



Moody's Investors Service

Rating Action: Moody's upgrades Ventas' senior unsecured rating to Baa3; outlook is stable

Global Credit Research - 04 Feb 2010

Approximately \$1.1 billion in securities affected.

New York, February 04, 2010 -- Moody's Investors Service upgraded the rating of Ventas' senior unsecured debt to Baa3 from Ba1. The ratings outlook is stable.

The upgrade reflects the strength in the REITs balance sheet after significant de-leveraging activity in 2009. By 3Q09, net debt to EBITDA was 4.3X vs. 5.1X in 3Q08. Moody's expects this metric to remain under 5.0X, even as Ventas grows its portfolio. The upgrade also reflects the REIT's sound liquidity management through the credit crisis, strong fixed charge coverages (2.9X at 3Q09), and high quality property portfolio. Moody's also notes that Ventas has managed its senior living operating assets well as evidenced by its recent increase in earnings guidance for the fourth quarter.

Ventas's credit profile continues to be challenged by its operator and tenant concentration. The REIT's top three operators by NOI contribute 77% of total NOI and its top two tenants contribute 59%. Moody's expects these concentrations to decrease, but acknowledges this will take time. Ventas also employs higher secured debt levels than its investment grade rated peers. The rating upgrade also reflects Moody's expectation that secured debt as a percentage of gross assets will decrease closer to 15% over the near-term. Given Ventas' material operator and tenant concentrations, the REIT's credit metrics need to remain more conservative than its more diversified peers in order to maintain the same ratings.

The stable outlook reflects Moody's expectation that Ventas will maintain adequate liquidity, reduced secured debt levels and maintain net debt to EBITDA below 5.0X, even as the REIT resumes growth. Moody's also expects the REIT to continue to advance the diversity of its healthcare property portfolio by sub-type and tenant/operator base.

Moody's indicated that upward rating's movement would be predicated

upon a reduction in its top two tenant exposure closer to 25% of NOI, secured debt closer to 10% of gross assets, and net debt to EBITDA below 4.5X on a consistent basis. The rating agency also indicated that downward rating's movement could result if Ventas were to employ a more aggressive capital strategy, demonstrated by a rise in net debt to EBITDA beyond 5.0X and secured debt beyond existing levels which would most likely be driven by a large, leveraged strategic acquisition. In addition, any material operating weakness in either of its top two tenants could also pressure the ratings.

The following ratings were upgraded with a stable outlook:

Ventas Realty Limited Partnership -- Senior debt to Baa3, from Ba1; senior debt shelf to (P)Baa3, from (P)Ba1; subordinated debt shelf to (P)Ba1, from (P)Ba2

Ventas, Inc. -- Senior guaranteed debt to Baa3, from Ba1; senior debt shelf to (P)Ba1, from (P)Ba2; subordinated debt shelf to (P)Ba2, from (P)Ba3

Ventas Capital Corporation -- senior debt shelf to (P)Baa3, from (P)Ba1; subordinated debt shelf to (P)Ba1, from (P)Ba2

The following ratings were affirmed with a stable outlook:

Ventas, Inc. -- Preferred stock shelf at (P)Ba3

The last rating action with respect to Ventas Inc was on September 24, 2007 when Moody's upgraded the ratings to Ba1 (senior unsecured debt) from Ba2. The outlook was stable.

Ventas, Inc. [NYSE: VTR] is a health care real estate investment trust that owns 243 senior housing facilities, 187 skilled nursing facilities, 40 hospitals and 31 medical office and other properties in 43 states and two Canadian provinces. At September 30, 2009, Ventas had \$5.6 billion in book assets.

The principal methodology used in rating Ventas Inc. was the Rating Methodology for REITs and Other Commercial Property Firms, published in January 2006 and available on www.moodys.com in the Rating Methodologies sub-directory under the Research & Ratings tab. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found in the Rating Methodologies sub-directory on Moody's web site.

New York
Karen Nickerson
VP - Senior Credit Officer
Commerical Real Estate Finance
Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

New York
Jane Cotroneo
Analyst
Commercial Real Estate Finance
Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653



Moody's Investors Service

CREDIT RATINGS ARE MIS'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MIS DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. CREDIT RATINGS DO NOT CONSTITUTE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS ARE NOT RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. CREDIT RATINGS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MIS ISSUES ITS CREDIT RATINGS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

© Copyright 2010, Moody's Investors Service, Inc. and/or its licensors including Moody's Assurance Company, Inc. (together, "MOODY'S"). All rights reserved.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY COPYRIGHT LAW

AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, such information is provided "as is" without warranty of any kind and MOODY'S, in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such information. Under no circumstances shall MOODY'S have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MOODY'S or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if MOODY'S is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The credit ratings and financial reporting analysis observations, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER. Each rating or other opinion must be weighed solely as one factor in any investment decision made by or on behalf of any user of the information contained herein, and each such user must accordingly make its own study and evaluation of each security and of each issuer and guarantor of, and each provider of credit support for, each security that it may consider purchasing, holding or selling.

MOODY'S hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MOODY'S have, prior to assignment of any rating, agreed to pay to MOODY'S for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,400,000. Moody's Corporation (MCO) and its wholly-owned credit rating agency subsidiary, Moody's Investors Service (MIS), also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually on Moody's website at www.moodys.com under the heading "Shareholder

Relations - Corporate Governance - Director and Shareholder Affiliation Policy."