



Ventas to Acquire Real Estate Interests in 58 Sunrise-Managed Senior Living Communities

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Ventas and Sunrise Agree to Comprehensive Amendments to Management Agreements Third Quarter Occupancies Rise in Sunrise Portfolio

CHICAGO, Oct 04, 2010 (BUSINESS WIRE) --

Ventas, Inc. (NYSE:VTR) ("Ventas" or the "Company") said today that it has agreed to acquire the real estate interests in 58 high-quality, private pay senior living communities from affiliates of Sunrise Senior Living, Inc. (NYSE:SRZ) (collectively, "Sunrise") for a total valuation of \$186 million, including \$145 million in mortgage debt. Ventas and Sunrise have also agreed to modify the management agreements on all 79 senior living communities managed by Sunrise.

"We are pleased to work collaboratively with Sunrise on a multi-faceted transaction that benefits both companies," Ventas Chairman, President and Chief Executive Officer Debra A. Cafaro said. "Ventas will acquire the real estate interests in 58 senior living communities currently owned by Sunrise, and will receive improvements to the management contracts on all 79 assets managed by Sunrise. Sunrise, in exchange, will receive a significant capital infusion from the transaction and eliminate the currently exercisable termination rights Ventas has under the existing management contracts, thus enhancing Sunrise's corporate stability and maintaining its preeminent global brand in senior living."

Upon the closing, Ventas will own 100 percent of all 79 of its communities managed by Sunrise.

"Together, we and Sunrise have focused on delivering high-quality care to seniors while optimizing the value of our assets, net operating income and occupancy," Ventas Executive Vice President and Chief Investment Officer Raymond J. Lewis added. "During this time, we have continued to invest capital in our communities to ensure they are truly best in class in the affluent communities where they are located. Additionally, in the third quarter, we have seen occupancy continue to increase and remain above 89 percent in the stabilized portfolio."

Sunrise's Chief Executive Officer Mark S. Ordan commented: "We are pleased that this agreement sets new performance, operating and reporting thresholds that, if met, will enable us to manage these assets for many years, and avoids the previously announced Ventas performance termination rights on a significant number of assets. In addition, selling our joint venture interest to Ventas brings Sunrise additional funds to improve our balance sheet and provides a foundation for careful growth. We have seen clear improvements in performance and we are excited to do all we can to continue this trend."

Ventas expects the transaction to be approximately \$0.10 accretive to its 2011 normalized Funds From Operations (FFO). Completion of the transaction, which is expected to occur in the fourth quarter, is subject to customary terms and conditions, including consent from four property-level mortgage lenders. There can be no assurance that such consents will be received, or that the transaction will close or as to the timing of any such closing.

ABOUT THE PROPERTY INTERESTS TO BE ACQUIRED

Sunrise is currently Ventas's partner in, and the property manager for, these 58 private pay senior living communities. Sunrise's minority interests to be acquired by Ventas represent between 15 percent and 25 percent ownership interests in these communities. Sunrise's proportionate share of annualized net operating income after management fees (NOI) from the 58 communities to be acquired was approximately \$19.5 million during the first half of 2010, and those communities were 88.2 percent occupied during that period. Currently, occupancy in these 58 communities exceeds 89 percent.

ABOUT THE AMENDMENTS TO THE MANAGEMENT AGREEMENTS

Ventas and Sunrise have also agreed to modify the management agreements between the companies for all of the 79 Sunrise-managed senior living communities owned by Ventas, including the 21 communities that are currently wholly owned by Ventas. Upon the closing, Sunrise will continue to manage all 79 Sunrise-branded communities owned by Ventas.

In exchange for Ventas's agreement not to exercise performance-based termination rights during 2010 and 2011, Sunrise and Ventas have agreed to modifications of the management agreements that are favorable to Ventas, which include reduction of the management fee to Sunrise for most of 2010 and all of 2011 to 3.50 percent and 3.75 percent per annum, respectively, after which the annual base management fee will equal 6 percent of revenues (with a range of 5 percent to 7 percent); capping the amount of incentive management fees and allocated "shared services" expenses; enhanced rights and remedies for Ventas in a Sunrise default; and reallocation of the NOI performance thresholds to include a cushion for all 79 properties.

Ventas, Inc., an S&P 500 company, is a leading healthcare real estate investment trust. Its diverse portfolio of nearly 600 assets in 44 states (including the District of Columbia) and two Canadian provinces consists of seniors housing communities, skilled nursing facilities, hospitals, medical office buildings and other properties. Through its Lillibridge subsidiary, Ventas provides management, leasing, marketing, facility development and advisory services to highly rated hospitals and health systems throughout the United States. More information about Ventas and Lillibridge can be found at www.ventasreit.com and www.lillibridge.com.

This press release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements regarding the Company's or its tenants', operators', managers' or borrowers' expected future financial position, results of operations, cash flows, funds from operations, dividends and dividend plans, financing plans, business

strategy, budgets, projected costs, operating metrics, capital expenditures, competitive positions, acquisitions, investment opportunities, merger integration, growth opportunities, dispositions, expected lease income, continued qualification as a real estate investment trust ("REIT"), plans and objectives of management for future operations and statements that include words such as "anticipate," "if," "believe," "plan," "estimate," "expect," "intend," "may," "could," "should," "will" and other similar expressions are forward-looking statements. Such forward-looking statements are inherently uncertain, and security holders must recognize that actual results may differ from the Company's expectations. The Company does not undertake a duty to update such forward-looking statements, which speak only as of the date on which they are made.

The Company's actual future results and trends may differ materially depending on a variety of factors discussed in the Company's filings with the Securities and Exchange Commission. These factors include without limitation: (a) the ability and willingness of the Company's tenants, operators, borrowers, managers and other third parties to meet and/or perform their obligations under their respective contractual arrangements with the Company, including, in some cases, their obligations to indemnify, defend and hold harmless the Company from and against various claims, litigation and liabilities; (b) the ability of the Company's tenants, operators, borrowers and managers to maintain the financial strength and liquidity necessary to satisfy their respective obligations and liabilities to third parties, including without limitation obligations under their existing credit facilities and other indebtedness; (c) the Company's success in implementing its business strategy and the Company's ability to identify, underwrite, finance, consummate and integrate diversifying acquisitions or investments, including those in different asset types and outside the United States; (d) the nature and extent of future competition; (e) the extent of future or pending healthcare reform and regulation, including cost containment measures and changes in reimbursement policies, procedures and rates; (f) increases in the Company's cost of borrowing as a result of changes in interest rates and other factors; (g) the ability of the Company's operators and managers, as applicable, to deliver high quality services, to attract and retain qualified personnel and to attract residents and patients; (h) the results of litigation affecting the Company; (i) changes in general economic conditions and/or economic conditions in the markets in which the Company may, from time to time, compete, and the effect of those changes on the Company's revenues and its ability to access the capital markets or other sources of funds; (j) the Company's ability to pay down, refinance, restructure and/or extend its indebtedness as it becomes due; (k) the Company's ability and willingness to maintain its qualification as a REIT due to economic, market, legal, tax or other considerations; (l) final determination of the Company's taxable net income for the year ended December 31, 2009 and for the year ending December 31, 2010; (m) the ability and willingness of the Company's tenants to renew their leases with the Company upon expiration of the leases and the Company's ability to reposition its properties on the same or better terms in the event such leases expire and are not renewed by the Company's tenants or in the event the Company exercises its right to replace an existing tenant upon default; (n) risks associated with the Company's senior living operating portfolio, such as factors causing volatility in the Company's operating income and earnings generated by its properties, including without limitation national and regional economic conditions, costs of materials, energy, labor and services, employee benefit costs, insurance costs and professional and general liability claims, and the timely delivery of accurate property-level financial results for those properties; (o) the movement of U.S. and Canadian exchange rates; (p) year-over-year changes in the Consumer Price Index and the effect of those changes on the rent escalators, including the rent escalator for Master Lease 2 with Kindred Healthcare, Inc., and the Company's earnings; (q) the Company's ability and the ability of its tenants, operators, borrowers and managers to obtain and maintain adequate liability and other insurance from reputable and financially stable providers; (r) the impact of increased operating costs and uninsured professional liability claims on the liquidity, financial condition and results of operations of the Company's tenants, operators, borrowers and managers, and the ability of the Company's tenants, operators, borrowers and managers to accurately estimate the magnitude of those claims; (s) the ability and willingness of the lenders under the Company's unsecured revolving credit facilities to fund, in whole or in part, borrowing requests made by the Company from time to time; (t) risks associated with the Company's recent acquisition of businesses owned and operated by Lillibridge, including its ability to successfully design, develop and manage MOB's and to retain key personnel; (u) the ability of the hospitals on or near whose campuses the Company's MOB's are located and their affiliated health systems to remain competitive and financially viable and to attract physicians and physician groups; (v) the Company's ability to maintain or expand its relationships with its existing and future hospital and health system clients; (w) risks associated with the Company's investments in joint ventures, including its lack of sole decision-making authority and its reliance on its joint venture partners' financial condition; (x) the impact of market or issuer events on the liquidity or value of the Company's investments in marketable securities; and (y) the impact of any financial, accounting, legal or regulatory issues that may affect the Company or its major tenants, operators or managers. Many of these factors are beyond the control of the Company and its management.

SOURCE: Ventas, Inc.

Ventas, Inc.

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