

# Top 30 Assisted Living Chains

## Conditions Improve In 2003, But Challenges Lie Ahead Kathleen Vickery

Assisted living providers began last year with many of the same difficulties that had plagued them in prior years: scarce capital sources, faltering high-profile companies, and wariness on Wall Street, says John Cobb, senior vice president of senior housing at GE Healthcare Financial Services.

But as the year progressed, some of these difficulties eased. Equity investors began showing strong interest, and Cobb expects to see high levels of transaction activity in 2004; oversupply lessened; and “lenders are cautiously returning to the market, adding more [options for] liquidity and structure,” Cobb says.

However, oversupply and occupancy rates are likely to remain a problem, and may worsen.

On the following pages is *Providers'*

annual Top 30 Assisted Living Chains, ranked by occupant capacity and containing data indicating the profession's 2003 experience of revenue, occupancy rates, and extent of regionalism.

The mergers, bankruptcies, and sell-offs that shook up *Providers'* ranking last year are again apparent this year.

Sunrise, for the first time, is the largest assisted living company in the country. But a better way to phrase it may be to say that Sunrise is the nation's first mega-assisted-living company: After its 2003 acquisitions of Marriott Senior Living Services and EdenCare, occupant capacity skyrocketed from 16,600 residents in 2002 to a whopping 43,000 in 2003. Emeritus, the second-largest company, was about 60 percent smaller than Sunrise, reporting a 2003 capacity of 18,200, down 700 from the previous year.

However, when Alterra (No. 3) emerged from bankruptcy in 2003, Emeritus acquired it in a joint venture with Fortress Investment Group, although Emeritus' equity investment was less than a fifth of Fortress'.

Atria (No. 4) also grew substantially in 2003, nearly doubling in size due to its merger with ARV.

The loss of Marriott, ARV, and Brookdale (which chose not to participate this year) had a substantial impact on the composition of this year's Top 10: Merrill Gardens rose from No. 9 to No. 5, Assisted Living Concepts from No. 8 to No. 6, and Leisure Care from No. 10 to No. 7.

That made room for three new Top 10 members: Manor Care (No. 8), Hearthstone (No. 9), and American Lifestyles, which jumped from No. 26 to No. 10.

Company Name/ Chief Executive Officer	Address/ Telephone	Total Assisted Living Occupant Capacity	Total Facilities With Assisted Living	Occupancy Rate %	States In Which Company Operates Assisted Living	Assisted Living Revenue Sources:				Total Assisted Living Revenue	Services Offered:								
						% Medicaid	% Private Pay	% SSI	% Other		Traditional Nursing	Subacute	Assisted Living	Independent Living	Therapy	Pharmacy	Home Care	Hospice	
1. Sunrise Senior Living Paul Klaassen	7902 Westpark Dr. McLean, VA 22102 (703) 273-7500	43,000	361	91	25	N/A	93	N/A	N/A	\$1.26 Billion	x		x	x					
2. Emeritus Corp. Daniel Baty	3131 Elliott Ave., Ste. 500 Seattle, WA 98121 (206) 298-2909	18,200	174	81.6	33	N/A	N/A	N/A	N/A	\$206.7 Million			x						
3. Alterra Healthcare Corp.* Patrick Kennedy	10000 Innovation Dr. Milwaukee, WI 53226 (414) 918-5000	15,889	339	N/A	22	N/A	N/A	N/A	N/A	N/A			x	x					
4. Atria Senior Living Group* John Moore	501 S. 4th St., Ste. 140 Louisville, KY 40202 (502) 719-1600	14,726	139	85	28	2	98	0	0	\$404.9 Million			x	x					

N/A Not Available; \* Private; † Nonprofit

Ranked by occupant capacity of assisted living as of Dec. 31, 2003. U.S. operations only  
All companies are for profit and publicly traded unless otherwise noted.

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5. Merrill Gardens* William Pettit	1938 Fairview Ave., E., Ste. 300 Seattle, WA 98102 (206) 676-5300	7,877	65	N/A	14	0	100	0	0	\$146.3 Million			x	x					
6. Assisted Living Concepts Steven Vick	1349 Empire Central, Ste. 900 Dallas, TX 75247 (214) 424-4000	6,838	177	N/A	14	22.5	77.5	0	0	\$168 Million			x						
7. Leisure Care* Dan Madsen	325 118th Ave., SE, Ste. 300 Bellevue, WA 98005 (425) 455-5644	5,935	31	90	8	1	98	1	0	\$31.2 Million			x	x					
8. Manor Care Paul Ormond	333 N. Summit St. Toledo, OH 43604 (419) 252-5500	5,459	70	87	32	N/A	N/A	N/A	N/A	N/A	x	x	x		x		x	x	
9. Hearthstone Assisted Living* Timothy Hekker	3663 N. Sam Houston Pkwy., E. Houston, TX 77032 (281) 227-4600	4,000	33	93	10	0.5	99.5	0	0	\$80 Million			x						
10. American Lifestyles* Forrest Preston	3570 Keith St., NW Cleveland, TN 37320-3480 (423) 472-9585	3,800	31	93	20	0	100	0	0	\$102 Million			x	x					
11. Summerville Senior Living* Granger Cobb	3000 Executive Pkwy., Ste. 530 San Ramon, CA 94583 (925) 866-1999	3,288	31	94.7	8	0.24	97.7	1.91	0.15	\$89 Million			x						x
12. Life Care Services Stan Thurston	400 Locust St., Ste. 820 Des Moines, IA 50309 (515) 875-4500	3,035	53	92	27	N/A	N/A	N/A	N/A	N/A		x	x	x				x	
13. American Retirement Corp. W. E. Sheriff	111 Westwood Pl., Ste. 200 Brentwood, TN 37027 (615) 221-2250	3,004	33	83	14	N/A	N/A	N/A	N/A	\$78.5 Million	x		x	x					
14. Country Meadows Retirement Communities* G. Michael Leader	830 Cherry Dr. Hershey, PA 17033 (717) 533-2474	2,871	31	99	2	0	100	0	0	N/A	x	x	x	x	x	x			x
15. Five Star Quality Care Evrett Benton	400 Centre St. Newton, MA 02458 (617) 796-8387	2,669	51	N/A	25	N/A	N/A	N/A	N/A	N/A	x		x	x					
16. Balanced Care Corp.* Jim Fields	1215 Manor Dr. Mechanicsburg, PA 17055 (717) 796-6100	2,598	36	N/A	7	N/A	N/A	N/A	N/A	N/A	x		x						
17. Benchmark Assisted Living* Thomas Grape	35 Walnut St. Wellesley Hills, MA 02481 (781) 431-8900	2,574	35	88	7	8	92	0	0	\$80.8 Million			x	x					

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18. The Adult Care Group* John Piazza Sr.	13777 Belcher Rd., S. Largo, FL 33771 (727) 726-3310	2,250	17	95	2	0	100	0	0	\$50 Million			x	x						
19. Genesis HealthCare Corp. George Hager Jr.	101 E. State St. Kennett Square, PA 19348 (610) 444-6350	2,138	23	N/A	N/A	N/A	N/A	N/A	N/A	N/A	x	x	x	x						
20. Americare* Richard Montgomery	214 N. Scott Sikeston, MO 63801 (573) 471-1113	2,125	51	89	3	5	95	0	0	\$35 Million	x	x	x	x	x					x
21. United Methodist Homes† Robert Clapp	580 Long Hill Ave. Shelton, CT 06484 (203) 944-8278	2,112	11	N/A	3	0	100	0	0	\$23 Million		x	x	x	x				x	x
22. Encore Senior Living* Peter Muhlbad	305 NE 102nd Ave., Ste. 300 Portland, OR 97220 (503) 261-6100	2,075	43	82	7	0.6	91.7	0	7.7	\$59.3 Million			x	x						
23. Extendicare Health Services Mel Rhineland	111 W. Michigan St. Milwaukee, WI 53203 (414) 908-8000	2,009	41	86.3	9	9.3	89.19	0	1.51	\$38 Million	x	x	x	x	x				x	x
24. Aegis Assisted Living* Dwayne Clark	18200 NE Union Hill Rd., Ste. 110 Redmond, WA 98052 (425) 861-9993	2,003	28	92	5	0	100	0	0	\$64 Million			x	x						x
25. The Evangelical Lutheran Good Samaritan Society† David Horzadovsky	P.O. Box 5038 Sioux Falls, SD 57117-5038 (605) 362-3100	1,704	83	79	18	18	82	0	0	\$25.8 Million	x	x	x	x	x	x	x	x	x	x
26. American Senior Communities* James Burkhardt	6900 S. Gray Rd. Indianapolis, IN 46237 (317) 788-2500	1,371	13	96	1	0	100	0	0	\$30 Million	x		x	x	x	x	x	x	x	x
27. National HealthCare Corp. W. Andrew Adams	100 Vine St. Murfreesboro, TN 37130 (615) 890-2020	1,167	19	N/A	N/A	N/A	N/A	N/A	N/A	N/A	x	x	x	x	x					x
28. Mariner HealthCare C. Christian Winkle	1 Ravina Dr., Ste. 1500 Atlanta, GA 30346 (678) 443-7000	1,078	8	N/A	N/A	N/A	N/A	N/A	N/A	N/A	x	x	x							
29. Home Quality Management* Paul Walczak	2401 PGA Blvd., Ste. 155 Palm Beach Gardens, FL 33410 (561) 627-0664	1,050	18	74.3	4	36.4	62.9	0	0.7	\$15.6 Million	x		x		x					
30. The Wellington Group* Jerry Stout	1850 Executive Park Cleveland, TN 37312 (423) 473-0093	1,005	19	94	6	>1	96.5	0	3	N/A	x	x	x	x	x					x

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