

VENTAS PICKS UP REICHMANN ASSETS

BY CAROLYN MURPHY

M&A Healthcare real estate investment trust **Ventas Inc.** said Friday it would acquire a host of healthcare and senior housing properties from Canada's Reichmann family for nearly \$649 million.

The deal will initially add nearly \$50 million in rent to Louisville, Ky.-based Ventas' annual rental revenue, according to a statement. The REIT expects the deal to be accretive to its normalized funds from operation and close late in the fourth quarter of 2006, subject to closing conditions and regulatory approval.

The assets to change hands include four units—Health Care Group, United Rehab, Elmcroft, and Outlook Pointe—rolled up under one umbrella, **Senior Care Inc.**, to be based in Louisville.

"We are excited to announce this acquisition, which exemplifies the continued execution of our strategic growth and diversification plan," Debra A. Cafaro, Ventas' chairman, president and chief executive, said in the statement.

"In one step, we are adding an important new tenant relationship, acquiring a diverse portfolio of assets

with a large component of private pay revenues, and continuing our commitment to strong internal growth from rental escalations," Cafaro said.

The holdings extend across 16 states and consist of retirement communities, as well as assisted-living, rehabilitation, dementia-care and skilled-nursing facilities. Ventas will lease the 67 properties to Senior Care subsidiaries on a 15-year triple-net basis with two five-year extensions.

Friday's deal means that plans by Toronto's **Reichmann International Development Corp.** to take the bundled assets public on the Toronto Stock Exchange will never reach fruition. Senior Care REIT filed an initial prospectus in April for a public offering, but according to a Dow Jones report Thursday, plans to float the new entity were put on hold once Ventas emerged as a prospective bidder.

The deal will be financed through

a mix of equity—nearly 1.7 million shares valued at \$65 million, issued to the seller—and cash. Senior Care is expected to generate more than \$15 million in Ebitda in 2007, according to its chief executive Pat Mulloy. It will be one of the largest privately held long-term care and seniors housing systems in the U.S., with nearly 6,000 employees, Mulloy added.

Ventas shares opened down 1.3% Friday, at \$39.24 a share, on the New York Stock Exchange, or just off their 52-week high hit Sept. 1 of \$40.06 a share.

Steven Seidman, Steven Klein and Rosalind Fahey Kruse of **Willkie Farr & Gallagher LLP** are legal advisers to Ventas on the deal.

Paul Reichmann and his brothers are a reclusive group of Canadian developers whose former company, Olympia & York, developed the Canary Wharf project in London in the late 1980s, before it went into receivership. ■



Cafaro



AS FEATURED IN

The Daily Deal

WWW.THEDEAL.COM

The Daily Deal (ISSN1545-830X) is published Monday through Friday by The Deal, LLC. © 2006 The Deal, LLC. The Copyright Act of 1976 prohibits the reproduction by photocopy machine or any other means of any portion of this publication except with the permission of the publisher. The Daily Deal is a trademark of The Deal, LLC.