

Sunrise Senior Living, Inc.

Audit Committee Charter

Effective, as amended, March 16, 2008

Purpose

The purpose of the audit committee is to:

1. Assist the board of directors in its oversight of (a) the integrity of the company's financial statements, (b) the company's compliance with legal and regulatory requirements, (c) the independent auditor's qualifications and independence and (d) the performance of the company's internal audit function and independent auditor; and
2. Prepare an audit committee report as required by the proxy rules of the Securities and Exchange Commission (the "SEC") to be included in the company's annual proxy statement.

Composition and Expertise

The audit committee shall consist of not less than three directors. All members of the audit committee shall meet the independence requirements of the New York Stock Exchange ("NYSE") and the rules of the SEC. Each member of the audit committee shall be financially literate, as such qualification is interpreted by the company's board of directors in its business judgment, or must become financially literate within a reasonable period of time after his or her appointment to the audit committee. In addition, at least one member of the audit committee shall be an "audit committee financial expert" as that term is defined in Item 407(d)(5) of Regulation S-K. The board intends to add additional independent directors who qualify as "audit committee financial experts" and the board intends to have a majority of the audit committee members qualify as "audit committee financial experts". In addition, as required by NYSE rules, if any member serves simultaneously on the audit committees of more than two other public companies (in addition to the company), then the board of directors must determine that such simultaneous service would not impair the committee member's ability to effectively serve on the company's audit committee and this determination shall be disclosed in the company's annual proxy statement, or if the company does not file an annual proxy statement, in the company's annual report on Form 10-K filed with the SEC.

The members of the audit committee shall be appointed by the board of directors on the recommendation of the nominating committee at the annual organizational meeting of the board or at such other times as the board deems appropriate and shall serve until their successors shall have been duly elected and qualified or until their earlier resignation or removal. Audit committee members may be removed and replaced by the board of directors. Unless the board of directors designates a chair, the members of the audit committee may elect a chair by majority vote. Membership on the audit committee shall

be subject to the committee member rotation policy set forth in the Company's Corporate Governance Guidelines.

Responsibilities

In meeting its responsibilities, the audit committee is expected to:

Oversight of Financial Disclosure Matters

1. Review drafts of the company's earnings releases provided by the company's disclosure committee, as well as financial information and earnings guidance provided to analysts and rating agencies.
2. Meet quarterly in separate executive sessions with the chief executive officer, the chief operating officer, the chief financial officer, the chief audit executive, the general counsel, the independent auditor and with any other members of management as the audit committee deems appropriate.
3. Meet to review and discuss the company's annual audited financial statements and quarterly financial statements with management and the independent auditor, including reviewing the company's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations." Determine whether to recommend to the board of directors that the annual audited financial statements be included in the company's annual report on Form 10-K.
4. Discuss with the independent auditor any matters required under Statement on Auditing Standards No. 100, Interim Financial Information, as modified or supplemented, to be communicated by the independent auditor to the audit committee or its chair in connection with the independent auditor's review required under Rule 10-01(d) of Regulation S-X, or any successor rule, of the interim financial statements of the company to be included in the company's quarterly reports on Form 10-Q. The chair may represent the entire audit committee, either in person or by telephone conference call, for purposes of the discussion regarding the independent auditor's SAS No. 100 review contemplated in this paragraph.
5. Discuss policies with respect to risk assessment and risk management, including discussion of the company's major financial risk exposures and the steps management has taken to monitor and control such exposures and discuss the company's guidelines and processes for risk assessment and risk management.
6. Review: (a) major issues regarding accounting principles and financial statement presentations, including any significant changes in the company's selection or application of accounting principles, and major issues as to the adequacy of the company's internal controls and any special audit steps adopted in light of material control deficiencies, (b) analyses prepared by management and/or the

independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative generally accepted accounting principles (“GAAP”) methods on the financial statements, (c) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the company, and (d) consistent with the requirements of paragraph 1 above, the type and presentation of information to be included in earnings press releases (paying particular attention to the use of “pro forma,” or “adjusted” non-GAAP, information), as well as review any financial information and earnings guidance provided to analysts and rating agencies.

7. Receive from each registered public accounting firm that performs for the company any audit required under the securities laws their report required by Rule 2-07(a) of Regulation S-X, or any successor rule.
8. Prepare the audit committee report required by the rules of the SEC to be included in the company’s annual proxy statement.

Oversight of the Relationship with the Independent Auditor

9. Directly appoint, compensate, retain and oversee the work of any registered public accounting firm engaged (including resolutions of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the company, and each such registered public accounting firm shall report directly to the audit committee.
10. Before the independent auditor is engaged by the company or its subsidiaries, pre-approve all audit services and all non-audit services permitted to be performed by the independent auditor under Rule 2-01(c)(7) of Regulation S-X, or any successor rule, or establish procedures for the engagement of the independent auditor to provide audit and permitted non-audit services. The audit committee may delegate to one or more of its members the authority to grant pre-approvals of audit and permitted non-audit services. The decisions of any committee member to whom pre-approval authority is delegated must be presented to the full audit committee at its next scheduled meeting.
11. Meet with the independent auditor prior to the audit to review the planning and staffing of the audit.
12. Discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61, as modified or supplemented, relating to the conduct of the audit.

13. Review with the independent auditor any audit problems or difficulties, including any restrictions on the scope of the independent auditor's activities or on access to requested information, and management's response.
14. At least annually, obtain and review a report by the independent auditor describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (to assess the auditor's independence) all relationships between the independent auditor and the company.
15. Set clear hiring policies for employees or former employees of the independent auditor.
16. Review with both the independent auditor and management the adequacy and effectiveness of the Company's disclosure controls and internal controls over financial reporting, including management's assessment and the independent auditors' assessment of such controls. Review with management their procedures to address the internal control weaknesses identified.

Oversight of the Internal Audit Function

17. Review and approve the appointment and/or replacement of the chief audit executive who shall have a direct reporting line to the audit committee to communicate any findings or concerns resulting from the activities of the internal audit department.
18. Review and approve the internal audit department's annual work plan. In conjunction with such review and approval, discuss with the independent auditor the responsibilities, budget and staffing of the company's internal audit function. During the year, review and discuss with the chief audit executive the scope, progress and results of executing the annual plan.
19. Review and approve at least annually the internal audit charter.
20. Review all audit reports prepared by the internal audit department and management's responses.
21. The chair of the audit committee shall meet with the appropriate management personnel to discuss the annual performance, goals and compensation of the chief audit executive.

Other Governance and Oversight Responsibilities

22. Oversee the establishment and implementation of a disclosure committee and related disclosure policies and procedures, and at least annually, review and reassess the disclosure committee's charter and recommend any proposed changes to the board of directors for consideration and approval.
23. Obtain and review reports from management, the chief audit executive, the general counsel and the independent auditor regarding the company's policies and procedures regarding compliance with applicable laws and regulations for purposes of performing its obligations under this charter. The audit committee shall report regularly to the governance and compliance committee of the board of directors on any compliance or other matters that the audit committee believes should be brought to the attention of the governance and compliance committee.
24. Review with counsel legal matters that are brought to the audit committee's attention and that may have a material impact on the company's financial statements and material reports. The audit committee shall report to the governance and compliance committee of the board of directors on any legal matters that the audit committee believes should be brought to the attention of the governance and compliance committee.
25. Review annually the operating budget of the company (including, in particular, adequacy of targeted G+A rates to capture all expected costs) and monitor corporate performance against management's strategic and business plans, including overseeing the operating results on a regular basis for purposes of evaluating management of the business.
26. Oversee implementation of procedures regarding approval of executive expenses, and review monthly expense reports submitted by the chief executive officer.
27. Make regular reports to the board.
28. Review annually the performance of the audit committee.
29. Review and reassess the adequacy of the committee's charter annually and recommend any proposed changes to the board of directors for approval.
30. Establish procedures for the receipt, retention and treatment of complaints from company employees on accounting, internal accounting controls or auditing matters, as well as for confidential, anonymous submissions by company employees of concerns regarding questionable accounting or auditing matters.
31. The chair of the audit committee shall coordinate with the chair of the governance and compliance committee on matters for which aspects of oversight are provided to both committees.

Powers

The audit committee shall have the power to conduct or authorize investigations into any matters within the committee's scope of responsibilities. The audit committee shall be empowered to obtain advice and assistance from outside legal, accounting or other advisors as the audit committee deems necessary to carry out its duties. The audit committee shall receive appropriate funding, as determined by the audit committee, from the company for the payment of compensation to the outside legal, accounting or other advisors employed by the audit committee and the payment of ordinary administrative expenses of the audit committee that are necessary or appropriate in carrying out its duties. The audit committee is empowered to retain and compensate these advisors without seeking board approval. The committee may ask members of management or others to attend its meeting and provide pertinent information as necessary.

While the audit committee has the responsibilities and powers set forth in this charter, it is not the duty of the audit committee to plan or conduct audits or to determine that the company's financial statements are complete and accurate and are in accordance with GAAP. This is the responsibility of management and the independent auditor. Nor is it the duty of the audit committee to conduct investigations or to assure compliance with laws and regulations.

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