Ventas Announces Agreements With Kindred Healthcare to Facilitate Kindred's Exit from the Skilled Nursing Segment

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- *Kindred Expected to Purchase 36 Ventas Skilled Nursing Facilities for $700 Million, Representing a 7% Yield on Current Cash Rent*
- *Immediately Extends Long Term Acute Care Hospital Leases to 2025 at Current Rent Level*

CHICAGO--(BUSINESS WIRE)--Nov. 14, 2016-- Ventas, Inc. (NYSE: VTR) ("Ventas" or the "Company") announced today that it has reached mutually beneficial agreements with Kindred Healthcare, Inc. (NYSE: KND) ("Kindred") that further enhance the companies' longstanding relationship and improve both businesses. The agreements:

1. provide that Kindred will either acquire all 36 skilled nursing facilities ("SNFs") owned by Ventas and operated by Kindred for $700 million, a 7% yield on current cash rent, in connection with Kindred's previously announced plan to exit its SNF business, or renew the current lease on all unpurchased SNFs through 2025 at the current rent level; and

2. have extended the lease term to 2025 for all of Ventas's Long Term Acute Care Hospitals (the "LTACHs") operated by Kindred that were scheduled to mature in 2018 and 2020, at the current rent level.

"We are delighted to reach these agreements with Kindred, which enhance our strong relationship and position both companies for success," Ventas Chairman and Chief Executive Officer Debra A. Cafaro said. "With these agreements, we are improving our portfolio and enhancing our ability to deliver reliable growth and income for our shareholders. Upon the expected sale of our 36 skilled nursing facilities, we will further reduce our skilled nursing rent to 1% of our total business, a trend we initiated in 2015 with the spin-off of most of our skilled nursing facilities. The agreements also provide Kindred with strategic flexibility and significant cost savings, as it continues to re-shape its business. These actions differentiate our high-quality portfolio of leading properties and continue our long track record of working cooperatively with our customers on innovative solutions."

EXIT FROM SNF SEGMENT

To facilitate Kindred's exit from its SNF segment, Ventas and Kindred have agreed that Kindred may purchase some or all of the 36 SNFs operated by Kindred for $700 million (or a pro rata portion thereof), representing a 7% yield on current annual cash rent of $49 million, on or prior to October 31, 2018. Any SNFs not so purchased by Kindred by April 30, 2018 will be automatically renewed until 2025 at the current rent level. Kindred has announced that it intends to resell the 36 purchased SNFs as part of its exit from its entire SNF business segment, which it expects to complete by year end 2017.

Pro forma for the expected sale, SNF rent in total will constitute 1% of Ventas's net operating income ("NOI") and total cash rent from Kindred will constitute 7% of Ventas's NOI. Upon the sale of the SNFs, Ventas is expected to record a gain of over $600 million; however, there can be no assurance that the sale of the SNFs will occur or the terms or timing of such sale.

IMMEDIATE LTACH EXTENSION THROUGH 2025

Under the agreements, which evidence Kindred's confidence in its leading LTACH business, Ventas and Kindred have immediately extended leases through 2025 on eight LTACH assets, representing over $39 million in annual cash rent, at the current rent level. These LTACH leases were previously up for renewal in 2018 and 2020. Ventas owns 31 LTACHs operated by Kindred and, prior to these agreements, 23 LTACHs already had lease terms that extended to 2023 and 2025. As a result of this extension, over 75% of the $121 million in annual cash Kindred LTACH rent is fully secured through 2025 and no leases with Kindred mature prior to 2023. Kindred successfully transitioned all of its LTACHs to a new reimbursement regime on September 1, 2016.

Finally, as part of the above agreements: on or before April 30, 2018, all of the Ventas-Kindred assets will be consolidated into a single Master Lease between the companies; upon the sale of the 36 SNFs to Kindred and Ventas's receipt of proceeds totaling $700 million, Kindred will receive greater transactional flexibility under the Master Lease; Kindred will continue to guarantee all rent due to Ventas; and existing lease escalations for all SNFs whose leases are renewed, if any, will be immaterially improved for Ventas and all LTACH lease escalations will remain unchanged.

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, life science and innovation centers, 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.

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 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 MOBs and to retain key personnel; (t) the ability of the hospitals on or near whose campuses the Company's MOBs 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 Company's ability to obtain the financial results expected from its development and redevelopment projects; (w) the impact of market or issuer events on the liquidity or value of the Company's investments in marketable securities; (x) 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; (y) 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 (z) 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.

The Company uses its website (www.ventasreit.com) as a channel of distribution of Company information. The information the Company posts through its website may be deemed material. Accordingly, investors should monitor the Company's website, in addition to following the Company's press releases, Securities and Exchange Commission filings and public conference calls and webcasts.

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