

*S&PBulletin: Pos Ventas Outlook Unaffected By Proposed Acq
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NEW YORK (Standard & Poor's) Jan. 19, 2007--Standard & Poor's Ratings Services today said that its positive outlook on Ventas Inc. (BB+/Positive/--) is currently not affected by the company's agreement to acquire Sunrise Senior Living REIT (Sunrise REIT), a Canadian real estate investment trust. Ventas is paying US\$1.8 billion, including the assumption of US\$700 million of debt, which represents a full price based on the 35.7% premium over the stock price at the close of Jan. 12, 2007, and 6.2% "going in" yield. The high quality of the facilities in Sunrise REIT's portfolio is mitigated by the leveraged nature of the acquisition. Ventas will be acquiring 74 high-quality, well-located private-pay assisted living facilities (6,000 units at \$300,000 per unit) in 17 U.S. states (63 facilities) and two provinces in Canada (11 facilities). The resulting company will comprise more than 525 facilities in 43 states and two Canadian provinces with a real estate base of about US\$5.5 billion. The acquisition would advance two of Ventas' core strategic goals: increase exposure to private-pay facilities (pro forma 67% of total run rate revenues) and reduce revenue concentration with respect to tenant Kindred Healthcare (pro forma 30%). Sunrise Senior Living Inc. (BB-/Stable/--), the operator/manager of the Sunrise REIT facilities, will become the largest tenant at roughly 41%. Ventas has obtained bridge financing to fund the \$1.1 billion required to "take out" unitholders and repay some debt. As currently proposed, the bridge financing and the assumption of secured debt increases overall debt and encumbrance levels, and will initially weigh on debt service coverage (DSC). If Ventas terms out a meaningful portion of the bridge financing with proceeds from an equity raise and/or asset sales and the integration proceeds smoothly, we will maintain our positive outlook. The rating could be raised one notch if DSC returns to the mid-2x range. Otherwise, we will revise our outlook back to stable. The transaction is expected to close in the second quarter of 2007, barring a competing bid. It is however, subject to customary closing conditions, including Sunrise REIT unitholder approval.

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