Transcript of
LTC Properties, Inc.
LTC Properties, Inc. Quarterly Earnings Call
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Participants

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Pam Kessler - Co-President and Chief Financial Officer, LTC Properties, Inc.
Clint Malin - Co-President and Chief Investment Officer, LTC Properties, Inc.

Analysts

Austin Wurschmidt - KeyBanc Capital Markets
Juan Sanabria - BMO Capital Markets
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Presentation

Operator

Good morning and welcome to the LTC Properties, Inc. Quarterly Earnings Call. At this time, all participants are in a listen-only mode and we will open the floor for your questions and comments after the presentation. [Operator Instructions]. Before management begins its presentation, please note that today's comments, including the question-and-answer session, may include forward-looking statements subject to risks and uncertainties that may cause actual results and events to differ materially.

These risks and uncertainties are detailed in LTC Properties' filings with the Securities and Exchange Commission from time to time including the company's most recent 10-K dated December 31, 2022. LTC undertakes no obligation to revise or update these forward-looking statements to reflect events or circumstances after the date of this presentation. Please note, this event is being recorded.

I would now like to turn the conference over to Wendy Simpson. Please go ahead.

Wendy Simpson

Thank you, operator and welcome, everyone to LTC's 2023 Second Quarter Conference Call. I am joined today by Pam Kessler, Co-President and Chief Financial Officer; and Clint Malin, Co-President and Chief Investment Officer.

The first half of 2023 was driven by substantial investment activity, generating growth this year and in the future. To date this year, we have put more than $0.25 billion to work through new investments to produce accretive current and future income. We used our line to fund these investments and plan to pay down the line, primarily using future expected asset sales.

A significant number of these assets have been nonrevenue producing mostly from being in lease-up when COVID changed the world. With our second quarter and subsequent investment activity that Clint will detail later, we have completed the majority of the $100 million pipeline we spoke about last quarter, bringing total investments so far this year to $258 million.

Right now, the senior management team at LTC knows that our primary mission for the rest of 2023 is to focus. And that focus is on completing our identified asset sales, working with operators who still need some guidance around their focus and establishing permanent rents for properties that are not currently revenue-producing to LTC.

I believe issues around two of our operators could be an overhang on our stock price, and I want to address our progress at the beginning of this call, and Pam and Clint will give you more specifics during their remarks.

As to Brookdale, we are confident that between sales of certain properties and new leases on certain properties, we will not experience a decrease in 2024 FFO from the nonrenewal of the Brookdale lease, anticipated sales proceeds of $35 million to $40 million will reduce our outstanding line of credit, which was used to prefund accretive investments already made this year.

As to Prestige, Michigan has a very complex cost-based Medicaid system, that due to COVID did not rebase rates for two years, which results in reimbursement true-ups for prior periods. This can cause operators to have cash flow shortfalls until the true-up is paid, which is expected in the fourth quarters of 2023 and 2024. Clint may now be able to qualify as an expert witness regarding Michigan Medicaid rules and calculations.

Working with Prestige, we have formulated a path whereby LTC will collect 100% of our interest due from Prestige in 2023, which may include a draw on the letter of credit until the true-ups are funded. Pam will discuss more pertaining to Prestige later.

Since the first of the year, we have generated $37.8 million in asset sales proceeds, resulting in a $15.7 million net gain and we expect to receive sales proceeds in the range of $50 million to $55 million throughout the remainder of 2023, which includes the expected sales of a portion of our Brookdale portfolio. Additionally, we received $11.8 million in payoffs from our mezzanine loans, generating $1.6 million of exit IRR income at a weighted average rate of 12%.

Before talking about some second quarter LTC specifics, I'd like to briefly comment on what we're seeing across the private pay and skilled landscapes. On the private pay side, we're seeing improved coverage as a result of growth in occupancy and rates. On the skills side, Medicare rates are proposed to be a 3.7% increase. The new rates will be beneficial as operators continue to deal with some occupancy challenges. Anecdotally, we're also seeing reduced agency usage, which should help bring down operator costs.

Moving back to our results. Our FAD payout ratio for the second quarter was 84%, with our long-term historical goal remaining at 80% and our monthly dividend payout remained at $0.19 per share.

For the third quarter, we anticipate that FFO excluding nonrecurring items, will be in the range of $0.63 to $0.64 per share, primarily reflecting our transition of an eight property portfolio to a current LTC operator, which Pam will discuss shortly. As our industry continues to recover from a period of protracted uncertainty, LTC is focused on shoring up its position by optimizing our portfolio to generate cash now and in the future. And by reducing our leverage to put us in a position to refocus on additional growth in 2024.

Before turning the call over to Pam, I'd like to welcome LTC's newly elected board member, David Gruber, former Managing Director and Head of Equity Capital Markets for KeyBanc, where he spent more than two decades. We have known David for 20 years and look forward to utilizing his expertise and perspective as we continue to implement our strategy for continued sustained growth.

Now I'll hand the mic over to Pam.

Pam Kessler

Thank you, Wendy. For the second quarter of 2023, total revenue increased by $5.2 million compared with the second quarter of 2022. The improvement was driven primarily by $3.8 million of higher interest income from acquisitions, accounted for as financing receivables and $1.8 million of higher interest income related to mortgage loan originations in the current and prior years.

Rental revenue and income from unconsolidated joint ventures were in line with the prior year period. The increase in total revenue was partially offset by a $346,000 reduction in interest and other income related to the payoff of two mezzanine loans during the first quarter of 2023. Interest expense increased by $3.8 million from last year's second quarter primarily related to higher interest rates and a higher outstanding balance on our revolving line of credit, as well as the issuance of $75 million of senior unsecured notes during the 2022 second quarter.

During the second quarter of 2023, we recorded a $12.1 million impairment loss related to two assisted living communities for which we are currently negotiating a sale. One of these properties is nonrevenue producing and the other produces minimal rent.

Net income available to common shareholders decreased by $48 million, primarily due to a decrease in gain on sale of real estate, the impairment loss, I just mentioned and higher interest expense, partially offset by higher interest income from new investments. Fully diluted NAREIT FFO per share was $0.66 for the 2023 second quarter, up from $0.64 for the 2022 second quarter.

Excluding nonrecurring items, FFO per share was $0.66 for the 2023 second quarter compared with $0.62 for the 2022 second quarter. The increase in FFO, excluding nonrecurring items, was due to higher interest income from new investments, partially offset by higher interest expense, as I already mentioned.

Next, I'll discuss our recent and expected divestitures. Clint will detail our investment activity. During the second quarter of 2023 and as previously announced, we sold a 70-unit assisted living community in Florida for $4.9 million. During the quarter, we also sold a 39-unit assisted living community in New Jersey for $2 million. Additionally, we entered into an agreement to sell two assisted living communities in Pennsylvania with a combined 160 units for $11.5 million.

We expect to complete this sale during the 2023 third quarter and anticipate recognizing a gain on sale of approximately $5.2 million. All of these assets were nonrevenue producing to LTC. We repaid $4 million in regular scheduled principal payments under our senior unsecured notes and also paid $23.6 million in common dividends for the 2023 second quarter.

We borrowed $56.3 million under our unsecured revolving line of credit during the 2023 second quarter, which was primarily used for our second quarter investments. Subsequent to the end of the second quarter, we borrowed $34 million under our line to fund a $17 million investment and repay $17.2 million in scheduled principal paydowns on our senior unsecured notes.

Currently, we have $7 million of cash on hand, approximately $40 million available on our line of credit with roughly $360 million outstanding and about $129 million available under our ATM. This gives us total liquidity of approximately $176 million.

Additionally, as Wendy mentioned, we anticipate receiving sales proceeds later this year in the range of $50 million to $55 million from assets we are actively marketing. These proceeds will be used to pay down our line of credit. At the end of the 2023 second quarter, our debt-to-annualized adjusted EBITDA for real estate was 6.1x and our annualized adjusted fixed charge coverage ratio was 3.5x.

Regarding the operator for whom we have been providing abatements, $645, 000 was abated in the second quarter of 2023 and an additional $215,000 was abated in July. We continue to anticipate receiving $300,000 in rent from this operator in 2023. We are still evaluating options for the two properties that provide independent living, assisted living and memory care services.

Additionally, as discussed on last quarter's call, we agreed to defer a total of $1.5 million or $300,000 per month for May through September and interest payments due on a mortgage secured by 15 skilled nursing centers located in Michigan and operated by Prestige Healthcare. Accordingly, we deferred $600,000 in interest payments in the second quarter and $300,000 in July.

Wendy spoke about reimbursement structure challenges in Michigan earlier. As it relates specifically to Prestige, we expect Prestige will get an approximate 10% Medicaid reimbursement rate increase effective October 1, as well as retroactive rate settlement payments related to prior years, which we anticipate Prestige will receive in the fourth quarters of 2023 and 2024. We are continuing to work with Prestige to assess the impact of these rate increases and settlement payments on the portfolio in light of the continued occupancy challenges.

Regarding the remaining operator for whom we have been providing assistance, as previously announced, during the second quarter, we transitioned this portfolio of eight assisted living communities with a combined total of 500 units in Ohio, Michigan and Illinois to an existing LTC operator.

As part of the transition, we've received repayment of $1.3 million of deferred rent, which represents $934,000 of April and May 2023 deferred rent and $316,000 of deferred rent from the prior year, which was previously not reported.

Cash rent under the new two-year lease is based on mutually agreed upon fair market rent beginning in month four of the lease, which is September of this year. Since the transition, occupancy has improved. Therefore, when we can establish stabilized cash rent, these assets will again be accretive to LTC.

Now I'll turn the call over to Clint.

Clint Malin

Thank you, Pam. Starting with our second quarter investment activity. As previously announced, we invested a total of $61.5 million in two separate transactions. The first was a $45 million investment in a $54.1 million joint venture acquisition of a seniors housing campus in Ohio, including independent living, assisted living and memory care services.

The campus, which was built between 2019 and 2022, has 242 units and is operated by our existing partner Encore Senior Living. The lease term is 10 years at an initial yield of 8.25% on LTC's allocation of the investment.

The seller, who is our JV partner has a purchase option with a price established at an IRR of 9.75%, exercisable during the third and the fourth lease years. Initial rent is expected to be approximately $3.9 million per year, escalating annually beginning in year three. We also committed to fund $2.1 million in lease incentives.

The second transaction was a $16.5 million senior loan origination for the purchase of a skilled nursing center in Illinois. The center, which was originally built in 2010 and renovated in 2021 is licensed for 150 beds and is operated by our existing partner, Ignite Medical Resorts. The loan term is five years at an interest rate of 8.75%.

After the end of the quarter, we funded a $17 million mezzanine loan for the recapitalization of an existing independent living, assisted living and memory care campus in Georgia built in 2020 that is approximately 98% occupied, as well as the construction of 89 additional units that will be connected to the original campus by sky bridge. When construction is complete, the campus, which is operated by our existing partner, Gallery Living will include 219 units. The loan term is five years at an initial rate of 8.75% with a minimum exit IRR of 12%.

LTC's investment equals approximately 74% of the total project cost, inclusive of the senior mortgage with the borrower investing approximately 26%. Making investments such as those I just detailed with existing partners allows us to work with growth-minded operators who we know and respect.

Next up, a few brief comments on our transition portfolios, excluding the one we transitioned to Encore that Pam already noted. We recently set fixed contractual rent for HMG equal to $8 million for 2023. We received $1.75 million in rent from them in each of the first and second quarters and expect to receive $1.75 million in the third quarter and $2.75 million in the fourth quarter. Regarding all of the transition properties other than the properties transferred to Encore, projected rent for 2023 is expected to be $720,000.

Moving on now to Brookdale, whose lease expires on December 31, 2023. Our process is well underway and we now have more clarity into the properties we'll be selling and those that we will be leasing. Currently, our plan calls for the sale of 14 of the 35 assisted living properties in the portfolio. We currently estimate net proceeds after transaction costs and seller financing in the $35 million to $40 million range. As previously indicated, net proceeds will be used to pay down our line. We will provide additional details on our next quarter's call as the process nears completion.

Now for some insight in our portfolio numbers, which exclude properties transitioned on or after October 1, 2021. Q1 trailing 12-month EBITDARM and EBITDAR coverage as reported using a 5% management fees was 1.18x and 0.95x, respectively, for our assisted living portfolio. Excluding stimulus funds received by our operators, coverage was 1.05x and 0.82x, respectively. Because these metrics are given in arrears, this private pay coverage does not include potential future upside related to recent rate and occupancy increases.

For our skilled nursing portfolio, as reported EBITDARM and EBITDAR coverage was 1.90x and 1.42x, respectively. Excluding stimulus funds received by our operators, coverage was 1.54x and 1.07x, respectively. Pro forma for the proposed 3.7% Medicare market basket rate increase, skilled nursing, EBITDAR coverage, excluding stimulus funds would have been 1.12x.

I'll now provide some recent general occupancy trends, which are as of June 30 and are for our same-store portfolio. Because our operators provide this data to us on a voluntary and expedited basis, these numbers include approximately 96% of our total same-store private pay units and approximately 93% of our same-store skilled nursing beds. Private pay occupancy was 83% at June 30, 2023, 82% at March 31, and 82% at January 31. For our skilled nursing portfolio, average monthly occupancy was 72% in June, 73% in March, and 71% in January.

For comparative purposes, our private pay occupancy in 2019 was approximately 87% and our average of skilled nursing occupancy was approximately 80%. As we described today, our focus on investing during the second quarter resulted in completing the majority of the $100 million pipeline that we discussed during our first quarter call, bringing our total investment so far this year to $258 million.

We expect to close the remaining pipeline in the third quarter. So while we are always looking at strategic investment opportunities and identifying ways to drive additional growth and accretion, our primary focus for the second half of the year is on reducing leverage through planned asset sales as well as completing the re-leasing of the remaining Brookdale assets. LTC remains a solid capital partner for the seniors housing and care market, so we are continuing to identify ways to drive additional growth and accretion.

Now I'll turn the call back to Wendy for her closing remarks.

Wendy Simpson

Thank you, Pam and Clint. We are proud of the work we've done so far this year to drive sustainable growth. With many of our portfolios and operators gaining stability, we are now focusing on bringing down our debt to a more typical level so that we are prepared to provide our shareholders with growth in 2024.

We believe LTC is a great partner of choice and we expect to be a major player in the seniors housing and care market for years to come. Thank you, everyone, for your ongoing support.

Operator, we are now ready to take questions.

Operator

Certainly. The floor is now open for questions. [Operator Instructions]. Your first question is coming from Austin Wurschmidt from KeyBanc Capital Markets. Please pose your question. Your line is live.

Q: Hey, good morning everybody. So was there any change to the number of Brookdale assets that you ultimately decided to sell? I think you had discussed roughly 50% of the 35 assets, exiting three states, I believe. And so just wondering if you could clarify if that changed and what drove that decision?

Clint Malin

Thank you for the question. It did change. We are now projecting 40% as opposed to 50%. And it's just an evolution of the process as we were going through engaging brokers to run the process for us. And things evolve and that was our initial estimate, but now we're at 40% of asset sales. And we've continued to look at the process on a state-by-state basis.

Q: So is that really based on the interest level in some of the assets? Or has there been improvement in fundamentals or just more interest, I guess, in operators that would look to re-lease the assets you had planned to sell, but ultimately decided to keep?

Clint Malin

A combination of different things, eight different states are running the process. And so really just an evolution and through engagement with various interested parties, what ultimately fell out on the sale, nothing specific.

Q: Got it. And then you referenced you don't expect any dilution to 2024 FFO. Can you just expand on that comment? And is that specific to the impact from Brookdale? Or does that encompass the various Brookdale transaction plus the impact from the investment activity you've done this year and planned debt repayment in the back half of the year?

Pam Kessler

Hi, Austin, it's Pam. That's only Brookdale. That's just if you're looking at the Brookdale silo. The same income that we received this year, we're anticipating next year through a combination of the re-leasing rates and the reinvestment we did of the proceeds already.

Q: Got it. Thank you.

Operator

Your next question is coming from Juan Sanabria with BMO Capital Markets. Please pose your question. Your line is live.

Q: Hi, maybe a question for Pam. Could you just give us a little bit more detail behind the bridge on the normalized FFO from the second quarter to what Wendy provided, I think it was $0.63 to $0.64 what the moving pieces are there?

Pam Kessler

Yes, sure. So, what we're guiding to next quarter is what we had guided to this quarter and that's primarily -- it's a decrease due to the transition of the eight assets that have a market reset that will happen in September. Our guidance right now currently is nothing for September for rent for that portfolio. But that could change, because we'll be in the process of setting rent for the next quarter on that in August.

Q: And then so there'd be an uptick in the fourth when that kind of comes back. Is that correct?

Pam Kessler

Yes, we're expecting that will gradually -- it's going to -- it's like in lease-up, so it's got to gradually trend upward.

Q: Okay. And then just curious on the pipeline, what selects the transaction so the piece is coming in, in the third quarter? And just it sounds like you're stepping back temporarily to focus on dispositions, but just curious if you're seeing pricing revert back to where we could see more traditional fee simple acquisitions versus the loans that you've been more focused on in recent months?

Clint Malin

Sure. Well, right now, we have just one transaction remaining, which would be a development project on a private pay community. That's all we have remaining in our pipeline. We've talked about during the course of the pandemic, investing in more shorter-duration investments. And going into this year, this sort of accumulation of what we've tried to accomplish over the last few years. And we do have our focus on paying down the line and getting the transition of the Brookdale assets. So as we get through the second half of this year, I think we'll be looking at more acquisitions and opportunities in 2024.

But we've had a very good year in deploying capital to the extent we have. This early into the year is very positive compared to prior years, which typically has been more back loaded in the second half of the year. And this year, we've been able to accomplish that in the first half of the year.

Q: Thank you.

Clint Malin

Thank you.

Operator

Your next question is coming from Connor Siversky with Wells Fargo. Please pose your question. Your line is live.

Q: Good morning. Quick one on abated rent. So we have this operator that was provided $645,000 during Q2, if I have this correctly, that abatement agreement has been extended to the end of the year, right? I mean, at Q1, it was only supposed to go through the end of June?

Pam Kessler

Yes, that's correct.

Q: Okay. Is there any kind of color as to what materialized to give you the decision to extend that agreement?

Pam Kessler

I mean we've been doing it on a quarterly basis. And as we evaluate that community and what we want to do with that long-term, it just made sense to take care of that now versus just going the quarter-by-quarter.

Q: Okay. Understood. And then maybe moving to the operating side of things, perhaps a question for Clint. As we're standing in front of perhaps the development of minimum staffing as it pertains to skilled nursing assets. I'm wondering just how the labor complexion looks in coastal versus inland markets. And whether or not you see -- and it could also relate to senior housing -- discretionary senior housing, but where are you seeing more pressure in the labor markets? Where do you think a potential ruling could have a bigger impact?

Clint Malin

Well, I think the ruling really comes down more to how is it defined and when is it phased in. So I think that's the biggest issue in relation to the minimum staffing initiative that's out there. I would say, by and large, in conversations with operators across the country, it does seem that labor is improving. It, increases in pay are normalizing. Use of agency, both on the skilled side as well as private pay has been reduced. In a lot of cases, buildings eliminated. So we are seeing positive trends just across the Board from a staffing standpoint. I mean, never easy in this industry, but obviously better than it was in the first half of this year and in 2022.

Q: Okay. But do you see any bifurcation though, between markets? I mean we get the sense that that it might be easier to source labor in coastal areas?

Clint Malin

You're going to find definitely in -- it's going to be more challenging probably in coastal markets, undoubtedly. It's going to be higher wages and more competition for jobs. So I think that kind of by definition, you're going to see more competition in those markets.

Q: Okay. Understood. Have a good weekend.

Clint Malin

Wish you the same. Thank you very much.

Operator

Your next question is coming from Steve Valiquette with Barclays. Please pose your question. Your line is live.

Q: Hi, this is Amin Jacare on for Steve Valiquette. Congratulations on the coverage ratios you reported, which reflect a strong March quarter. However, a lot of the provider companies that have reported in the June quarter have seen some deceleration in volume growth on the acute side. So I was just wondering, is there any commentary from your operating partners on how that's translating into volume growth on the post-acute side for the June quarter?

Pam Kessler

Hi, this is Pam. What we have seen -- as you've noticed, the occupancy for skilled has -- it has decelerated. The increase in occupancy rate has been decelerating. And I'm not sure what a catalyst would be nationwide for it to improve dramatically over the course of this year. I think skilled nursing is going to continue to be a long, slow grind upward back towards pre-COVID occupancy rate.

It's -- that recovery is much slower than the senior housing recovery. And most of the lag recovery is on the long-term care side, because as we've been talking about over the years, and I think the pandemic really accelerated, the trend was toward home and community-based care. So that's made an incursion into the long-term care side of the census for skilled nursing.

Q: Okay. And just a quick follow-up on that. I appreciate that color. Given that the PAC ended a few months ago here, is there any sense on how -- or any sense or any color on how this is being -- impacting what's actually been happening in the business in June and July?

Pam Kessler

No. I mean that was anticipated and the states have stepped in with funding to kind of pick up what -- the slack of what the government -- the federal government funding going away. But it's something we're continuing to watch and especially with the lower occupancy rates on the skilled side. Right now, we're working with all of our operators on that to determine what is the long range, what's the new norm long range? And how -- what's the trajectory for returning to pre-COVID census, how many years will that take? It's -- right now with all the NIC data out there, I think it's -- anyone guess is as good as mine, and I'm not even going to hazard a guess on it at this point. It's just really taking a long time.

Q: All right. Thank you for taking my questions. And have a great weekend.

Pam Kessler

Thanks, you too.

Operator

Your next question is coming from Michael Carroll with RBC Capital Markets. Please pose your question. Your line is live.

Q: Yes, thanks. I know and I wanted to touch on your comments about Prestige kind of highlighting there's going to be a true-up payment that they could receive in the fourth quarter. How big of a true-up payment are we expecting? I mean, could that equal the amount of rent that you deferred for them so far this year?

Clint Malin

Hi, Mike. So right now the -- we have estimates of the rate increase, which Pam mentioned of 10%, and then there's this retroactive rate settlement, which is unique because of the delay in rebasing the rates in Michigan for an extended period. So we have estimates it is yet to be finalized. I would say right now in Q4 for 2023, it's probably in the $7 million range, which would be approximately the 10% range of annualized Medicaid revenue. So it's a substantial number and that's a settlement that goes back to the cost report -- or the fiscal year that ended in 2022. You'll see another settlement in Q4 of 2024 that relates to the current fiscal year. And that could be -- again, these are estimates, but it could be in the $8 million to $10 million range in Q4 of 2024. Very much a delayed retroactive settlement, but meaningful dollars.

However, there are lot of nuances with Medicaid reimbursement in Michigan. And one of the biggest challenges that we see for Prestige in this portfolio has just been growth of occupancy and it's been challenged as we've seen in other buildings, other states with skilled nursing. So being able to grow census is a key element for Prestige in this portfolio.

Q: Okay. And then I guess, should we assume that if they do get that large $7 million true-up payment in fourth quarter, they will use that to pay back all of your deferred rents so far this year?

Clint Malin

I think it's too premature to assume that. We're going through negotiations with them right now. There are items like [indiscernible] taxes that the state has deferred payment on. So there are other expenses that they would have. So it's a process that we're going through right now with Prestige and as we get more information and clarity on what any resolution looks like, we'll update you on that.

Wendy Simpson

What I've said and I repeat, we are going to get the interest that they owe us in 2023. We have a letter of credit and that's the announcement or that's the claim we're making.

Q: Okay. That's helpful. And then related to HMG. I know they're on the lease expiration schedule for 2024. I mean is that just semantics, because you're going to be transitioning them from this fair market value type rent payment that you have today and you're going to be establishing a more permanent rent next year. Is that the way to think about that expiration?

Clint Malin

Yes.

Q: And do we have an idea of what that new rent can be? Have you started talking to them about where that rent could go next year? Or is it really thinking about in 2025?

Clint Malin

We're in active discussions with them regarding that. And that might include looking at selling an asset or two. So it's something that we have been actively engaged with them. The big component of that was the state announcing what the Medicaid rates would be going forward and the bridge until you get to September 1, when those rates become effective. So that was a big element of being able to wait to see what happened with those rates. We are definitely engaged with HMG and working on that.

Q: Okay. And then just last question. Can you remind us what assets that you guys are looking to sell right now? I know you have the Brookdale properties, I'm assuming the two properties that you're continuing to abate rent. Those are the prime asset sale targets. Are there other assets within the portfolio that we should think about as near-term sales? And what could the potential proceeds be for those at all?

Clint Malin

No, there are some buildings that we have in our transition portfolio that we would look at potentially selling. So we don't have an estimate to provide right now, but there is the potential that we could be looking at selling additional assets, because if we can't derive appropriate income on those, then the alternative is to look at selling them or deciding to wait and how long the recovery will be. So it is a possibility, but we've not made that decision yet.

Pam Kessler

In our guidance for sales proceeds, Mike, between Brookdale and in the total, it was only an additional $15 million more proceeds. So it wasn't hugely significant this year. But every year, we do look at our portfolio and make disposition decisions.

Q: Okay. Thank you.

Clint Malin

Thank you.

Operator

There are no additional questions in queue at this time. I would now like to turn the floor back over to Wendy Simpson for any closing remarks.

Wendy Simpson

Thank you all for spending the time to listen to our call and I wish you all a good weekend.

Operator

Thank you. This does conclude today's conference call. You may disconnect your phone lines at this time and have a wonderful day. Thank you for your participation.