



# nerej

## **Cornerstone R.E. and Servants Healthcare purchase Sherburne Commons for \$6m**

December 22, 2009 - Front Section

Cornerstone Real Estate Funds, together with its strategic alliance partner and sub-advisor Servant Healthcare Investments, has finalized its purchase of Sherburne Commons, a 60 unit senior living community. Cornerstone/Servant was selected as the winning bidder to acquire the community after its prior owner filed for Chapter 11 bankruptcy protection in 2008. Cornerstone CEO Terry Roussel said, "while this was a long and complicated transaction, it certainly highlights the tremendous experience, knowledge and capabilities of our partners at Servant Healthcare."

Sherburne Commons was built in 2007 and was owned and operated by a non-profit entity. It was built at a construction price of approximately \$33 million, proceeds of which were obtained from a tax-exempt bond offering.

Cornerstone/Servant negotiated a purchase price of \$6 million with the community's secured creditor (Sovereign Bank) pursuant to a plan filed and approved by the U.S. Bankruptcy Court. Sovereign Bank cooperated in funding operations during the bankruptcy process. Certain closing costs and working capital requirements will bring the total transaction size to roughly \$9.5 million over time. The town was also integral in the transaction in that it helped gain the necessary approvals to secure a long-term ground lease which was important in allowing the community to continue operating.

The island is one of the most unique, historic, and visually stunning places in the U.S. It has gained national acclaim as a tourist destination and is a highly sought-after home for high net worth individuals. According to Forbes Magazine, in 2006, Nantucket had the highest median property value of any Mass. zip code. According to Trulia.com, the average home price listed in 2009 on Nantucket ranged from \$2.2 to \$2.7 million.

In 2007, the community's architects received the Best of Seniors Housing gold award from the National Association of Homebuilders recognizing the community, as the "best of the best."

The property is designed as a high-end independent living, assisted living and memory care community consisting of 40 apartment homes in the primary building and 20 cottages on a 20 acre parcel of land. The apartment homes and cottages range from 355 s/f up to 2,405 s/f. The cottages may also include a den and a garage. The community provides full amenities and will offer healthcare services in a club-like setting, including restaurant style dining, transportation, housekeeping, activities, 24 hour emergency service, a barber/beauty salon and more.

According to Servant Healthcare CEO John Mark Ramsey "this not only represents a fantastic real estate opportunity to acquire a property well below cost, but it also helps keep the Sherburne Commons residents from being displaced from their homes, improves the quality of care services they receive and enhances their quality of life."

To manage the community, Cornerstone/Servant entered into an agreement with Riverwood Retirement Management, Inc., an operator experienced with continuing care retirement communities and other high-end senior living communities. Riverwood has the ability to provide all levels of care to seniors (including skilled nursing) and their experience allows them to understand the issues most important to residents. As part of the transaction, Cornerstone/Servant and Riverwood have agreed to explore with the town potential opportunities to partner on other senior services provided on the island.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540