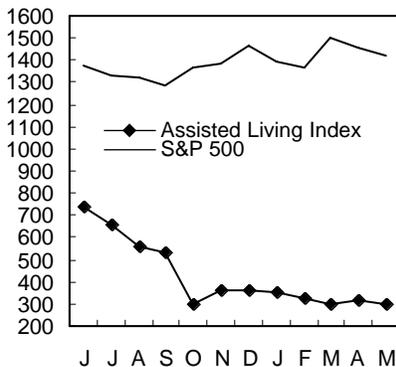
ASSISTED LIVING BUSINESS REPORT'S MONTHLY FINANCIAL BAROMETERS

MONTHLY STOCK INDEX COMPARISON

	Close 04/28/00	Close 05/31/00	Net Change	Percent Change
Assisted Living Index	312.65	294.72	-17.93	-5.74
Dow Jones Industrial Average	10733.91	10522.33	-211.58	-1.97
N.Y.S.E. Composite	644.16	643.60	-0.56	-0.09
Nasdaq OTC Composite	3860.66	3400.91	-459.75	-11.91
S&P 500 Composite	1452.43	1420.60	-31.83	-2.19
Dow Jones Health Care Index	765.74	759.53	-6.21	-0.81

ALBR'S COMPOSITE STOCK INDEX

The ALBR Composite Stock Index represents the collective performance of 14 publicly traded companies with primary businesses in assisted living. Companies included in the ALBR Index are denoted with an inverted triangle (∇) in the 'company name' column of our monthly stock tables on page 8. The ALBR Index was compiled by CNET Investor and has been constructed to show comparative performance of a selected group of assisted living stocks with the S&P 500-Stock Index. The Index is based on market capitalization of selected companies and was set to 1000.00 as of June 30, 1997.



MAJOR MOVERS IN ASSISTED LIVING IN MAY 2000

TOP FIVE PERCENTAGE GAINERS

Greenbriar Corp. ∇	20.00
Sunrise Assisted Living ∇	15.48
Marriott International	13.28
Brookdale Living Communities ∇	6.80
LTC Properties ∇	4.21

TOP FIVE DOLLAR GAINERS

Marriott International	4.25
Sunrise Assisted Living ∇	2.44
Brookdale Living Communities ∇	0.88
Nationwide Health Properties ∇	0.50
Universal Health Realty Income ∇	0.44

TOP FIVE PERCENTAGE LOSERS

CareMatrix ∇	-42.40
Health Care and Retirement	-40.58
Alterra ∇	-40.38
American Retirement Corp. ∇	-26.67
Emeritus Corp. ∇	-25.00

TOP FIVE DOLLAR LOSERS

Health Care and Retirement	-4.84
American Retirement Corp. ∇	-2.00
National Health Investors ∇	-1.63
Health & Retirement Prop. Trust ∇	-1.38
Alterra ∇	-1.31

Source: CNET Investor, Boulder, CO.

Market Diary:	Advances This Month 10	Declines This Month 15	Unchanged This Month 1	New Highs This Month 0	New Lows This Month 14
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Public Company Financial Statistics (May 31, 2000, Close)

EXCH	COMPANY	TICKER SYMBOL	CLOSING PRICE 05/31/00 \$	% CHANGE		52 WEEK		EPS LAST 12 MOS. \$	PRICE/ EARN RATIO	MARKET CAPITAL (1000S)~ \$
				THIS MONTH	THIS YEAR	HIGH \$	LOW \$			
ASE	Alterra ▽	(L) ALI	1.94	-40.38	-76.69	23.25	1.5	-1.57	-	42838
NYS	American Retirement Corp. ▽	ACR	5.5	-26.67	-30.71	18	4	-0.04	-	94336
ASE	ARV Assisted Living ▽	(L) SRS	0.94	-16.67	-37.5	4.69	0.88	-2.1	-	16369
NYS	Beverly Enterprises	BEV	3	-11.11	-31.43	8.19	2.5	-1.31	-	303963
NAS	Brookdale Living Communities ▽	(L) BLCI	13.75	6.8	11.11	15.75	10.38	0	-	135451
ASE	CareMatrix ▽	(L) CMDC	0.72	-42.4	-71.2	21.25	0.72	0.91	1	12984
NAS	Centennial Healthcare Corp.	CTEN	5.41	2.98	80.21	6	2.22	0	-	64464
ASE	Emeritus Corp. ▽	(L) ESC	3	-25	-53.85	12	2.75	-2.49	-	30237
NYS	G&L Realty ▽	GLR	8.06	-5.15	-8.51	12.38	7.38	-3.15	-	18818
NYS	Genesis Health Ventures	(L) GHV	0.38	-20	-81.82	7.19	0.31	-18.87	-	18240
ASE	Greenbriar Corp. ▽	GBR	1.5	20	118.18	4	0.31	-0.59	-	10517
NYS	Health & Retirement Prop. Trust ▽	HR	16.63	-7.64	6.4	22.19	14.5	1.98	8	667045
NYS	Health Care and Retirement	(L) HCR	7.09	-40.58	-55.66	28.06	6.44	-0.89	-	725506
NYS	Health Care Property Investors ▽	HCP	26.69	-4.26	11.78	31.5	21.69	2.25	12	1363891
NYS	Health Care REIT ▽	(L) HCN	16.06	0.78	6.2	25.63	13.81	2.16	7	459018
NYS	Healthcare Realty Trust ▽	(L) HRP	7.38	-3.28	-18.06	15.94	6.94	0.7	11	973028
NYS	LTC Properties ▽	(L) LTC	6.19	4.21	-26.67	13.88	4	0.55	11	161203
NYS	Marriott International	MAR	36.25	13.28	14.85	44	26.13	1.5	24	8686189
NYS	Meditrust ▽	(L) MT	1.88	0	-65.91	14.31	1.81	0.44	4	264403
NYS	National Health Investors ▽	(L) NHI	10.38	-13.54	-30.25	25.75	9.75	2.04	5	252984
ASE	National HealthCare	NHC	4.5	-7.69	-14.29	10.75	3.38	0.74	6	51435
NYS	Nationwide Health Properties ▽	NHP	13.75	3.77	0	21	9.56	1.38	10	635608
NYS	Omega Healthcare Investors ▽	(L) OHI	4.81	-21.43	-62.07	26.88	4.75	0.02	241	95658
NAS	Regent Assisted Living ▽	(L) RGNT	1.06	3.11	-46.9	4.25	0.63	-1.81	-	4787
NAS	Sunrise Assisted Living ▽	SNRZ	18.19	15.48	32.27	41.38	9.25	0.77	24	394469
NYS	Universal Health Realty Income ▽	UHT	16.31	2.76	11.54	20.19	14.25	1.56	10	146535

KEY: (H)=NEW HIGH
(s)=STOCK SPLIT

(L)=NEW LOW
▽ in ALBR Composite Index

NYS=NEW YORK
NA=not available

ASE=AMERICAN

NAS=NASDAQ

~ MARKET CAPITAL figure reflects total for this class of stock only. Stock listed is the most actively traded of the company's classes of stock.

Source: CNET Investor, Boulder, CO.



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REIT Report™

from the publishers of *Assisted Living Business Report*™

June 2000

CPL pays two distributions

CPL Long Term Care Real Estate Investment Trust (Toronto) has filed in Canada for an offering of about \$50 million of convertible unsecured subordinated debentures, the terms of which will protect the distributable income to unitholders.

The debentures have a term of five years. The interest and conversion rate will be determined based on market conditions, CPL says. Proceeds of the offering will be used to help finance the development of 15 long term care facilities in Ontario and one in Calgary, reports the *National Post*.

In addition, CPL says it paid a distribution of 13.5 cents per unit on May 31. The distribution was payable to unitholders of record as of May 23, CPL says. Also, a June distribution of 13.5 cents per unit was declared on June 8, payable June 30, to the unitholders of record as of June 20, CPL reports.

The company reported revenues for 1Q00 ended March 31 of \$113.8 million, an increase from 1Q99 revenues of \$72.7 million. The increase reflects the contribution of an additional 16 properties acquired in 1999, CPL says, and a one-month ownership of an additional seven properties in the quarter. Net income for the quarter was \$2.5 million, 13 cents per unit, compared to a 1Q99 net income of \$3.2 million, 17 cents per unit.

Omega to hold second annual meeting

Omega Healthcare Investors (Ann Arbor, MI) today announced that its 1999 annual meeting, previously adjourned, is scheduled to be held on Thursday, June 1, at 11:00 a.m. at the corporate office in Ann Arbor. The company also announced that a special shareholders' meeting to consider the proposed investment by **Explorer Holdings** will be held in early July. Shareholders of record as of the close of business on June 2 will be entitled to vote at this special meeting, Omega says.

G&L Realty records \$1.7M reserve in 1Q00

G&L Realty Corp. (Beverly Hills, CA) reported 1Q00 ended March 31 negative funds from operations (FFO) of \$2.2 million, 69 cents per share, compared to positive FFO

of \$1 million, 23 cents per share, in 1Q99. Included in G&L's 1Q00 results is an increase to reserves of \$2.3 million, 73 cents per share, reflecting the impairment of assets associated with the bankruptcies of two nursing home operators.

G&L says it recorded a reserve in 1Q00 of \$1.7 million against a delinquent note receivable secured by a first mortgage on two skilled nursing facilities in Chico and Paso Robles, CA. Since February 1998, the company has held a \$3.9 million note receivable from **Aspen Paso Robles**, secured by these two facilities. In December 1998, G&L reserved \$1 million with respect to the note because of the borrower's financial instability. In April 1999, the borrower filed for bankruptcy, G&L says, and in March, it obtained the title to the two facilities from the bankruptcy court and an additional reserve of \$1.7 million was established. The company is pursuing legal action against the borrower and other parties involved in the transaction and is in the process of re-opening the facilities.

NHR sees 1Q00 revenue decline

National Health Realty (NHR; Murfreesboro, TN) reported a net income in 1Q00 ended March 31 of \$2 million, 21 cents per share, compared to a net income in 1Q99 of \$2.3 million, 24 cents per share.

NHR says its 1Q00 revenues totaled 6.1 million, down slightly from 1Q99 revenues of \$6.2 million. The company's funds from operations were 37 cents, compared to 41 cents in 1Q99.

NHR's revenues declined in 1Q00 because of foreclosure proceedings on one loan, the prepayment of one loan in the prior year, and the regular amortization of mortgage notes receivable, NHR says. NHR believes it has sufficient collateral to recover its receivables related to the loan foreclosure. The company's expenses increased as a result of increased interest rates on debt and increased state franchise and excise tax expense.

NHR is a guarantor on a loan that has been declared in default as a result of other guarantors violating their financial covenants. The company is negotiating with the lender to waive these defaults. But until negotiations are complete, NHR is unable to finalize the classification of its debt and complete other portions of its financial statements and quarterly filing. ♦