VENTAS INC
Form 10-Q
July 27, 2018

false--12-31Q220180000740260Large Accelerated FilerVENTAS
INC3.1151.580.250.2560000000006000000003561870003564120000.02550.031250.03850.040.041250.05450.0570.040.04125
0000740260 2018-01-01 2018-06-30 0000740260 2018-07-24 0000740260 2018-06-30 0000740260 2017-12-31
0000740260 2018-04-01 2018-06-30 0000740260 2017-04-01 2017-06-30 0000740260 2017-01-01 2017-06-30
0000740260 us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-01-01 2018-06-30 0000740260
us-gaap:RetainedEarningsMember 2017-01-01 2017-12-31 0000740260 us-gaap:CommonStockMember 2017-01-01
2017-12-31 0000740260 us-gaap:RetainedEarningsMember 2018-01-01 2018-06-30 0000740260
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2017-12-31 0000740260 us-gaap:ParentMember
2018-01-01 2018-06-30 0000740260 us-gaap:TreasuryStockMember 2017-01-01 2017-12-31 0000740260
us-gaap:AdditionalPaidInCapitalMember 2017-01-01 2017-12-31 0000740260
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2017-01-01 2017-12-31 0000740260
us-gaap:CommonStockMember 2016-12-31 0000740260 us-gaap:TreasuryStockMember 2018-01-01 2018-06-30
0000740260 us-gaap:NoncontrollingInterestMember 2018-06-30 0000740260 us-gaap:RetainedEarningsMember
2016-12-31 0000740260 us-gaap:AdditionalPaidInCapitalMember 2018-01-01 2018-06-30 0000740260
us-gaap:AdditionalPaidInCapitalMember 2017-12-31 0000740260 us-gaap:ParentMember 2017-01-01 2017-12-31
0000740260 us-gaap:NoncontrollingInterestMember 2017-01-01 2017-12-31 0000740260 2017-01-01 2017-12-31
0000740260 us-gaap:AdditionalPaidInCapitalMember 2016-12-31 0000740260
us-gaap:NoncontrollingInterestMember 2018-01-01 2018-06-30 0000740260 2016-12-31 0000740260
us-gaap:TreasuryStockMember 2018-06-30 0000740260 us-gaap:CommonStockMember 2018-01-01 2018-06-30
0000740260 us-gaap:TreasuryStockMember 2017-12-31 0000740260 us-gaap:ParentMember 2016-12-31
0000740260 us-gaap:NoncontrollingInterestMember 2017-12-31 0000740260 us-gaap:CommonStockMember
2017-12-31 0000740260 us-gaap:RetainedEarningsMember 2017-12-31 0000740260
us-gaap:RetainedEarningsMember 2018-06-30 0000740260
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2016-12-31 0000740260 us-gaap:ParentMember
2017-12-31 0000740260 us-gaap:CommonStockMember 2018-06-30 0000740260
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-06-30 0000740260 us-gaap:TreasuryStockMember
2016-12-31 0000740260 us-gaap:ParentMember 2018-06-30 0000740260 us-gaap:AdditionalPaidInCapitalMember
2018-06-30 0000740260 us-gaap:NoncontrollingInterestMember 2016-12-31 0000740260 2017-06-30 0000740260
vtr:BrookdaleSeniorLivingMember 2018-06-30 0000740260 vtr:KindredMember 2018-06-30 0000740260
vtr:ArdentMember 2018-06-30 0000740260 vtr:DevelopmentProjectsMember 2018-06-30 0000740260
vtr:DevelopmentProjectsMember 2018-01-01 2018-06-30 0000740260 vtr:SeniorHousingCommunitiesMember
2018-06-30 0000740260 vtr:NhppmblpMember
us-gaap:VariableInterestEntityPrimaryBeneficiaryAggregatedDisclosureMember 2017-12-31 0000740260
vtr:OtherIdentifiedVIEsMember us-gaap:VariableInterestEntityPrimaryBeneficiaryAggregatedDisclosureMember
2017-12-31 0000740260 vtr:TaxCreditVIEsMember
us-gaap:VariableInterestEntityPrimaryBeneficiaryAggregatedDisclosureMember 2017-12-31 0000740260
vtr:OtherIdentifiedVIEsMember us-gaap:VariableInterestEntityPrimaryBeneficiaryAggregatedDisclosureMember
2018-06-30 0000740260 vtr:NhppmblpMember
us-gaap:VariableInterestEntityPrimaryBeneficiaryAggregatedDisclosureMember 2018-06-30 0000740260
vtr:TaxCreditVIEsMember us-gaap:VariableInterestEntityPrimaryBeneficiaryAggregatedDisclosureMember
2018-06-30 0000740260 us-gaap:AccountingStandardsUpdate201606Member 2018-01-01 0000740260
vtr:ASU201705Member 2018-01-01 0000740260 vtr:NhppmblpMember us-gaap:CapitalUnitClassAMember
us-gaap:LimitedPartnerMember 2018-01-01 2018-06-30 0000740260 vtr:NhppmblpMember
us-gaap:CapitalUnitClassBMember us-gaap:GeneralPartnerMember 2018-06-30 0000740260
vtr:Realestatepropertiesthatqualifyforcertaintaxcreditsbember 2018-06-30 0000740260 vtr:NhppmblpMember
2018-06-30 0000740260 vtr:NhppmblpMember us-gaap:CapitalUnitClassBMember us-gaap:GeneralPartnerMember
2018-01-01 2018-06-30 0000740260 vtr:NhppmblpMember us-gaap:CapitalUnitClassAMember
us-gaap:LimitedPartnerMember 2018-06-30 0000740260 vtr:EclipseSeniorLivingMember 2018-01-01 2018-01-31

0000740260 vtr:EclipseSeniorLivingMember 2018-06-30 0000740260 vtr:AtriaandSunriseMember vtr:SeniorHousingCommunitiesMember 2018-06-30 0000740260 vtr:AtriaMember 2018-06-30 0000740260 vtr:BrookdaleSeniorLivingMember 2018-04-01 2018-04-30 0000740260 vtr:ElmcroftSeniorLivingMember 2018-01-31 0000740260 vtr:RealEstatePropertiesTotalGrossBookValueMember us-gaap:CustomerConcentrationRiskMember vtr:HospitalsMedicalOfficeBuildingAndOtherMember 2018-01-01 2018-06-30 0000740260 vtr:KindredMember us-gaap:SubsequentEventMember 2018-07-01 2018-07-27 0000740260 vtr:BrookdaleSeniorLivingMember 2018-04-01 2018-06-30 0000740260 vtr:BrookdaleSeniorLivingMember 2018-06-30 0000740260 vtr:RealEstatePropertiesTotalGrossBookValueMember us-gaap:CustomerConcentrationRiskMember vtr:KindredMember 2018-01-01 2018-06-30 0000740260 vtr:RealEstatePropertiesTotalGrossBookValueMember us-gaap:CustomerConcentrationRiskMember vtr:SeniorsHousingCommunitiesMember vtr:TripleNetLeasedPropertiesMember 2018-01-01 2018-06-30 0000740260 vtr:RealEstatePropertiesTotalGrossBookValueMember us-gaap:CustomerConcentrationRiskMember vtr:SunriseMember 2018-01-01 2018-06-30 0000740260 vtr:RealEstatePropertiesTotalGrossBookValueMember us-gaap:CustomerConcentrationRiskMember vtr:BrookdaleSeniorLivingMember 2018-01-01 2018-06-30 0000740260 us-gaap:CustomerConcentrationRiskMember 2018-06-30 0000740260 vtr:EclipseSeniorLivingMember 2018-01-01 2018-06-30 0000740260 vtr:KindredMember vtr:SkilledNursingFacilitiesMember 2017-04-01 2017-06-30 0000740260 us-gaap:CustomerConcentrationRiskMember 2018-01-01 2018-06-30 0000740260 vtr:RealEstatePropertiesTotalGrossBookValueMember us-gaap:CustomerConcentrationRiskMember vtr:AtriaMember 2018-01-01 2018-06-30 0000740260 vtr:BrookdaleSeniorLivingMember 2018-04-30 0000740260 vtr:RealEstatePropertiesTotalGrossBookValueMember us-gaap:CustomerConcentrationRiskMember vtr:SeniorLivingOperationsMember 2018-01-01 2018-06-30 0000740260 vtr:RealEstatePropertiesTotalGrossBookValueMember us-gaap:CustomerConcentrationRiskMember vtr:ArdentMember 2018-01-01 2018-06-30 0000740260 vtr:NetOperatingIncomeMember us-gaap:RevenueFromRightsConcentrationRiskMember vtr:KindredMember 2017-04-01 2017-06-30 0000740260 vtr:RevenuesMember us-gaap:RevenueFromRightsConcentrationRiskMember vtr:KindredMember 2018-04-01 2018-06-30 0000740260 vtr:RevenuesMember us-gaap:RevenueFromRightsConcentrationRiskMember vtr:ArdentMember 2018-04-01 2018-06-30 0000740260 vtr:NetOperatingIncomeMember us-gaap:RevenueFromRightsConcentrationRiskMember vtr:ArdentMember 2017-04-01 2017-06-30 0000740260 vtr:NetOperatingIncomeMember us-gaap:RevenueFromRightsConcentrationRiskMember vtr:ArdentMember 2018-04-01 2018-06-30 0000740260 vtr:NetOperatingIncomeMember us-gaap:RevenueFromRightsConcentrationRiskMember vtr:BrookdaleSeniorLivingMember 2017-04-01 2017-06-30 0000740260 vtr:RevenuesMember us-gaap:RevenueFromRightsConcentrationRiskMember vtr:ArdentMember 2017-04-01 2017-06-30 0000740260 vtr:RevenuesMember us-gaap:RevenueFromRightsConcentrationRiskMember vtr:KindredMember 2017-04-01 2017-06-30 0000740260 vtr:RevenuesMember us-gaap:RevenueFromRightsConcentrationRiskMember vtr:BrookdaleSeniorLivingMember 2017-04-01 2017-06-30 0000740260 vtr:RevenuesMember us-gaap:RevenueFromRightsConcentrationRiskMember vtr:BrookdaleSeniorLivingMember 2018-04-01 2018-06-30 0000740260 vtr:NetOperatingIncomeMember us-gaap:RevenueFromRightsConcentrationRiskMember vtr:KindredMember 2018-04-01 2018-06-30 0000740260 vtr:NetOperatingIncomeMember us-gaap:RevenueFromRightsConcentrationRiskMember vtr:BrookdaleSeniorLivingMember 2018-04-01 2018-06-30 0000740260 vtr:SeniorLivingOperationsMember 2018-06-30 0000740260 vtr:SeniorLivingOperationsMember 2017-12-31 0000740260 vtr:OfficeoperationsMember 2017-12-31 0000740260 vtr:OfficeoperationsMember 2018-06-30 0000740260 vtr:SeniorLivingOperationsMember 2018-01-01 2018-06-30 0000740260 vtr:MedicalOfficeBuildingsMember 2018-06-30 0000740260 vtr:TripleNetLeasedPropertiesMember 2018-01-01 2018-06-30 0000740260 vtr:MedicalOfficeBuildingsMember 2018-01-01 2018-06-30 0000740260 us-gaap:MortgageBackedSecuritiesIssuedByUSGovernmentSponsoredEnterprisesMember 2018-06-30 0000740260 vtr:NonMortgageLoanReceivableMember 2017-12-31 0000740260 vtr:NonMortgageLoanReceivableMember 2018-06-30 0000740260 vtr:SecuredMortgageLoansAndOtherMember 2018-06-30 0000740260 us-gaap:DebtSecuritiesMember 2018-06-30 0000740260 vtr:SecuredMortgageLoansAndOtherMember 2017-12-31 0000740260 us-gaap:MortgageBackedSecuritiesIssuedByUSGovernmentSponsoredEnterprisesMember 2017-12-31 0000740260 us-gaap:RevolvingCreditFacilityMember vtr:ArdentMember 2018-06-01 2018-06-30 0000740260 vtr:ArdentMedicalServicesIncMember 2018-06-30 0000740260 vtr:FullrepaymentsonloansreceivableMember vtr:ArdentMember 2018-06-01 2018-06-30 0000740260 vtr:ArdentsubsidiaryMember 2018-06-30 0000740260 vtr:ArdentMember 2018-06-01 2018-06-30 0000740260 us-gaap:MortgageReceivablesMember vtr:ArdentMember 2018-06-01 2018-06-30 0000740260 vtr:FullrepaymentsonloansreceivableMember 2018-01-01 2018-06-30 0000740260 vtr:RealEstateJointVenturesMember us-gaap:ScenarioForecastMember us-gaap:SubsequentEventMember 2018-07-01 2018-07-27 0000740260 vtr:RealEstateJointVenturesMember 2018-03-31 0000740260 2018-03-01 2018-03-31 0000740260 vtr:RealEstateJointVenturesMember us-gaap:SubsequentEventMember 2018-07-27 0000740260 vtr:RealEstateJointVenturesMember 2018-06-30 0000740260 vtr:RealEstateJointVenturesMember us-gaap:SubsequentEventMember 2018-07-01 2018-07-27 0000740260 us-gaap:OtherIntangibleAssetsMember 2017-12-31 0000740260 us-gaap:OtherIntangibleAssetsMember 2018-06-30 0000740260 us-gaap:AboveMarketLeasesMember 2018-06-30 0000740260 us-gaap:OtherIntangibleAssetsMember 2017-01-01 2017-12-31 0000740260 us-gaap:AboveMarketLeasesMember 2018-01-01 2018-06-30 0000740260 vtr:LeasesAcquiredInPlaceAndOtherLeaseIntangiblesMember 2018-01-01 2018-06-30 0000740260 us-gaap:OtherIntangibleAssetsMember 2018-01-01 2018-06-30 0000740260 vtr:LeasesAcquiredInPlaceAndOtherLeaseIntangiblesMember 2017-01-01 2017-12-31 0000740260 us-gaap:AboveMarketLeasesMember 2017-01-01 2017-12-31 0000740260 vtr:LeasesAcquiredInPlaceAndOtherLeaseIntangiblesMember 2018-06-30 0000740260 vtr:LeasesAcquiredInPlaceAndOtherLeaseIntangiblesMember 2017-12-31 0000740260 us-gaap:AboveMarketLeasesMember 2017-12-31 0000740260 us-gaap:DebtSecuritiesMember 2017-12-31 0000740260 vtr:SeniorNotesandMortgagesMember 2018-06-30 0000740260 vtr:DebtInstrumentPeriodicPaymentMortgagesMember 2018-06-30 0000740260 us-gaap:LineOfCreditMember 2018-06-30 0000740260 vtr:FourPointThreeSevenFivePercentSeniorNotesDue2045Member 2018-06-30 0000740260 vtr:A4.00SeniorNotesdue2028Member 2018-06-30 0000740260 vtr:A4.125SeniorNotesSeriesBdue2024Member 2018-06-30 0000740260 vtr:A2.55SeniorNotesSeriesDdue2023Member 2018-06-30 0000740260 vtr:ThreePointSevenFiveZeroPercentSeniorNotesDue2024Member 2017-12-31 0000740260 vtr:ThreePointOneSeniorNotesDue2023Member 2017-12-31 0000740260 vtr:ThreePointSevenFiveZeroPercentSeniorNotesDue2024Member 2018-06-30 0000740260 vtr:FourPointOneTwoFiveSeniorNotesDue2026Member 2018-06-30 0000740260 vtr:FourPercentSeniorNotesDue2019Member 2018-06-30 0000740260 vtr:A3.125SeniorNotesMember 2018-06-30 0000740260 vtr:SeniorNotesDue2026ThreePointTwoFivePercentMember 2017-12-31 0000740260 vtr:SixPointFiveNinePercentSeniorNotesDue2038Member 2017-12-31 0000740260 vtr:FourPointSevenFiveZeroPercentSeniorNotesDue2021Member 2017-12-31 0000740260 vtr:ThreePercentSeniorNotesSeriesADue2019Member 2018-06-30 0000740260 vtr:SecuredRevolvingConstructionCreditFacilityMember 2018-06-30 0000740260 vtr:A4.00SeniorNotesdue2028Member 2017-12-31 0000740260 vtr:A4.125SeniorNotesSeriesBdue2024Member 2017-12-31 0000740260 vtr:FourPointTwoFivePercentSeniorNotesDue2022Member 2018-06-30 0000740260 vtr:TwoPercentSeniorNotesDue2018Member 2017-12-31 0000740260 vtr:FivePointSevenZeroPercentSeniorNotesDue2043Member 2017-12-31 0000740260 vtr:A3.850SeniorNotesDue2037Member 2017-12-31 0000740260 vtr:FivePointFourFivePercentSeniorNotesDue2043Member 2018-06-30 0000740260 vtr:SixPointFiveNinePercentSeniorNotesDue2038Member 2018-06-30 0000740260 vtr:SixPointNineZeroPercentSeniorNotesDue2037Member 2017-12-31 0000740260 vtr:TwoPointSevenPercentSeniorNotesDue2020Member 2017-12-31 0000740260 vtr:ThreePercentSeniorNotesSeriesADue2019Member 2017-12-31 0000740260 vtr:FourPercentSeniorNotesDue2019Member 2017-12-31 0000740260 vtr:A3.125SeniorNotesMember 2017-12-31 0000740260 vtr:ThreePointTwoFivePercentSeniorNotesDue2022Member 2017-12-31 0000740260 vtr:FourPointThreeSevenFivePercentSeniorNotesDue2045Member 2017-12-31 0000740260 vtr:SixPointNineZeroPercentSeniorNotesDue2037Member 2018-06-30 0000740260 us-gaap:MortgagesMember 2018-06-30 0000740260 vtr:SeniorNotesDue2026ThreePointTwoFivePercentMember 2018-06-30 0000740260 vtr:A3.850SeniorNotesDue2037Member 2018-06-30 0000740260 vtr:ThreePointFiveZeroZeroSeniorNotesDue2025Member 2017-12-31 0000740260

vtr:SecuredRevolvingConstructionCreditFacilityMember 2017-12-31 0000740260
vtr:ThreePointThreeZeroZeroSeniorNotes2022Member 2017-12-31 0000740260
vtr:ThreePointTwoFivePercentSeniorNotesDue2022Member 2018-06-30 0000740260
vtr:TwoPointSevenPercentSeniorNotesDue2020Member 2018-06-30 0000740260
vtr:TwoPercentSeniorNotesDue2018Member 2018-06-30 0000740260
vtr:FourPointTwoFivePercentSeniorNotesDue2022Member 2017-12-31 0000740260
vtr:FourPointSevenFiveZeroPercentSeniorNotesDue2021Member 2018-06-30 0000740260
vtr:UnsecuredTermLoanDue2020Member 2018-06-30 0000740260
vtr:FourPointOneTwoFiveSeniorNotesDue2026Member 2017-12-31 0000740260
vtr:FivePointSevenZeroPercentSeniorNotesDue2043Member 2018-06-30 0000740260
vtr:FivePointFourFivePercentSeniorNotesDue2043Member 2017-12-31 0000740260
vtr:ThreePointFiveZeroZeroSeniorNotesDue2025Member 2018-06-30 0000740260
vtr:ThreePointThreeZeroZeroSeniorNotes2022Member 2018-06-30 0000740260
vtr:UnsecuredTermLoanDue2020Member 2017-12-31 0000740260 vtr:ThreePointOneSeniorNotesDue2023Member
2018-06-30 0000740260 us-gaap:MortgagesMember 2017-12-31 0000740260 us-gaap:LineOfCreditMember
2017-12-31 0000740260 vtr:A2.55SeniorNotesSeriesDdue2023Member 2017-12-31 0000740260
vtr:BorrowingsoriginallydenominatedinCADMember us-gaap:LineOfCreditMember 2017-12-31 0000740260
vtr:FourPointZeroZeroPercentSeniorNotesDue2019Member 2018-02-28 0000740260
vtr:SixPointFiveNinePercentSeniorNoteDue2038Member us-gaap:SeniorNotesMember 2018-06-30 0000740260
us-gaap:RevolvingCreditFacilityMember 2018-01-01 2018-06-30 0000740260 vtr:A4.00SeniorNotesdue2028Member
2018-02-28 0000740260 us-gaap:RevolvingCreditFacilityMember 2018-06-30 0000740260
vtr:UnsecuredTermLoanDue2020Member us-gaap:SubsequentEventMember
us-gaap:LondonInterbankOfferedRateLIBORMember 2018-07-01 2018-07-27 0000740260
us-gaap:RevolvingCreditFacilityMember vtr:AccordionFeatureMember 2018-06-30 0000740260
vtr:UnsecuredTermLoanDue2023Member us-gaap:SubsequentEventMember 2018-07-27 0000740260
vtr:BorrowingsoriginallydenominatedinGBPMember us-gaap:LineOfCreditMember 2017-12-31 0000740260
vtr:UnsecuredTermLoanDue2024Member us-gaap:SubsequentEventMember 2018-07-27 0000740260 2018-02-01
2018-02-28 0000740260 us-gaap:SwapMember 2018-06-30 0000740260
vtr:FourPointZeroZeroPercentSeniorNotesDue2019Member 2018-04-30 0000740260
us-gaap:RevolvingCreditFacilityMember us-gaap:LondonInterbankOfferedRateLIBORMember 2018-01-01
2018-06-30 0000740260 vtr:A4.00SeniorNotesdue2028Member 2018-02-01 2018-02-28 0000740260
vtr:BorrowingsoriginallydenominatedinCADMember us-gaap:LineOfCreditMember 2018-06-30 0000740260
vtr:SixPointNineZeroPercentSeniorNoteDue2037Member us-gaap:SeniorNotesMember 2018-06-30 0000740260
vtr:TwoPercentSeniorNotesDue2018Member 2018-02-28 0000740260 vtr:UnsecuredTermLoanDueFacilityMember
us-gaap:SubsequentEventMember 2018-07-27 0000740260 vtr:TwoPercentSeniorNotesDue2018Member 2018-02-01
2018-02-28 0000740260 vtr:AccordionFeatureMember us-gaap:SubsequentEventMember 2018-07-27 0000740260
vtr:FourPointZeroZeroPercentSeniorNotesDue2019Member 2018-02-01 2018-02-28 0000740260
vtr:UnsecuredTermLoanDue2020Member us-gaap:SubsequentEventMember 2018-07-27 0000740260
vtr:FourPointZeroZeroPercentSeniorNotesDue2019Member 2018-04-01 2018-04-30 0000740260
vtr:BorrowingsoriginallydenominatedinGBPMember us-gaap:LineOfCreditMember 2018-06-30 0000740260
vtr:UnsecuredTermLoanDueFacilityMember us-gaap:SubsequentEventMember
us-gaap:LondonInterbankOfferedRateLIBORMember 2018-07-01 2018-07-27 0000740260
vtr:SecuredMortgageLoansAndOtherMember us-gaap:CarryingReportedAmountFairValueDisclosureMember
2017-12-31 0000740260 us-gaap:CarryingReportedAmountFairValueDisclosureMember
us-gaap:CorporateDebtSecuritiesMember 2018-06-30 0000740260
us-gaap:CarryingReportedAmountFairValueDisclosureMember
us-gaap:MortgageBackedSecuritiesIssuedByUSGovernmentSponsoredEnterprisesMember 2018-06-30 0000740260
us-gaap:EstimateOfFairValueFairValueDisclosureMember 2017-12-31 0000740260
us-gaap:EstimateOfFairValueFairValueDisclosureMember 2018-06-30 0000740260
vtr:NonMortgageLoanReceivableMember us-gaap:CarryingReportedAmountFairValueDisclosureMember
2018-06-30 0000740260 vtr:SecuredMortgageLoansAndOtherMember

us-gaap:EstimateOfFairValueFairValueDisclosureMember 2017-12-31 0000740260
vtr:SecuredMortgageLoansAndOtherMember us-gaap:CarryingReportedAmountFairValueDisclosureMember
2018-06-30 0000740260 us-gaap:CarryingReportedAmountFairValueDisclosureMember 2018-06-30 0000740260
us-gaap:CarryingReportedAmountFairValueDisclosureMember 2017-12-31 0000740260
us-gaap:CarryingReportedAmountFairValueDisclosureMember
us-gaap:MortgageBackedSecuritiesIssuedByUSGovernmentSponsoredEnterprisesMember 2017-12-31 0000740260
vtr:SecuredMortgageLoansAndOtherMember us-gaap:EstimateOfFairValueFairValueDisclosureMember 2018-06-30
0000740260 us-gaap:EstimateOfFairValueFairValueDisclosureMember us-gaap:CorporateDebtSecuritiesMember
2018-06-30 0000740260 us-gaap:EstimateOfFairValueFairValueDisclosureMember
us-gaap:CorporateDebtSecuritiesMember 2017-12-31 0000740260
us-gaap:EstimateOfFairValueFairValueDisclosureMember
us-gaap:MortgageBackedSecuritiesIssuedByUSGovernmentSponsoredEnterprisesMember 2018-06-30 0000740260
us-gaap:CarryingReportedAmountFairValueDisclosureMember us-gaap:CorporateDebtSecuritiesMember 2017-12-31
0000740260 vtr:NonMortgageLoanReceivableMember us-gaap:EstimateOfFairValueFairValueDisclosureMember
2017-12-31 0000740260 us-gaap:EstimateOfFairValueFairValueDisclosureMember
us-gaap:MortgageBackedSecuritiesIssuedByUSGovernmentSponsoredEnterprisesMember 2017-12-31 0000740260
vtr:NonMortgageLoanReceivableMember us-gaap:CarryingReportedAmountFairValueDisclosureMember
2017-12-31 0000740260 vtr:NonMortgageLoanReceivableMember
us-gaap:EstimateOfFairValueFairValueDisclosureMember 2018-06-30 0000740260
us-gaap:OperatingSegmentsMember vtr:OfficeoperationsMember 2017-04-01 2017-06-30 0000740260
us-gaap:CorporateNonSegmentMember 2017-04-01 2017-06-30 0000740260 us-gaap:OperatingSegmentsMember
vtr:SeniorLivingOperationsMember 2017-04-01 2017-06-30 0000740260 us-gaap:OperatingSegmentsMember
vtr:TripleNetLeasedPropertiesMember 2017-04-01 2017-06-30 0000740260 us-gaap:OperatingSegmentsMember
vtr:TripleNetLeasedPropertiesMember 2017-01-01 2017-06-30 0000740260 us-gaap:OperatingSegmentsMember
vtr:OfficeoperationsMember 2018-01-01 2018-06-30 0000740260 us-gaap:OperatingSegmentsMember
vtr:TripleNetLeasedPropertiesMember 2018-04-01 2018-06-30 0000740260 us-gaap:OperatingSegmentsMember
vtr:SeniorLivingOperationsMember 2017-01-01 2017-06-30 0000740260 us-gaap:OperatingSegmentsMember
vtr:SeniorLivingOperationsMember 2018-04-01 2018-06-30 0000740260 us-gaap:OperatingSegmentsMember
vtr:SeniorLivingOperationsMember 2018-01-01 2018-06-30 0000740260 us-gaap:OperatingSegmentsMember
vtr:OfficeoperationsMember 2018-04-01 2018-06-30 0000740260 us-gaap:OperatingSegmentsMember
vtr:OfficeoperationsMember 2017-01-01 2017-06-30 0000740260 us-gaap:OperatingSegmentsMember
vtr:TripleNetLeasedPropertiesMember 2018-01-01 2018-06-30 0000740260 us-gaap:CorporateNonSegmentMember
2018-01-01 2018-06-30 0000740260 us-gaap:CorporateNonSegmentMember 2017-01-01 2017-06-30 0000740260
us-gaap:CorporateNonSegmentMember 2018-04-01 2018-06-30 0000740260 country:CA 2018-01-01 2018-06-30
0000740260 country:CA 2017-04-01 2017-06-30 0000740260 country:GB 2018-04-01 2018-06-30 0000740260
country:US 2018-04-01 2018-06-30 0000740260 country:GB 2018-01-01 2018-06-30 0000740260 country:US
2017-04-01 2017-06-30 0000740260 country:CA 2018-04-01 2018-06-30 0000740260 country:US 2018-01-01
2018-06-30 0000740260 country:CA 2017-01-01 2017-06-30 0000740260 country:GB 2017-01-01 2017-06-30
0000740260 country:GB 2017-04-01 2017-06-30 0000740260 country:US 2017-01-01 2017-06-30 0000740260
country:GB 2018-06-30 0000740260 country:CA 2017-12-31 0000740260 country:CA 2018-06-30 0000740260
country:US 2017-12-31 0000740260 country:GB 2017-12-31 0000740260 country:US 2018-06-30 0000740260
us-gaap:SubsidiaryIssuerMember 2018-04-01 2018-06-30 0000740260 us-gaap:SubsidiariesMember 2018-04-01
2018-06-30 0000740260 us-gaap:ParentCompanyMember 2018-04-01 2018-06-30 0000740260
us-gaap:ConsolidationEliminationsMember 2018-04-01 2018-06-30 0000740260
us-gaap:ConsolidationEliminationsMember 2018-01-01 2018-06-30 0000740260 us-gaap:ParentCompanyMember
2018-01-01 2018-06-30 0000740260 us-gaap:SubsidiariesMember 2018-01-01 2018-06-30 0000740260
us-gaap:SubsidiaryIssuerMember 2018-01-01 2018-06-30 0000740260 us-gaap:SubsidiaryIssuerMember 2017-01-01
2017-06-30 0000740260 us-gaap:ParentCompanyMember 2017-01-01 2017-06-30 0000740260
us-gaap:SubsidiaryIssuerMember 2017-06-30 0000740260 us-gaap:ConsolidationEliminationsMember 2017-01-01
2017-06-30 0000740260 us-gaap:SubsidiariesMember 2017-01-01 2017-06-30 0000740260
us-gaap:SubsidiariesMember 2017-06-30 0000740260 us-gaap:SubsidiaryIssuerMember 2016-12-31 0000740260

us-gaap:ParentCompanyMember 2016-12-31 0000740260 us-gaap:SubsidiariesMember 2016-12-31 0000740260 us-gaap:ConsolidationEliminationsMember 2017-06-30 0000740260 us-gaap:ParentCompanyMember 2017-06-30 0000740260 us-gaap:ConsolidationEliminationsMember 2016-12-31 0000740260 us-gaap:ConsolidationEliminationsMember 2017-04-01 2017-06-30 0000740260 us-gaap:ParentCompanyMember 2017-04-01 2017-06-30 0000740260 us-gaap:SubsidiariesMember 2017-04-01 2017-06-30 0000740260 us-gaap:SubsidiaryIssuerMember 2017-04-01 2017-06-30 0000740260 us-gaap:SubsidiariesMember 2017-12-31 0000740260 us-gaap:SubsidiariesMember 2018-06-30 0000740260 us-gaap:SubsidiaryIssuerMember 2017-12-31 0000740260 us-gaap:ConsolidationEliminationsMember 2018-06-30 0000740260 us-gaap:SubsidiaryIssuerMember 2018-06-30 0000740260 us-gaap:ConsolidationEliminationsMember 2017-12-31 0000740260 us-gaap:ParentCompanyMember 2018-06-30 0000740260 us-gaap:ParentCompanyMember 2017-12-31 vtr:board_member vtr:property xbrli:shares vtr:Lease xbrli:pure vtr:parcel vtr:state vtr:period iso4217:USD iso4217:USD xbrli:shares vtr:loan vtr:province vtr:joint_venture vtr:tenant vtr:segment

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

x	**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2018**
OR	
¨	**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO**

Commission file number: 1-10989

Ventas, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**61-1055020**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

353 N. Clark Street, Suite 3300
Chicago, Illinois
(Address of Principal Executive Offices)
60654
(Zip Code)
(877) 483-6827
(Registrant's Telephone Number, Including Area Code)
Not Applicable
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	Accelerated filer ¨	Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨	Emerging growth company ¨

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date.

Class of Common Stock:	Outstanding at July 24, 2018:
Common Stock, $0.25 par value	356,439,019

VENTAS, INC.
FORM 10-Q
INDEX

PART I—FINANCIAL INFORMATION
ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS
VENTAS, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	As of June 30, 2018	As of December 31, 2017
	(In thousands, except per share amounts)	
Assets		
Real estate investments:		
Land and improvements	$2,124,231	$2,151,386
Buildings and improvements	22,065,202	22,216,942
Construction in progress	408,313	344,151
Acquired lease intangibles	1,510,698	1,548,074
	26,108,444	26,260,553
Accumulated depreciation and amortization	(5,972,774)	(5,638,099)
Net real estate property	20,135,670	20,622,454
Secured loans receivable and investments, net	526,553	1,346,359
Investments in unconsolidated real estate entities	101,490	123,639
Net real estate investments	20,763,713	22,092,452
Cash and cash equivalents	93,684	81,355
Escrow deposits and restricted cash	64,419	106,898
Goodwill	1,034,274	1,034,644
Assets held for sale	15,567	65,413
Other assets	727,477	573,779
Total assets	$22,699,134	$23,954,541
Liabilities and equity		
Liabilities:		
Senior notes payable and other debt	$10,402,897	$11,276,062
Accrued interest	93,112	93,958
Accounts payable and other liabilities	1,133,902	1,183,489
Liabilities related to assets held for sale	896	60,265
Deferred income taxes	240,941	250,092
Total liabilities	11,871,748	12,863,866
Redeemable OP Unitholder and noncontrolling interests	149,817	158,490
Commitments and contingencies		
Equity:		
Ventas stockholders’ equity:		
Preferred stock, $1.00 par value; 10,000 shares authorized, unissued	—	—
Common stock, $0.25 par value; 600,000 shares authorized, 356,412 and 356,187 shares issued at June 30, 2018 and December 31, 2017, respectively	89,085	89,029
Capital in excess of par value	13,068,399	13,053,057
Accumulated other comprehensive loss	(10,861)	(35,120)
Retained earnings (deficit)	(2,529,102)	(2,240,698)
Treasury stock, 11 and 1 shares at June 30, 2018 and December 31, 2017, respectively	(573)	(42)
Total Ventas stockholders’ equity	10,616,948	10,866,226
Noncontrolling interests	60,621	65,959
Total equity	10,677,569	10,932,185
Total liabilities and equity	$22,699,134	$23,954,541

See accompanying notes.

1

VENTAS, INC.
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
	(In thousands, except per share amounts)			
Revenues				
Rental income:				
Triple-net leased	$167,870	$213,258	$358,511	$422,585
Office	192,392	186,240	386,560	372,135
	360,262	399,498	745,071	794,720
Resident fees and services	518,989	460,243	1,033,742	924,431
Office building and other services revenue	4,289	3,179	7,617	6,585
Income from loans and investments	56,417	32,368	87,598	52,514
Interest and other income	2,347	202	11,981	683
Total revenues	942,304	895,490	1,886,009	1,778,933
Expenses				
Interest	113,029	113,572	224,392	222,376
Depreciation and amortization	223,634	224,108	456,784	441,891
Property-level operating expenses:				
Senior living	361,112	308,625	713,332	620,698
Office	60,301	57,205	120,994	114,119
	421,413	365,830	834,326	734,817
Office building services costs	534	552	649	1,290
General, administrative and professional fees	36,656	33,282	73,830	67,243
(Gain) loss on extinguishment of debt, net	(93)	36	10,884	345
Merger-related expenses and deal costs	4,494	6,043	21,830	8,099
Other	3,527	1,848	6,647	3,036
Total expenses	803,194	745,271	1,629,342	1,479,097
Income before unconsolidated entities, income taxes, discontinued operations, real estate dispositions and noncontrolling interests	139,110	150,219	256,667	299,836
(Loss) income from unconsolidated entities	(6,371)	(106)	(47,110)	3,044
Income tax benefit	734	2,159	3,976	5,304
Income from continuing operations	133,473	152,272	213,533	308,184
Discontinued operations	—	(23)	(10)	(76)
Gain on real estate dispositions	35,827	719	35,875	44,008
Net income	169,300	152,968	249,398	352,116
Net income attributable to noncontrolling interests	2,781	1,137	4,176	2,158
Net income attributable to common stockholders	$166,519	$151,831	$245,222	$349,958
Earnings per common share				
Basic:				
Income from continuing operations	$0.37	$0.43	$0.60	$0.87
Net income attributable to common stockholders	0.47	0.43	0.69	0.99
Diluted:				
Income from continuing operations	$0.37	$0.42	$0.59	$0.86
Net income attributable to common stockholders	0.46	0.42	0.68	0.98
Weighted average shares used in computing earnings per common share:				
Basic	356,228	355,024	356,175	354,719

Diluted	359,000	358,311	358,931	357,919
Dividends declared per common share	$0.79	$0.775	$1.58	$1.55

See accompanying notes.

VENTAS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
	(In thousands)			
Net income	$169,300	$152,968	$249,398	$352,116
Other comprehensive income:				
Foreign currency translation	(15,246)	8,286	(3,043)	12,368
Unrealized gain (loss) on marketable debt securities	12,857	(62)	12,685	(185)
Other	6,002	398	14,617	316
Total other comprehensive income	3,613	8,622	24,259	12,499
Comprehensive income	172,913	161,590	273,657	364,615
Comprehensive income attributable to noncontrolling interests	2,781	1,137	4,176	2,158
Comprehensive income attributable to common stockholders	$170,132	$160,453	$269,481	$362,457

See accompanying notes.

3

VENTAS, INC.
CONSOLIDATED STATEMENTS OF EQUITY
For the Six Months Ended June 30, 2018 and the Year Ended December 31, 2017
(Unaudited)

	Common Stock Par Value	Capital in Excess of Par Value	Accumulated Other Comprehensive Loss	Retained Earnings (Deficit)	Treasury Stock	Total Ventas Stockholders' Equity	Noncontrolling Interests	Total Equity
	(In thousands, except per share amounts)							
Balance at January 1, 2017	$88,514	$12,917,002	$(57,534)	$(2,487,695)	$(47)	$10,460,240	$68,513	$10,528,753
Net income	—	—	—	1,356,470	—	1,356,470	4,642	1,361,112
Other comprehensive income	—	—	22,414	—	—	22,414	—	22,414
Impact of CCP Spin-Off	—	107	—	—	—	107	—	107
Net change in noncontrolling interests	—	(1,427)	—	—	—	(1,427)	(13,292)	(14,719)
Dividends to common stockholders—$3.115 per share	—	—	—	(1,109,473)	—	(1,109,473)	—	(1,109,473)
Issuance of common stock	276	72,618	—	—	553	73,447	—	73,447
Issuance of common stock for stock plans	87	21,723	—	—	796	22,606	—	22,606
Change in redeemable noncontrolling interests	—	(850)	—	—	—	(850)	6,096	5,246
Adjust redeemable OP Unitholder Interests to current fair value	—	253	—	—	—	253	—	253
Redemption of OP and Class C Units	84	19,845	—	—	3,207	23,136	—	23,136
Grant of restricted stock, net of forfeitures	68	23,786	—	—	(4,551)	19,303	—	19,303
Balance at December 31, 2017	89,029	13,053,057	(35,120)	(2,240,698)	(42)	10,866,226	65,959	10,932,185
Net income	—	—	—	245,222	—	245,222	4,176	249,398
Other comprehensive income	—	—	24,259	—	—	24,259	—	24,259
Net change in noncontrolling interests	—	(1,465)	—	—	—	(1,465)	(9,514)	(10,979)
Dividends to common stockholders—$1.58 per share	—	—	—	(564,269)	—	(564,269)	—	(564,269)
Issuance of common stock for stock plans and other	16	4,258	—	—	490	4,764	—	4,764
Adjust redeemable OP Unitholder Interests to current fair value	—	4,286	—	—	—	4,286	—	4,286
Redemption of OP Units	—	(555)	—	—	234	(321)	—	(321)
Grant of restricted stock, net of forfeitures	40	8,818	—	—	(1,255)	7,603	—	7,603
Cumulative effect change in accounting principles	—	—	—	30,643	—	30,643	—	30,643
Balance at June 30, 2018	$89,085	$13,068,399	$(10,861)	$(2,529,102)	$(573)	$10,616,948	$60,621	$10,677,569

See accompanying notes.

VENTAS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Six Months Ended June 30,	
	2018	**2017**
	(In thousands)	
Cash flows from operating activities:		
Net income	$249,398	$352,116
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	456,784	441,891
Amortization of deferred revenue and lease intangibles, net	(23,837)	(10,849)
Other non-cash amortization	8,650	6,584
Stock-based compensation	14,273	13,396
Straight-lining of rental income, net	28,085	(11,155)
Loss on extinguishment of debt, net	10,884	345
Gain on real estate dispositions	(35,875)	(44,008)
Gain on real estate loan investments	(13,202)	(4)
Income tax benefit	(5,317)	(7,104)
Loss (income) from unconsolidated entities	47,110	(17)
Gain on re-measurement of equity interest upon acquisition, net	—	(3,027)
Distributions from unconsolidated entities	2,634	3,134
Other	1,124	1,348
Changes in operating assets and liabilities:		
Decrease in other assets	12,776	16,079
(Decrease) increase in accrued interest	(1,504)	4,550
Decrease in accounts payable and other liabilities	(41,647)	(39,878)
Net cash provided by operating activities	710,336	723,401
Cash flows from investing activities:		
Net investment in real estate property	(12,257)	(324,492)
Investment in loans receivable and other	(211,554)	(718,233)
Proceeds from real estate disposals	312,243	104,570
Proceeds from loans receivable	866,097	25,067
Development project expenditures	(155,682)	(143,269)
Capital expenditures	(42,029)	(55,952)
Distributions from unconsolidated entities	6,792	—
Investment in unconsolidated entities	(40,033)	(39,048)
Insurance proceeds for property damage claims	2,329	1,393
Net cash provided by (used in) investing activities	725,906	(1,149,964)
Cash flows from financing activities:		
Net change in borrowings under revolving credit facilities	(197,726)	364,456
Proceeds from debt	750,316	1,028,509
Repayment of debt	(1,431,887)	(656,536)
Purchase of noncontrolling interests	(2,429)	(15,809)
Payment of deferred financing costs	(6,348)	(19,687)
Issuance of common stock, net	—	73,596
Cash distribution to common stockholders	(563,395)	(550,965)
Cash distribution to redeemable OP Unitholders	(3,744)	(3,720)
Cash issued for redemption of OP and Class C Units	(975)	—
Contributions from noncontrolling interests	—	2,227

Distributions to noncontrolling interests	(7,808)	(4,156)
Other	(1,995)	9,702
Net cash (used in) provided by financing activities	(1,465,991)	227,617
Net decrease in cash, cash equivalents and restricted cash	(29,749)	(198,946)
Effect of foreign currency translation	(401)	3,288
Cash, cash equivalents and restricted cash at beginning of period	188,253	367,354
Cash, cash equivalents and restricted cash at end of period	$ 158,103	$ 171,696

See accompanying notes.

VENTAS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(Unaudited)

	For the Six Months Ended June 30,	
	2018	2017
	(In thousands)	
Supplemental schedule of non-cash activities:		
Assets acquired and liabilities assumed from acquisitions and other:		
Real estate investments	$28,916	$205,266
Utilization of funds held for an Internal Revenue Code Section 1031 exchange	—	(84,995)
Other assets	4,112	(4,096)
Debt	—	64,629
Other liabilities	15,944	65,754
Deferred income tax liability	—	(16,180)
Noncontrolling interests	—	1,972
Equity issued for redemption of OP and Class C Units	266	22,359

See accompanying notes.

VENTAS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1—DESCRIPTION OF BUSINESS

Ventas, Inc. (together with its subsidiaries, unless otherwise indicated or except where the context otherwise requires, "we," "us" or "our"), an S&P 500 company, is a real estate investment trust ("REIT") with a highly diversified portfolio of seniors housing and healthcare properties located throughout the United States, Canada and the United Kingdom. As of June 30, 2018, we owned more than 1,200 properties (including properties owned through investments in unconsolidated entities and properties classified as held for sale), consisting of seniors housing communities, medical office buildings ("MOBs"), life science and innovation centers, inpatient rehabilitation facilities ("IRFs") and long-term acute care facilities ("LTACs"), health systems and skilled nursing facilities ("SNFs"), and we had 16 properties under development, including five properties that are owned by unconsolidated real estate entities. Our company was originally founded in 1983 and is headquartered in Chicago, Illinois.

We primarily invest in seniors housing and healthcare properties through acquisitions and lease our properties to unaffiliated tenants or operate them through independent third-party managers. As of June 30, 2018, we leased a total of 468 properties (excluding properties within our office reportable business segment) to various healthcare operating companies under "triple-net" or "absolute-net" leases that obligate the tenants to pay all property-related expenses, including maintenance, utilities, repairs, taxes, insurance and capital expenditures.

As of June 30, 2018, pursuant to long-term management agreements, we engaged independent operators, such as Atria Senior Living, Inc. ("Atria") and Sunrise Senior Living, LLC (together with its subsidiaries, "Sunrise"), to manage 361 seniors housing communities for us.

Our three largest tenants, Brookdale Senior Living Inc. (together with its subsidiaries, "Brookdale Senior Living"), Ardent Health Partners, LLC (together with its subsidiaries, "Ardent") and Kindred Healthcare, LLC (formerly Kindred Healthcare, Inc., together with its subsidiaries, "Kindred") leased from us 135 properties (excluding one property managed by Brookdale Senior Living pursuant to a long-term management agreement), 10 properties and 31 properties, respectively, as of June 30, 2018.

Through our Lillibridge Healthcare Services, Inc. subsidiary and our ownership interest in PMB Real Estate Services LLC, we also provide MOB management, leasing, marketing, facility development and advisory services to highly rated hospitals and health systems throughout the United States. In addition, from time to time, we make secured and non-mortgage loans and other investments relating to seniors housing and healthcare operators or properties.

NOTE 2—ACCOUNTING POLICIES

The accompanying Consolidated Financial Statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information set forth in the Accounting Standards Codification ("ASC"), as published by the Financial Accounting Standards Board ("FASB"), and with the Securities and Exchange Commission ("SEC") instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair statement of results for the interim period have been included. Operating results for the three and six months ended June 30, 2018 are not necessarily indicative of the results that may be expected for the year ending December 31, 2018. The accompanying Consolidated Financial Statements and related notes should be read in conjunction with the audited Consolidated

Financial Statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2017, filed with the SEC on February 9, 2018. Certain prior period amounts have been reclassified to conform to the current period presentation.

Principles of Consolidation

The accompanying Consolidated Financial Statements include our accounts and the accounts of our wholly owned subsidiaries and the joint venture entities over which we exercise control. All intercompany transactions and balances have been eliminated in consolidation, and our net earnings are reduced by the portion of net earnings attributable to noncontrolling interests.

GAAP requires us to identify entities for which control is achieved through means other than voting rights and to determine which business enterprise is the primary beneficiary of variable interest entities (“VIEs”). A VIE is broadly defined as an entity with one or more of the following characteristics: (a) the total equity investment at risk is insufficient to finance the

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Unaudited)

entity’s activities without additional subordinated financial support; (b) as a group, the holders of the equity investment at risk lack (i) the ability to make decisions about the entity’s activities through voting or similar rights, (ii) the obligation to absorb the expected losses of the entity, or (iii) the right to receive the expected residual returns of the entity; and (c) the equity investors have voting rights that are not proportional to their economic interests, and substantially all of the entity’s activities either involve, or are conducted on behalf of, an investor that has disproportionately few voting rights. We consolidate our investment in a VIE when we determine that we are its primary beneficiary. We may change our original assessment of a VIE upon subsequent events such as the modification of contractual arrangements that affects the characteristics or adequacy of the entity’s equity investments at risk and the disposition of all or a portion of an interest held by the primary beneficiary.

We identify the primary beneficiary of a VIE as the enterprise that has both: (i) the power to direct the activities of the VIE that most significantly impact the entity’s economic performance; and (ii) the obligation to absorb losses or the right to receive benefits of the VIE that could be significant to the entity. We perform this analysis on an ongoing basis.

As it relates to investments in joint ventures, GAAP may preclude consolidation by the sole general partner in certain circumstances based on the type of rights held by the limited partner or partners. We assess limited partners’ rights and their impact on our consolidation conclusions, and we reassess if there is a change to the terms or in the exercisability of the rights of the limited partners, the sole general partner increases or decreases its ownership of limited partnership (“LP”) interests or there is an increase or decrease in the number of outstanding LP interests. We also apply this guidance to managing member interests in limited liability companies (“LLCs”).

We consolidate several VIEs that share the following common characteristics:

•the VIE is in the legal form of an LP or LLC;
•the VIE was designed to own and manage its underlying real estate investments;
•we are the general partner or managing member of the VIE;
•we own a majority of the voting interests in the VIE;
•a minority of voting interests in the VIE are owned by external third parties, unrelated to us;
•the minority owners do not have substantive kick-out or participating rights in the VIE; and
•we are the primary beneficiary of the VIE.

We have separately identified certain special purpose entities that were established to allow investments in life science projects by tax credit investors (“TCIs”). We have determined that these special purpose entities are VIEs and that we are the primary beneficiary of the VIEs, and therefore we consolidate these special purpose entities. Our primary beneficiary determination is based upon several factors, including but not limited to the rights we have in directing the activities which most significantly impact the VIEs’ economic performance as well as certain guarantees which protect the TCIs from losses should a tax credit recapture event occur.

In general, the assets of consolidated VIEs are available only for the settlement of the obligations of the respective entities. Unless otherwise required by the LP or LLC agreement, any mortgage loans of the consolidated VIEs are non-recourse to us. The table below summarizes the total assets and liabilities of our consolidated VIEs as reported on our Consolidated Balance Sheets.

	June 30, 2018		**December 31, 2017**	
	Total Assets	**Total Liabilities**	**Total Assets**	**Total Liabilities**
	(In thousands)			

NHP/PMB L.P.	$593,574	$196,361	$605,150	$199,958
Other identified VIEs	1,818,824	310,422	1,983,183	350,020
Tax credit VIEs	794,354	283,608	988,598	221,908

Investments in Unconsolidated Entities

We report investments in unconsolidated entities over whose operating and financial policies we have the ability to exercise significant influence under the equity method of accounting. Under this method of accounting, our share of the investee's earnings or losses is included in our Consolidated Statements of Income.

We base the initial carrying value of investments in unconsolidated entities on the fair value of the assets at the time we acquired the joint venture interest. We estimate fair values for our equity method investments based on discounted cash

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Unaudited)

flow models that include all estimated cash inflows and outflows over a specified holding period and, where applicable, any estimated debt premiums or discounts. The capitalization rates, discount rates and credit spreads we use in these models are based upon assumptions that we believe to be within a reasonable range of current market rates for the respective investments.

We generally amortize any difference between our cost basis and the basis reflected at the joint venture level, if any, over the lives of the related assets and liabilities and include that amortization in our share of income or loss from unconsolidated entities. For earnings of equity method investments with pro rata distribution allocations, net income or loss is allocated between the partners in the joint venture based on their respective stated ownership percentages. In other instances, net income or loss is allocated between the partners in the joint venture based on the hypothetical liquidation at book value method (the “HLBV method”). Under the HLBV method, net income or loss is allocated between the partners based on the difference between each partner’s claim on the net assets of the joint venture at the end and beginning of the period, after taking into account contributions and distributions. Each partner’s share of the net assets of the joint venture is calculated as the amount that the partner would receive if the joint venture were to liquidate all of its assets at net book value and distribute the resulting cash to creditors and partners in accordance with their respective priorities. Under the HLBV method, in any given period, we could record more or less income than the joint venture has generated, than actual cash distributions we receive or than the amount we may receive in the event of an actual liquidation.

Redeemable OP Unitholder and Noncontrolling Interests

We own a majority interest in NHP/PMB L.P. (“NHP/PMB”), a limited partnership formed in 2008 to acquire properties from entities affiliated with Pacific Medical Buildings LLC. Given our wholly owned subsidiary is the general partner and the primary beneficiary of NHP/PMB, we consolidate it as a VIE. As of June 30, 2018, third party investors owned 2.7 million Class A limited partnership units in NHP/PMB (“OP Units”), which represented 27% of the total units then outstanding, and we owned 7.2 million Class B limited partnership units in NHP/PMB, representing the remaining 73%. At any time following the first anniversary of the date of their issuance, the OP Units may be redeemed at the election of the holder for cash or, at our option, 0.9051 shares of our common stock per OP Unit, subject to further adjustment in certain circumstances. We are party by assumption to a registration rights agreement with the holders of the OP Units that requires us, subject to the terms and conditions and certain exceptions set forth therein, to file and maintain a registration statement relating to the issuance of shares of our common stock upon redemption of OP Units.

Prior to January 2017, we owned a majority interest in Ventas Realty Capital Healthcare Trust Operating Partnership, L.P. (“Ventas Realty OP”) and we consolidated this entity because our wholly owned subsidiary is the general partner and was the primary beneficiary of this VIE. In January 2017, third party investors redeemed the remaining limited partnership units (“Class C Units”) outstanding. After giving effect to such redemptions, Ventas Realty OP is our wholly owned subsidiary.

As redemption rights are outside of our control, the redeemable OP Units and Class C Units (together, the “OP Unitholder Interests”) are classified outside of permanent equity on our Consolidated Balance Sheets. We reflect the redeemable OP Unitholder Interests at the greater of cost or fair value. As of June 30, 2018 and December 31, 2017, the fair value of the redeemable OP Unitholder Interests was $137.6 million and $146.3 million, respectively. We recognize changes in fair value through capital in excess of par value, net of cash distributions paid and purchases by us of any OP Unitholder Interests. Our diluted earnings per share (“EPS”) includes the effect of any potential shares outstanding from redemption of the OP Unitholder Interests.

Certain noncontrolling interests of other consolidated joint ventures were also classified as redeemable at June 30, 2018 and December 31, 2017. Accordingly, we record the carrying amount of these noncontrolling interests at the greater of their initial carrying amount (increased or decreased for the noncontrolling interests' share of net income or loss and distributions) or the redemption value. Our joint venture partners have certain redemption rights with respect to their noncontrolling interests in these joint ventures that are outside of our control, and the redeemable noncontrolling interests are classified outside of permanent equity on our Consolidated Balance Sheets. We recognize changes in the carrying value of redeemable noncontrolling interests through capital in excess of par value.

Noncontrolling Interests

Excluding the redeemable noncontrolling interests described above, we present the portion of any equity that we do not own in entities that we control (and thus consolidate) as noncontrolling interests and classify those interests as a component of consolidated equity, separate from total Ventas stockholders' equity, on our Consolidated Balance Sheets. For consolidated joint ventures with pro rata distribution allocations, net income or loss is allocated between the joint venture partners based on their respective stated ownership percentages. In other cases, net income or loss is allocated between the joint venture partners based on the HLBV method. We account for purchases or sales of equity interests that do not result in a change of control as

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Unaudited)

equity transactions, through capital in excess of par value. In addition, we include net income attributable to the noncontrolling interests in net income in our Consolidated Statements of Income.

Accounting for Historic and New Markets Tax Credits

For certain of our life science and innovation centers, we are party to contractual arrangements with TCIs that were established to enable the TCIs to receive benefits of historic tax credits ("HTCs") and/or new markets tax credits ("NMTCs"). As of June 30, 2018, we owned nine properties that had syndicated HTCs or NMTCs, or both, to TCIs.

In general, capital contributions are made by TCIs into special purpose entities that invest in entities that own the subject property and generate the tax credits. The TCIs receive substantially all of the tax credits and hold only a noncontrolling interest in the economic risk and benefits of the special purpose entities.

HTCs are delivered to the TCIs upon substantial completion of the project. NMTCs are allowed for up to 39% of a qualified investment and are delivered to the TCIs after the investment has been funded and spent on a qualified business. HTCs are subject to 20% recapture per year beginning one year after the completion of the historic rehabilitation of the subject property. NMTCs are subject to 100% recapture until the end of the seventh year following the qualifying investment. We have provided the TCIs with certain guarantees which protect the TCIs from losses should a tax credit recapture event occur. The contractual arrangements with the TCIs include a put/call provision whereby we may be obligated or entitled to repurchase the ownership interest of the TCIs in the special purpose entities at the end of the tax credit recapture period. We anticipate that either the TCIs will exercise their put rights or we will exercise our call rights prior to the applicable tax credit recapture periods.

The portion of the TCI's capital contribution that is attributed to the put is recorded at fair value at inception in accounts payable and other liabilities on our Consolidated Balance Sheets, and is accreted to the expected put price as interest expense in our Consolidated Statements of Income over the recapture period. The remaining balance of the TCI's capital contribution is initially recorded in accounts payable and other liabilities on our Consolidated Balance Sheets and will be relieved upon delivery of the tax credit to the TCI, as a reduction in the carrying value of the subject property, net of allocated expenses. Direct and incremental costs incurred in structuring the transaction are deferred and will be recognized as an increase in the cost basis of the subject property upon the recognition of the related tax credit as discussed above.

Impairment of Long-Lived and Intangible Assets

We periodically evaluate our long-lived assets, primarily consisting of investments in real estate, for impairment indicators. If indicators of impairment are present, we evaluate the carrying value of the related real estate investments in relation to the future undiscounted cash flows of the underlying operations. In performing this evaluation, we consider market conditions and our current intentions with respect to holding or disposing of the asset. We adjust the net book value of leased properties and other long-lived assets to fair value if the sum of the expected future undiscounted cash flows, including sales proceeds, is less than book value. We recognize an impairment loss at the time we make any such determination.

If impairment indicators arise with respect to intangible assets with finite useful lives, we evaluate impairment by comparing the carrying amount of the asset to the estimated future undiscounted net cash flows expected to be generated by the asset. If estimated future undiscounted net cash flows are less than the carrying amount of the asset, then we estimate the fair value of the asset and compare the estimated fair value to the intangible asset's carrying value. We recognize any shortfall from carrying value as an impairment loss in the current period.

We evaluate our investments in unconsolidated entities for impairment at least annually, and whenever events or changes in circumstances indicate that the carrying value of our investment may exceed its fair value. If we determine that a decline in the fair value of our investment in an unconsolidated entity is other-than-temporary, and if such reduced fair value is below the carrying value, we record an impairment.

We test goodwill for impairment at least annually, and more frequently if indicators arise. We first assess qualitative factors, such as current macroeconomic conditions, state of the equity and capital markets and our overall financial and operating performance, to determine the likelihood that the fair value of a reporting unit is less than its carrying amount. If we determine it is more likely than not that the fair value of a reporting unit is less than its carrying amount, we proceed with the two-step approach to evaluating impairment. First, we estimate the fair value of the reporting unit and compare it to the reporting unit's carrying value. If the carrying value exceeds fair value, we proceed with the second step, which requires us to assign the fair value of the reporting unit to all of the assets and liabilities of the reporting unit as if it had been acquired in a business combination at the date of the impairment test. The excess fair value of the reporting unit over the amounts assigned to the assets and liabilities is the implied value of goodwill and is used to determine the amount of impairment. We recognize an impairment loss to the extent the carrying value of goodwill exceeds the implied value in the current period.

Estimates of fair value used in our evaluation of goodwill (if necessary based on our qualitative assessment), investments in real estate, investments in unconsolidated entities and intangible assets are based upon discounted future cash flow projections or other acceptable valuation techniques that are based, in turn, upon all available evidence including level three inputs, such as revenue and expense growth rates, estimates of future cash flows, capitalization rates, discount rates, general economic conditions and trends, or other available market data. Our ability to accurately predict future operating results and cash flows and to estimate and determine fair values impacts the timing and recognition of impairments. While we believe our assumptions are reasonable, changes in these assumptions may have a material impact on our financial results.

Assets Held for Sale and Discontinued Operations

We sell properties from time to time for various reasons, including favorable market conditions or the exercise of purchase options by tenants. We classify certain long-lived assets as held for sale once the criteria, as defined by GAAP, have been met. Long-lived assets to be disposed of are reported at the lower of their carrying amount or fair value minus cost to sell and are no longer depreciated.

If at any time we determine that the criteria for classifying assets as held for sale are no longer met we reclassify assets within net real estate investments on our Consolidated Balance Sheets for all periods presented. The carrying amount of these assets is adjusted (in the period in which a change in classification is determined) to reflect any depreciation expense that would have been recognized had the asset been continuously classified as net real estate investments.

We report discontinued operations when the following criteria are met: (1) a component of an entity or group of components has been disposed of or classified as held for sale and represents a strategic shift that has or will have a major effect on an entity’s operations and financial results; or (2) an acquired business is classified as held for sale on the acquisition date. The results of operations for assets meeting the definition of discontinued operations are reflected in our Consolidated Statements of Income as discontinued operations for all periods presented. We allocate estimated interest expense to discontinued operations based on property values and our weighted average interest rate or the property’s actual mortgage interest.

Gain on Sale of Assets

On January 1, 2018, we adopted the provisions of ASC 610-20, *Gain or Loss From Derecognition of Non-financial Assets* (“ASC 610-20”). In accordance with ASC 610-20, we recognize any gains when we transfer control of a property and when it is probable that we will collect substantially all of the related consideration. We adopted ASC 610-20 using the modified retrospective method and recognized a cumulative effect adjustment to retained earnings of $31.2 million relating to deferred gains on sales of real estate assets in 2015.

Fair Values of Financial Instruments

Fair value is a market-based measurement, not an entity-specific measurement, and we determine fair value based on the assumptions that we expect market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, GAAP establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within levels one and two of the hierarchy) and the reporting entity’s own assumptions about market participant assumptions (unobservable inputs classified within level three of the hierarchy).

Level one inputs utilize unadjusted quoted prices for identical assets or liabilities in active markets that we have the ability to access. Level two inputs are inputs other than quoted prices included in level one that are directly or indirectly observable for the asset or liability. Level two inputs may include quoted prices for similar assets and liabilities in active markets and other inputs for the asset or liability that are observable at commonly quoted intervals, such as interest rates, foreign exchange rates and yield curves. Level three inputs are unobservable inputs for the asset or liability, which typically are based on our own assumptions, because there is little, if any, related market activity. If the determination of the fair value measurement is based on inputs from different levels of the hierarchy, the level within which the entire fair value measurement falls is the lowest level input that is significant to the fair value measurement in its entirety. If the volume and level of market activity for an asset or liability has decreased significantly relative to the normal market activity for such asset or liability (or similar assets or liabilities), then transactions or quoted prices may not accurately reflect fair value. In addition, if there is evidence that a transaction for an asset or liability is not orderly, little, if any, weight is placed on that transaction price as an

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Unaudited)

indicator of fair value. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

We use the following methods and assumptions in estimating the fair value of our financial instruments.

- *Cash and cash equivalents* - The carrying amount of unrestricted cash and cash equivalents reported on our Consolidated Balance Sheets approximates fair value due to the short maturity of these instruments.

- *Escrow deposits and restricted cash* - The carrying amount of escrow deposits and restricted cash reported on our Consolidated Balance Sheets approximates fair value due to the short maturity of these instruments.

- *Loans receivable* - We estimate the fair value of loans receivable using level two and level three inputs. We discount future cash flows using current interest rates at which similar loans with the same terms and length to maturity would be made to borrowers with similar credit ratings.

- *Marketable debt securities* - We estimate the fair value of corporate bonds, if any, using level two inputs. We observe quoted prices for similar assets or liabilities in active markets that we have the ability to access. We estimate the fair value of certain government-sponsored pooled loan investments using level three inputs. We consider credit spreads, underlying asset performance and credit quality, and default rates.

- *Derivative instruments* - With the assistance of a third party, we estimate the fair value of derivative instruments, including interest rate caps, interest rate swaps, and foreign currency forward contracts, using level two inputs.

Interest rate caps - We observe forward yield curves and other relevant information;

Interest rate swaps - We observe alternative financing rates derived from market-based financing rates, forward yield curves and discount rates; and

Foreign currency forward contracts - We estimate the future values of the two currency tranches using forward exchange rates that are based on traded forward points and calculate a present value of the net amount using a discount factor based on observable traded interest rates.

- *Senior notes payable and other debt* - We estimate the fair value of senior notes payable and other debt using level two inputs. We discount the future cash flows using current interest rates at which we could obtain similar borrowings. For mortgage debt, we may estimate fair value using level three inputs, similar to those used in determining fair value of loans receivable (above).

- *Redeemable OP Unitholder Interests* - We estimate the fair value of our redeemable OP Unitholder Interests using level one inputs. We base fair value on the closing price of our common stock, as OP Units (and previously Class C Units) may be redeemed at the election of the holder for cash or, at our option, shares of our common stock, subject to adjustment in certain circumstances.

Revenue Recognition

Adoption of ASC 606