



## Ventas to Acquire High-Quality Life Science and Medical Real Estate Leased By Leading Universities, Academic Medical Centers and Research Companies for \$1.5 Billion

July 5, 2016

- **Diversifies Portfolio with 4.5 Million Square Feet**
- **Establishes Growth Platform with Wexford Science & Technology, LLC, the Leading University-Focused Developer**
- **Consistent with Ventas's Strategy to Drive Reliable Income and Growth from Institutional Quality Tenants**
- **Transaction Expected to be Accretive in 2017 by \$0.07 to \$0.09 Per Share to Normalized FFO**

CHICAGO--(BUSINESS WIRE)--Jul. 5, 2016-- Ventas, Inc. (NYSE: VTR) ("Ventas" or the "Company") today announced that it has signed a definitive agreement to acquire substantially all of the life science and medical real estate assets of Wexford Science & Technology, LLC ("Wexford") from affiliates of Blackstone Real Estate Partners VIII L.P. for \$1.5 billion in cash. The acquisition will add a related business line to Ventas's diverse portfolio with 25 class-A assets that are leased by leading universities, academic medical centers and research companies, including Yale University, the University of Pennsylvania Health System, Washington University in St. Louis, Wake Forest University and Alexion Pharmaceuticals, Inc. The transaction is subject to the satisfaction of customary closing conditions and expected to close in the fourth quarter of 2016.

"This acquisition and alliance with Wexford are a natural fit for Ventas, and reinforce our position as the premier provider of capital at the intersection of healthcare and real estate. We are excited to add these world class institutions and advantaged real estate to our portfolio," said Ventas Chairman and Chief Executive Officer Debra A. Cafaro. "This transaction also provides Ventas a unique opportunity to capitalize on increasing healthcare-driven research and development spurred and supported by top tier research universities. We believe the growth opportunity is significant, and look forward to working with Wexford to help leading universities, academic medical centers and research companies fulfill their core missions."

The portfolio includes 23 operating properties that contain 4.1 million square feet, are 97 percent leased and derive 73 percent of revenue from excellent credit tenants, including 11 universities with an average credit rating of Aa2, investment grade companies and public companies with an equity market capitalization exceeding \$1 billion. It also includes two development assets encompassing approximately 400,000 square feet, that are nearly 60 percent pre-leased and affiliated with Duke University and Wake Forest University. The Company is also acquiring nine development sites principally contiguous to existing assets.

The total consideration for the transaction is \$1.5 billion plus the assumption of \$33 million of liabilities. The total consideration for the 23 operating properties is \$1.4 billion (representing a 2017 cash yield of 6.8 percent); \$88 million for the two development properties (representing an unlevered projected stabilized yield of approximately 7.5 percent inclusive of post-closing capital funding to complete and lease up the assets to stabilization); and \$50 million for the development sites.

Wexford is the leading real estate development company focused exclusively on partnering with universities, academic medical centers and research companies. As part of the acquisition, Ventas will enter into a long-term management and pipeline agreement with Wexford, whereby Ventas will own the existing real estate portfolio, Ventas will have exclusive rights to jointly develop future projects with Wexford, and Wexford will continue to manage the portfolio. Wexford will be independently owned and operated by its experienced, existing management team.

"Through the acquisition of Wexford's assets, we are adding new high-quality properties with long lease terms and highly rated, institutional quality tenants, driving reliable, growing cash flows for Ventas," said Ventas Executive Vice President, Chief Investment Officer John Cobb. "We are pleased to partner with the outstanding Wexford team. With several projects in the near term pipeline, we look forward to pursuing additional growth opportunities together."

"Universities are reliable, consistent drivers of economic activity, resulting in high, sustainable portfolio occupancies," said Jim Berens, President of Wexford. "We are delighted to have Ventas, the leader in healthcare real estate, as our strategic capital partner to continue growing a portfolio where there is cutting-edge, institutional-quality life science research to meet the needs of a growing and aging population."

### Strategic and Financial Benefits

- **Consistent with Ventas's Strategy of Driving Reliable Income and Growth from a Diversified Portfolio.** The transaction marks Ventas's entry into the attractive university-affiliated life science real estate business. These 100 percent private pay assets will provide Ventas with additional diversification, reliable income and growth. Wexford's assets are affiliated with 11 leading universities that collectively account for 10 percent of U.S. university research and development spending. Pro forma for the Wexford transaction, the acquired assets will generate approximately five percent of Ventas's total net operating income ("NOI"). Upon closing of the transaction, the Wexford portfolio will increase Ventas's NOI contribution from private pay assets to 84 percent.
- **Adds High-quality Properties Generating Growing Cash Flows.** The acquired portfolio of 25 properties includes highly rated tenants and favorable triple-net lease structures with a weighted average lease term of 10 years and two percent annual rent escalators. The two development properties are expected to open in 2017, leading to additional near term growth. 2017 cash NOI is expected to approximate \$94.6 million.
- **Establishes New Platform for Growth.** Similar to what Ventas has successfully achieved with Lillibridge Healthcare Services and Atria Senior Living, this transaction adds the leading real estate development company focused exclusively

on partnering with universities, academic medical centers and research companies as a strategic partner for growth. Ventas will have an exclusive pipeline agreement with Wexford that will provide Ventas with the opportunity to capture real estate demand for the institutional life science and medical market, which is benefitting from the increasing longevity of the aging U.S. population and biopharma drug development growth opportunities. Wexford currently has a significant pipeline of near term, attractive investment opportunities.

- **Accretive Transaction on a Leverage Neutral Basis.** The transaction is expected to be accretive to Ventas's normalized funds from operations ("FFO") in 2017 by \$0.07 to \$0.09 per share on a leverage-neutral basis.
- **Enhanced Sustainability Profile with 15 LEED Properties.** 13 of the operating properties are LEED certified and both of the development properties are expected to be LEED certified, enhancing Ventas's sustainability profile.

#### Advisors

J.P. Morgan Securities LLC is acting as financial advisor to Ventas, and Kirkland & Ellis LLP is acting as its legal counsel in connection with the transaction. Eastdil Secured group of Wells Fargo Securities LLC is acting as financial advisor to Blackstone, and Simpson Thacher & Bartlett LLP is acting as its legal counsel.

#### Additional Materials

A presentation regarding the acquisition of Wexford's university affiliated life science and medical real estate assets and a link to a video property tour can be found on the Company's website under the "Investor Relations" section.

#### About Ventas

Ventas, Inc., an S&P 500 company, is a leading real estate investment trust. Its diverse portfolio of approximately 1,300 assets in the United States, Canada and the United Kingdom consists of seniors housing communities, medical office buildings, skilled nursing facilities, specialty hospitals and general acute care hospitals. 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](http://www.ventasreit.com) and [www.lillibridge.com](http://www.lillibridge.com).

#### About Wexford

Wexford Science & Technology, LLC is a real estate company exclusively focused on partnering with universities, academic medical centers and research companies. Wexford targets strategic opportunities with top-tier research universities that are directly on or contiguous to dense, urban campuses.

*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', borrowers' or managers' expected future financial condition, results of operations, cash flows, funds from operations, dividends and dividend plans, financing opportunities and plans, capital markets transactions, business strategy, budgets, projected costs, operating metrics, capital expenditures, competitive positions, acquisitions, investment opportunities, dispositions, merger or acquisition integration, growth opportunities, 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. These forward-looking statements are inherently uncertain, and actual results may differ from the Company's expectations. The Company does not undertake a duty to update these 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 from expectations 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 satisfy 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 and investments; (d) macroeconomic conditions such as a disruption of or lack of access to the capital markets, changes in the debt rating on U.S. government securities, default or delay in payment by the United States of its obligations, and changes in the federal or state budgets resulting in the reduction or nonpayment of Medicare or Medicaid reimbursement rates; (e) the nature and extent of future competition, including new construction in the markets in which the Company's seniors housing communities and medical office buildings ("MOBs") are located; (f) the extent of future or pending healthcare reform and regulation, including cost containment measures and changes in reimbursement policies, procedures and rates; (g) increases in the Company's borrowing costs as a result of changes in interest rates and other factors; (h) the ability of the Company's tenants, operators and managers, as applicable, to comply with laws, rules and regulations in the operation of the Company's properties, to deliver high-quality services, to attract and retain qualified personnel and to attract residents and patients; (i) changes in general economic conditions 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, earnings and funding sources; (j) the Company's ability to pay down, refinance, restructure or extend its indebtedness as it becomes due; (k) the Company's ability and willingness to maintain its qualification as a REIT in light of economic, market, legal, tax and other considerations; (l) final determination of the Company's taxable net income for the year ended December 31, 2015 and for the year ending December 31, 2016; (m) the ability and willingness of the Company's tenants to renew their leases with the Company upon expiration of the leases, the Company's ability to reposition its properties on the same or better terms in the event of nonrenewal or in the event the Company exercises its right to replace an existing tenant, and obligations, including indemnification obligations, the Company may incur in connection with the replacement of an existing tenant; (n) risks associated with the Company's senior living operating portfolio, such as factors that can cause volatility in the Company's operating income and earnings generated by those properties, including without limitation national and regional economic conditions, costs of food, 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) changes in exchange rates for any foreign currency in which the Company may, from time to time, conduct business; (p) year-over-year changes in the Consumer Price Index or the UK Retail Price Index and the effect of those changes*

*on the rent escalators contained in the Company's leases 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 property, liability and other insurance from reputable, financially stable providers; (r) the impact of increased operating costs and uninsured professional liability claims on the Company's liquidity, financial condition and results of operations or that of the Company's tenants, operators, borrowers and managers, and the ability of the Company and the Company's tenants, operators, borrowers and managers to accurately estimate the magnitude of those claims; (s) risks associated with the Company's MOB portfolio and operations, including the Company's ability to successfully design, develop and manage MOB's and to retain key personnel; (t) 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; (u) risks associated with the Company's investments in joint ventures and unconsolidated entities, including its lack of sole decision-making authority and its reliance on its joint venture partners' financial condition; (v) the impact of market or issuer events on the liquidity or value of the Company's investments in marketable securities; (w) consolidation activity in the seniors housing and healthcare industries resulting in a change of control of, or a competitor's investment in, one or more of the Company's tenants, operators, borrowers or managers or significant changes in the senior management of the Company's tenants, operators, borrowers or managers; (x) the impact of litigation or any financial, accounting, legal or regulatory issues that may affect the Company or its tenants, operators, borrowers or managers; and (y) changes in accounting principles, or their application or interpretation, and the Company's ability to make estimates and the assumptions underlying the estimates, which could have an effect on the Company's earnings.*

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